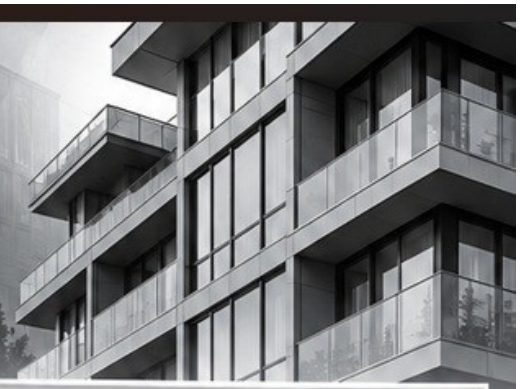
2026 CONDO FINANCING UPDATE

What Every Real Estate Agent Should Know



THE BIG CHANGES

- **Aug. 3, 2026:** Fannie Mae Limited Review retired; Freddie Mac Streamlined Review retired. Many established condo deals now require a fuller project review unless a waiver or exempt path applies.
- **Jan. 4, 2027:** Fannie Mae Full Review reserve requirement increases from 10% to 15% of annual budgeted assessment income.
- Freddie Mac established-project budget standard generally remains 10%.

WHY CONDO LOANS FAIL

- Weak HOA budget or inadequate replacement reserves
- Master insurance gaps
- Special assessments tied to major repairs
- Deferred maintenance, water intrusion, or structural concerns
- Too many owners delinquent on HOA dues
- Pending litigation or ineligible project status

SELLER'S AGENT CHECKLIST

- Get the current HOA budget before listing
- Have the master insurance certificate ready
- Know all current or planned special assessments
- Ask whether there is a reserve study, inspection report, or engineering report
- Disclose financing red flags early

BUYER'S AGENT CHECKLIST

- Tell the lender immediately that the property is a condo
- Ask the lender to check project status early
- Build enough time into the contract for HOA documents and project review
- Do not assume a project is still eligible just because it financed before
- Know whether the project is attached or detached, and new or established

HOA BUDGET WATCH

- Replacement reserves matter more than the total reserve balance alone
- Fannie Full Review: 10% now; 15% for applications dated 1/4/27 or later
- Freddie established projects: generally 10%
- If a reserve study is used, the budget must fund the highest recommended reserve allocation
- Baseline funding is no longer acceptable when relying on a reserve study

BEST PRACTICE

Treat condo eligibility like a second underwriting approval. The borrower can be qualified and the project can still kill the deal.