
Condo Full Review
Mandatory
as of August 3rd, 2026
Preparation, Review Requirements & Eligibility

Agenda

- GSE 2026 Lending Guideline Update Overview
- Key Condo Lending Guideline Changes
- Full Review Requirements
- Condo Reserve Requirement Increase and Impact: 10%-15%
- Reserve Study Requirements and Impact to Condo Associations
- Best Practices for Full Review Underwriting: Limited Review Expiration
- Condo Project Warrant Underwriting Solution For Lenders
- Resources
- Questions

About Your Presenter

- CondoTek
  - National leader in condo data, documentation & mortgage-lending compliance
- Orest Tomaselli
  - orest@condotek.com
  - President, Project Review at CondoTek
  - CEO, Strategic Inspections
  - **Leading authority** on project approval, reserve study policy & agency compliance
  - Advises industry stakeholders on Fannie Mae, Freddie Mac & banks' lending standards
  - **10,000+ compliant review studies** nationwide
  - **1,500+** monthly condo & co-op compliance reviews across **110,000+** properties

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About Your Presenter

- Dan Cerulo
  - dan@condotek.com
  - Vice President – Compliance & Risk at CondoTek
  - **16+ years of experience** in unit-financing compliance across **thousands of condo and co-op developments nationwide**, from boutique projects to large mixed-use developments
  - Collaborated on **numerous white papers** used to **establish financing compliance guidelines at the state and federal levels** and lectured to the **NYS Bar and the national MBA** on guideline changes
  - Earned his JD from Washington University in St. Louis

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March 18th, 2026 GSE Guideline Updates

- Fannie Mae & Freddie Mac Condo & Co-op Guideline Updates
  - New condo lending guidelines announced **March 18, 2026**
  - Changes will follow the attached schedule, with many **effective immediately**
- Headline Change: Full Review **Mandatory**
  - Limited Review (Fannie Mae) & Streamlined Review (Freddie Mac) are **eliminated** for condo loan applications **dated August 3rd, 2026 or after**
  - **Full Review becomes mandatory** for all condo loans on projects with **10+ units**
    - This is the most significant change in the 2026 update

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2026 Guideline Changes

- Key Changes
  - Expanded association insurance coverage eligibility
  - Revised investor-ownership threshold allowance
  - Introduction of a waiver of review for eligible condo projects under 10 units
  - Mandatory PERS review for new Florida condo projects eliminated

2026 Guideline Changes

- Underwriting Impact
  - Expiration of the "Limited Review" & "Streamlined Review" process
  - Mandatory "Full Review" for all condo loan underwriting **effective August 3^{rd}, 2026**
- Upcoming Financial Requirements
  - Budgeted reserve requirements increase from **10% to 15%** of operating budgets, **effective January 4^{th}, 2027**
  - Reserve requirements now mandate the use of the **highest** recommended funding plan by the Reserve Study Professional

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Full Review Required for **All** Condo Loans

- Elimination of Limited & Streamlined Review Underwriting
  - The Limited/Streamlined underwriting process for condo loans expire **August 3rd, 2026**
  - **Fannie Mae and Freddie Mac Full Review underwriting** will be required for all condo loans
  - As of now, **approximately 65%** of condo loans are processed using Limited/Streamlined Review

Full Review Required for **All** Condo Loans

- Impact of Limited Review Removal
  - Previously, Limited Review allowed loan approvals **without evaluating the association's operating budget**, potentially overlooking:
    - Insufficient Reserves (**below the 10% threshold)**
    - Non-compliant special assessments **(budget review)**
    - Unaddressed critical repairs or deferred maintenance **(budget review)**
- Key Change Under Full Review
  - **Operating budgets will be fully analyzed,** including reserve funding and financial stability

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Reserve Increases from 10% to 15%

- Effective January 4th, 2027
  - Condo associations will be required to have a **minimum 15% reserve allocation** within their annual operating budgets
  - **Reserve Studies may be used to establish a more precise and defensible funding requirement,** ensuring compliance while aligning contributions with actual property needs

