



CELEBRATING
55 YEARS

nerej

CAI meets with FHFA leaders: Condo lending eligibility concerns discussed

August 01, 2025 - Owners Developers & Managers

On July 17, CAI's Government and Public Affairs team met with leadership within the Federal Housing Finance Agency (FHFA) to share urgent concerns and specific policy recommendations to modernize condominium lending eligibility requirements administered by Fannie Mae and Freddie Mac. This meeting was in follow-up to a letter CAI sent in June to FHFA Director William Pulte formalizing the community association industry's concerns on this pressing issue.

A key priority for CAI's new chief executive officer, Dawn Bauman, CAE, is to continue to elevate CAI's presence within the housing policy arena at the local, state, and federal levels. According to Bauman, CAI's volunteers, staff, and lobbyists have advanced community association housing policy and established an incredible foundation for CAI to expand and elevate efforts for members and the industry.

The condominium housing market across the country is approaching a crisis point, and swift intervention from FHFA is essential to prevent further economic harm. CAI commends Fannie Mae and Freddie Mac's commitment to safety. However, current lending requirements disproportionately impact responsible condominium associations that are diligently working to meet evolving standards for reserves, building maintenance, and insurance. FHFA leadership is critical to CAI's advocacy efforts to educate and persuade Fannie Mae and Freddie Mac to make necessary changes to the condominium lending process.

Ineligible List Growing Rapidly

CAI estimates 5,400 condominium associations across the U.S. are currently on the Fannie Mae and Freddie Mac ineligible list, with an additional 100 to 300 associations added each month. Assuming a conservative average of 150 units per association, this means more than 1 million condominium homeowners nationwide are currently unable to sell their homes due to government-sponsored enterprises (GSE) restrictions. These numbers are growing rapidly.

While these associations work to fund reserves, conduct inspections, and maintain their buildings, they are being penalized through inaccessible mortgage financing, collapsing property values, and shrinking homebuyer pools. Unintended consequences of rigid GSE guidelines are devastating the market, punishing responsible associations, and eroding equity for millions of homeowners.

CAI Urging Change

Across the country, condominium communities embrace transparency, fiscal responsibility, and

long-term planning. But they need time, tools, and access to lending to make changes effectively.

CAI is urging FHFA to immediately direct Fannie Mae and Freddie Mac to:

- Modernize and clarify insurance and reserve requirements to reflect current market realities.
- Eliminate impractical requirements such as mandatory full replacement cost coverage and non-standard deductible limits.
- Provide secure, direct access to eligibility status and remediation guidance to condominium boards and their authorized managers.
- Implement a realistic, data-driven glide path for reserve study completion and funding compliance across associations of all sizes.

The status quo is not sustainable. Homeownership is being pushed out of reach, equity is being destroyed, and communities across America are facing financial destabilization. These outcomes are avoidable, but FHFA leadership is needed to make the necessary changes to restrictive GSE condominium lending requirements.

CAI is ready to partner with FHFA and government-sponsored enterprises to develop practical, responsible, and effective policy solutions supporting safety and market stability.

For more information on how to help your association understand and address lending eligibility issues that may impact property values and home sales, download CAI's guide Condominium Lending: Fannie Mae/Freddie Mac Your Condominium Association/Housing Coop Eligibility Status at caionline.org.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540