

Condo Financing Just Changed.

LIMITED REVIEW RETIRED

AUG 3, 2026

On March 18, 2026 Fannie Mae and Freddie Mac announced the biggest condo shake-up in years. Some changes are **good news for small buildings**. Others mean **more paperwork and longer timelines**. Here is what to know.

TIMING, VERIFIED WITH FANNIE MAE LL-2026-03 AND FREDDIE MAC BULLETIN 2026-C

Four Dates That Matter

MAR 18, 2026

Announced. Some rules effective now

JULY 1, 2026

\$50K per-unit deductible cap

JAN 4, 2027

Reserves rise from 10% to 15%



AUG 3, 2026

Limited Review retired. Stricter reserve studies

Which loans?

Dates apply to conventional loans by application date. Lenders could adopt most changes early. FHA and VA keep their own condo approval rules, so check those separately.

THE GOOD NEWS

Guideline Wins for Your Buyers



Small Buildings, Simpler Path

Waiver of Project Review now covers new and established projects with 10 or fewer units (was 2 to 4). Projects of 5 to 10 units cannot be part of a master association.



Roofs at Actual Cash Value

Master policies no longer need replacement cost coverage on roofs, and the inflation guard requirement is retired. That can help HOA insurance costs.



Simpler Insurance Proof

HOAs can show master coverage is sufficient several ways, such as extended replacement cost coverage or a replacement cost estimate from the insurer.



Stronger Buildings, Long Term

A full look at budgets, reserves and insurance protects buyers today and helps keep the building financeable down the road.

What Changed and Why It Matters.

BEFORE	NOW	WHY IT MATTERS
01 Limited Review Is Retired		
Limited Review (Freddie Mac: Streamlined Review) for established projects. No budget or reserve analysis, lighter insurance check.	Full Review for established projects, or a Waiver of Project Review if the building qualifies. Required for applications dated Aug 3, 2026 or later.	More documents and lender review on most condo loans. Build extra time into the contract.
02 Waiver Now Reaches 10 Units		
Waiver of Project Review (Freddie Mac: Exempt From Review) only for 2 to 4 unit projects.	New and established projects with 10 or fewer units. 5 to 10 unit projects cannot be part of a master association.	Small buildings get a simpler path. The lender still confirms insurance and basic eligibility.
03 Reserves Rise to 15%		
Budget had to put at least 10% of annual assessment income into replacement reserves.	At least 15% under Full Review, for applications dated Jan 4, 2027 or later.	HOAs setting 2027 budgets now should plan for 15% so units stay financeable.
04 Reserve Studies Get Stricter		
A reserve study could stand in for the 10% test, including the baseline method that lets reserves run close to zero.	Budget must fund the study's highest recommended allocation . Baseline funding is no longer allowed. Study within 3 years of project approval.	A recent, well-funded study is the main way a building can budget below 15%.
05 Master Deductibles and HO-6		
Per-unit deductibles were limited as a percentage of coverage.	Per-unit deductible capped at \$50,000 . Any per-unit deductible means the buyer needs an HO-6 covering at least that amount.	HO-6 cost belongs in the buyer's budget from day one.
06 Florida and Investor Rules Loosen		
New attached condo projects in Florida needed Fannie Mae PERS approval. Investor loans in established projects had a 50% investor concentration limit.	Florida PERS requirement retired and the 50% investor limit retired for established projects. Presale rules for new projects still apply.	More buildings open up for conventional buyers and investors.
10→15% Minimum reserve allocation for Full Review, Jan 4, 2027 15% to reserves, not 15% in reserves The rule measures what the HOA budgets into reserves each year, not the balance in the account. \$500 dues x 20 units x 12 months = \$120,000. 15% = \$18,000 a year to reserves.		

Prep the Listing. Prepare the Buyer.

Listing Side

FOR LISTING AGENTS

BEFORE THE LISTING GOES LIVE

- ☐ **Check the project, not just the unit.** Ask your lender to look the building up in Fannie Mae's Condo Project Manager.
- ☐ **Gather HOA docs early:** questionnaire, budget, reserve study and insurance.
- ☐ **Spot risks:** low reserves, high delinquencies or big repairs can limit financing.
- ☐ **Set expectations** with your seller before an offer comes in.

Buyer Side

FOR BUYER AGENTS

WRITING THE OFFER

- ☐ **Budget the HO-6.** With a per-unit deductible, it is required. Ask your lender to include it.
- ☐ **Add time.** Full Reviews mean more documents and review.
- ☐ **Ask about roof coverage.** ACV roofs pay depreciated value on a claim.
- ☐ **Not warrantable? Not over.** Portfolio and non-QM options may still work.

\$50K

Maximum per-unit deductible now allowed on a master policy

Per-unit deductible? HO-6 required.

If the master policy has a per-unit deductible, the buyer needs an HO-6 policy that covers at least that deductible. Price it early.

What a Full Review asks for

- Condo questionnaire from the HOA or manager
- Current budget, plus reserve study if used
- Master insurance policy, and HO-6 when required
- Delinquency check: no more than 15% of units 60+ days late on dues

Where a building can fall short

- Reserves budgeted under the required level
- A study using baseline funding
- Per-unit deductible over \$50,000
- Critical repairs or an unavailable status in Fannie Mae's system

TURN CONDO CHAOS INTO BUSINESS

Five Ways to Be the Condo Expert

1

Win listings

Bring a building financing check to the listing appointment.

2

Know the small buildings

10 units or fewer with healthy reserves may face fewer hurdles.

3

Update your database

Share the new rules. Updates start conversations.

4

Co-brand with us

Joint content, webinars and building checks when questions come up.

5

Reach HOAs now

Many boards set 2027 budgets this fall. 15% starts Jan 4.

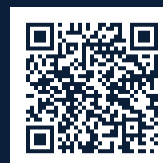


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Looking at a condo? Send me the address and I will check the building upfront.

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MORE AGENT RESOURCES

Sources as of Oct 22, 2026: Fannie Mae Lender Letter LL-2026-03 (Mar 18, 2026); Freddie Mac Bulletin 2026-C (Mar 18, 2026); Fannie Mae Selling Guide B4-2.2-02 Full Review Process and Project Standards FAQs. Applies to conventional loans sold to Fannie Mae or Freddie Mac. FHA and VA condo rules differ. Requirements can change and lender overlays vary.

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