Housing Coalition Urges FHFA to Delay and Refine Condo Lending Policies to Preserve Affordability and Safety

Housing, lending, and community association organizations call for review of new condominium lending requirements.

Community Associations Institute

FALLS CHURCH, VA, UNITED STATES, July 9, 2026 /EINPresswire.com/ -- Community Associations Institute, together with the Community Home Lenders of America and the National Association of Mortgage Brokers, today sent a joint letter to Federal Housing Finance Agency Director William J. Pulte urging a one-year delay in the implementation of new condominium financing requirements. The housing groups also requested greater collaboration from the agency and government sponsored entities to ensure the new policy changes improve building safety without reducing access to affordable homeownership.

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>
> *Dawn Bauman, CAE*

The organizations warn that recent condominium lending policy changes announced by Fannie Mae and Freddie Mac could unintentionally increase costs for homeowners, reduce financing availability, and create unnecessary barriers for buyers and lenders. The coalition supports responsible policies that strengthen long-term building maintenance, reserve funding, and financial planning.

"CAI supports policies that promote safe, financially sustainable condominium communities," says Dawn M. Bauman, CAE, chief executive officer of Community Associations Institute. "As these important lending changes move forward, it is equally important that implementation is practical, transparent, on reasonable timelines, and does not unintentionally reduce housing affordability or limit access to mortgage financing for qualified buyers and well-managed communities. We believe there is an opportunity to achieve both safety and affordability through greater collaboration and thoughtful implementation."

According to the Foundation for Community Association Research, approximately 78.1 million Americans live in 373,000 community associations that represent 35.2% of the nation's housing. Condominiums remain one of the most affordable homeownership options for first-time buyers, moderate-income households, seniors, and buyers in high-cost markets.

In the letter, the coalition raises concerns about several recent policy changes, including:

- The elimination of streamlined limited reviews, requiring more condominium transactions to undergo full project reviews that increase documentation, processing time, and borrower costs.

- New reserve funding requirements that increase minimum reserve contributions from 10% to 15%, potentially leading to higher association assessments and homeowner costs.

- Uncertainty surrounding the interpretation of critical repairs, reserve funding standards, and project eligibility requirements.

- Limited access to condominium project eligibility information, creating inefficiencies and increasing costs for lenders and borrowers.

The coalition recommends FHFA, Fannie Mae, and Freddie Mac:

- Delay implementation of the new reserve study funding requirements for at least one year beyond the current Jan. 4 effective date.

- Provide temporary streamlined review options for lower-risk condominium transactions.

- Clarify critical repair definitions and project eligibility standards.

- Expand access to condominium project approval information.

- Improve coordination between the government-sponsored enterprises and the Federal Housing Administration to reduce duplicative reviews.

- Engage stakeholders through a formal public review process before implementing significant future policy changes.

The coalition's letter emphasizes that a one-year implementation delay would provide time to develop additional guidance and education, improve consistency, and minimize market disruption while maintaining FHFA's safety and soundness objectives.

CAI remains committed to working with federal policymakers and industry partners to advance practical solutions that strengthen building safety while preserving affordable homeownership opportunities. To learn more about CAI's condominium advocacy efforts and resources, visit www.caionline.org/advocacy/condo-safety/.

"The condominium housing market plays an essential role in expanding homeownership opportunities across the country," Bauman said. "We look forward to working with FHFA, Fannie Mae, Freddie Mac, and industry partners on practical solutions that strengthen safety while preserving affordability and access to homeownership."

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