July 8, 2026

The Honorable William J. Pulte
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Dear Director Pulte:

We write as a coalition of housing, lending, real estate, and community association stakeholders to express our appreciation for FHFA's ongoing commitment to safety and soundness, while also sharing significant concerns regarding the affordability, access, and housing supply implications of recent condominium policy changes implemented through Fannie Mae and Freddie Mac (the GSEs).

Community associations are not a niche segment of the housing market. According to the Foundation for Community Association Research's 2025 Statistical Review, more than one-third of U.S. housing—35.2%—is located in community associations, including planned communities, condominium communities, and housing cooperatives. The Foundation estimates there are 373,000 community associations nationwide with 78.1 million residents. For many first-time buyers, moderate-income households, seniors, and buyers in higher-cost markets, condominiums remain one of the most attainable paths to homeownership.

We support thoughtful efforts to improve financial planning, reserve funding awareness, transparency, and long-term resilience in condominium communities. However, we are concerned that the scope, pace, and operational impact of the recent changes—including the elimination of streamlined limited reviews, increased reserve funding requirements, and new reserve study implementation expectations—may unintentionally raise costs for borrowers and existing owners, reduce lender participation, and limit financing availability for otherwise qualified purchasers and financially stable communities.

The elimination of limited reviews will require full project reviews for many transactions that historically qualified for more streamlined treatment, increasing documentation burdens, third-party review expenses, lender questionnaire demands, and processing times. These operational burdens will fall on lenders, community managers, volunteer boards, and homeowners, and the added costs will ultimately be borne by consumers.

Community lenders report that the elimination of limited reviews will require full project reviews even for many lower-risk transactions, increasing documentation burdens, third-party review expenses, and processing times. In some cases, borrowers may incur well over $1,000 in additional costs for a full review, while the industry may face significant operational burdens that are especially challenging for smaller and community-based institutions. These costs will ultimately be borne by consumers.

Similarly, the increase in required condominium project reserves from 10 percent to 15 percent will lead to higher HOA dues, additional special assessments, and increased insurance costs. While reserve adequacy is important, a uniform increase applied across widely varying project types may reduce affordability for current owners and prospective purchasers without fully accounting for differing project risk profiles.

We are also concerned about continuing ambiguity surrounding the definition and application of "critical repairs," acceptable reserve funding methodologies, threshold funding standards, and lender interpretation of project eligibility requirements. Lenders have reported instances where performing loans were subjected to repurchase demands involving relatively minor repair items that appeared unrelated to material safety or structural concerns. Greater clarity and consistency would improve lender confidence and reduce unnecessary costs while preserving prudent risk management.

In addition, limited access to condominium project eligibility information creates operational inefficiencies and places smaller lenders at a competitive disadvantage. As full condo reviews become mandatory, broader access to project status information becomes increasingly important for efficient market functioning -- otherwise key stakeholders are shut out of direct access to condo project eligibility status information.

Accordingly, we respectfully encourage FHFA, Fannie Mae, and Freddie Mac to consider several options that would preserve affordability and access while maintaining strong safety and soundness standards:

• Provide temporary underwriting variances, exceptions, or streamlined review pathways for lower-risk transactions, including loans with stronger borrower profiles, lower loan-to-value ratios, or projects with demonstrated performance histories.

• Delay implementation of the new reserve study funding standards and related reserve funding requirements for a minimum of one year beyond the currently scheduled January 4, 2027 effective date, and consider phasing other recent condominium policy changes to allow associations, lenders, and market participants sufficient time to adapt.

• Clarify and standardize critical repair definitions and repurchase standards to ensure enforcement is proportionate to actual risk.

• Reevaluate whether a single underwriting framework is appropriate for all condominium property types and consider more risk-sensitive approaches that recognize differences among project structures and operating models (an ocean front high-rise condo is not the same as a midwestern garden apartment style condo, yet both are subject to the same underwriting reviews).

- Expand access to condominium project eligibility and approval information to improve transparency, competition, and market efficiency.

- Explore greater alignment among the GSEs and FHA to share condo project eligibility status to reduce duplicative reviews and inconsistencies, and to reduce unnecessary transaction costs.

- Consider more centralized and proactive project approval processes managed by the GSEs that reduce the burdens on lenders while improving consistency and reliability.

- Review condominium pricing and Loan-Level Price Adjustments to ensure pricing appropriately reflects actual risk and current underwriting standards.

- Utilize broader stakeholder engagement tools, including Requests for Information, rather than NDAs which create information bottlenecks, before implementing significant policy changes that affect housing affordability and access.

A one-year delay and collaborative review would avoid potential market disruption, allow time to develop more flexibilities with clearer implementation guidance and prevent the problems that would otherwise arise in market adjustment to the policies.

We fully support policies that protect taxpayers, strengthen collateral quality, and promote long-term market stability. We believe these objectives can be achieved while also preserving access to one of the nation's most affordable forms of homeownership.

We appreciate your consideration of these concerns and would welcome the opportunity to work with FHFA, Fannie Mae, and Freddie Mac to identify practical solutions that balance safety and soundness with affordability, access, and housing supply objectives. If you have any questions, please reach out to Scott Olson at scottolson@communitylender.org or 571-527-2601.

Sincerely,

Community Associations Institute

Community Home Lenders of America

National Association of Mortgage Brokers

CC: Peter Akwaboah, Acting Chief Executive Officer, Fannie Mae

CC: Kenny Smith, Chief Executive Officer, Freddie Mac