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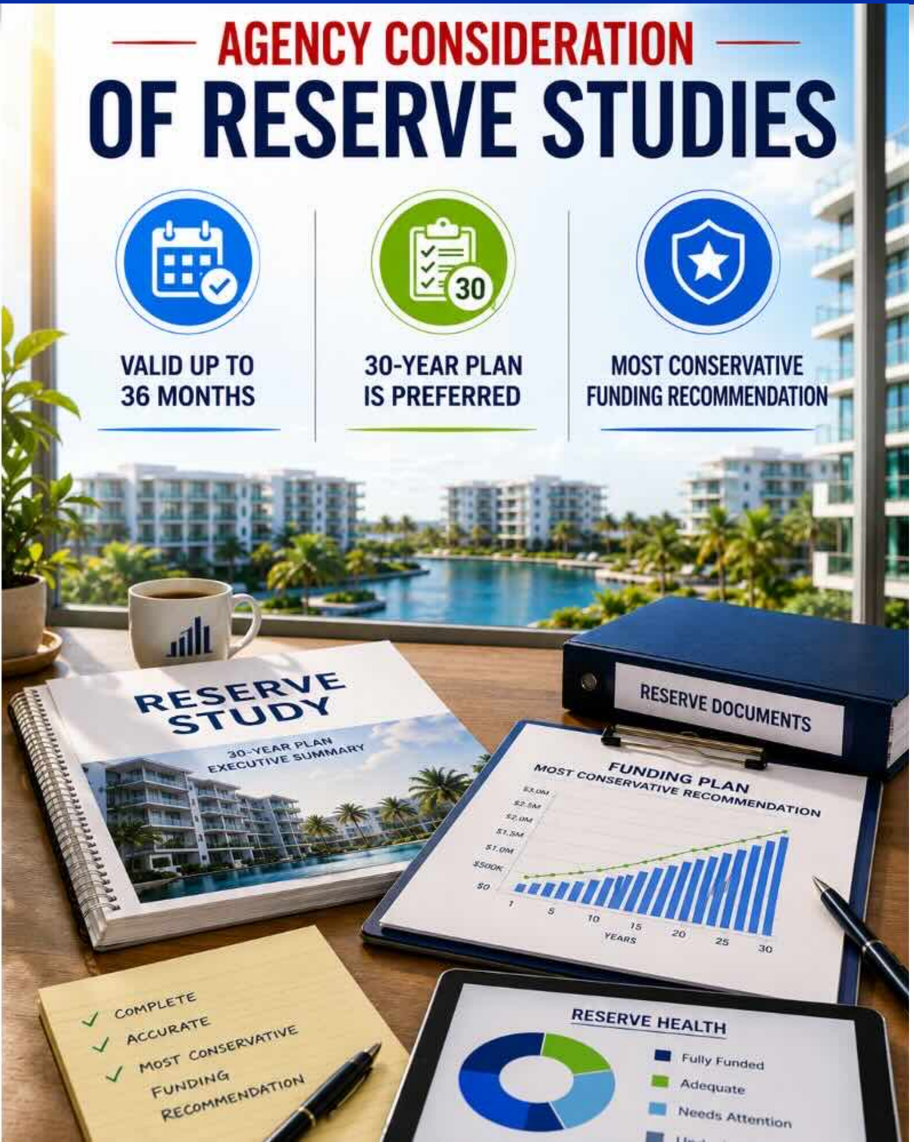
Reserve Increases from 10% to 15%

- Impact of Increased Reserve Requirements
  - Higher reserve requirements will lead to increased **monthly maintenance costs** for owners
  - Associations utilizing a **mid-year budget cy**cle will need to **make budget revisions in advance**
  - Management teams must prepare boards for **required funding increases**
  - Luxury condos are aligning budgets, insurance, and reserves with agency requirements to **ensure jumbo and portfolio lending eligibility**
  - **Increase in non-warrantable condo lending expected** as compliance takes time to implement

Reserve Studies Funding Plan Method & General Acceptance



- Reserve Studies – Agency Consideration
  - Generally accepted by Fannie Mae & Freddie Mac
  - Valid for **up to 36 months**
  - **30-year** funding plans preferred
  - Associations **must use the most conservative (highest) funding recommendation** in the study
  - Baseline funding plans are **not** accepted

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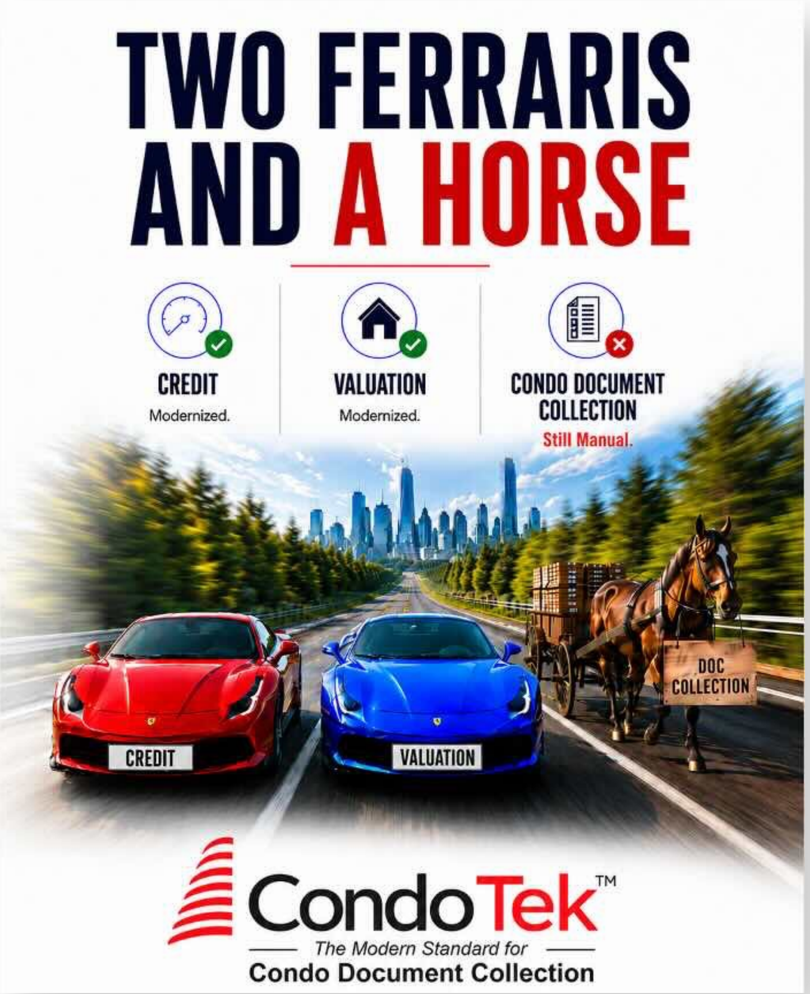
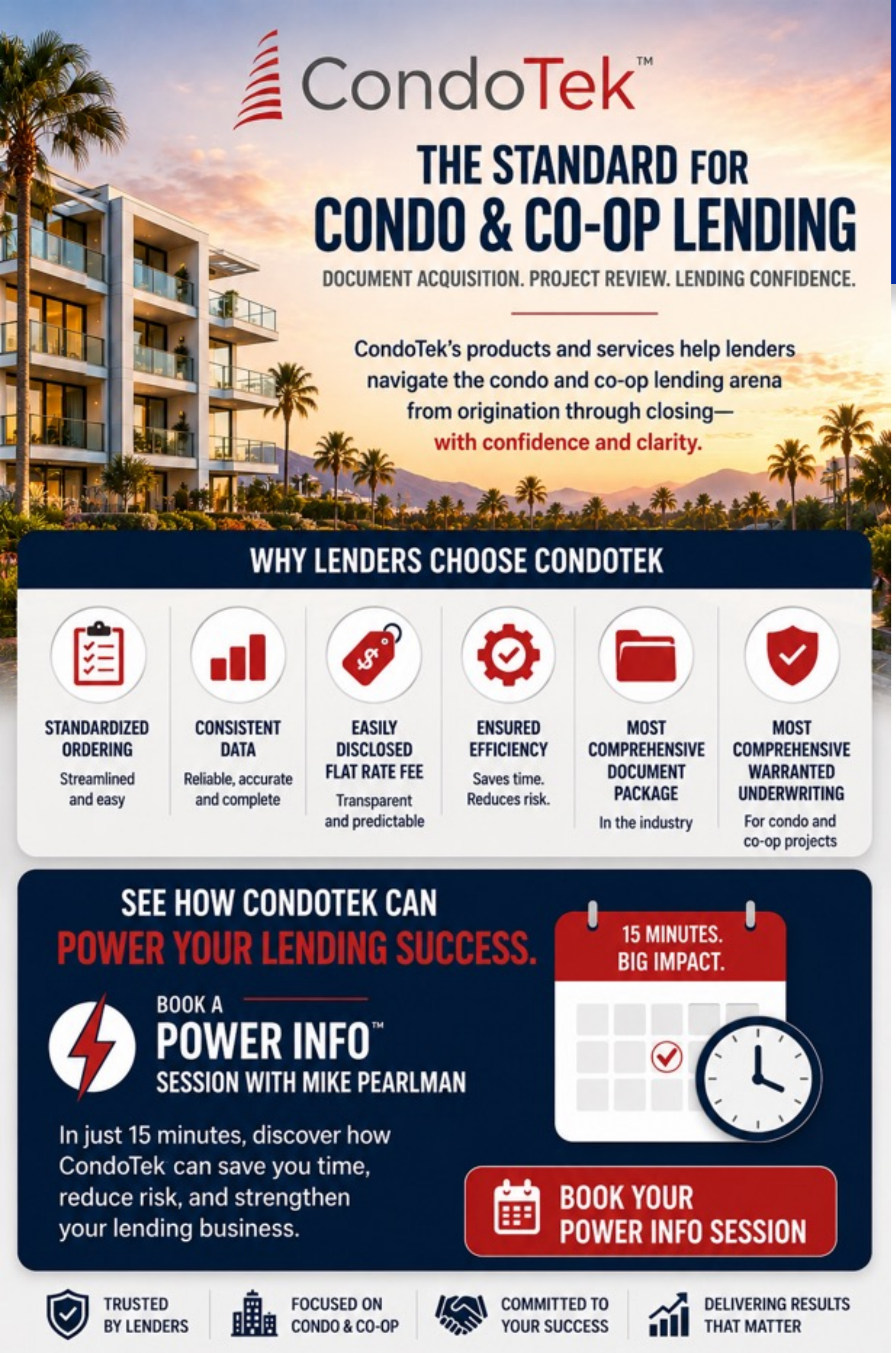
Condo Project Warrant

- With Full Review now required, many lenders lack the capacity to manage increased documentation and analysis
- CondoTek can do a fully *warranted* review. Built for lenders who need Full Review capacity without building a large underwriting team
  - Modernized Condo Document Collection
  - Full Team Visibility & Control
  - Complete, Accurate, Review Ready Documentation
  - Reduced Cost & Administration Burden
  - Most Comprehensive WARRANTED Condo & Co-op project Underwriting Available





Resources

- **CondoTek is the Modern Standard** for Condo/Co-op **Document Collection** & Warranted Condo/Co-op Project Underwriting Review

- Book 15 MINUTE POWER INFO SESSION: Book with Mike

Fannie Mae Lender Letter | Freddie Mac Lender Letter
CondoTek Blog | CondoPak | Condo Project Warrant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Questions
& Answers

Disclaimer

- *The guidelines referenced in this presentation are from the respective GSE/Agency's official website selling or warranty guidelines (for example, "Fannie Mae's Selling Guide" for Fannie Mae) and they are believed to be accurate as of July 10, 2026.*
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