

CAI Urges Suspension of Fannie Mae and Freddie Mac Temporary Lending Guidelines for Condominiums and Cooperatives

The following was written by Dawn Bauman of CAI and recommended by Senior Partner Charles A. Perkins, Jr.:

Guidance from Fannie Mae and Freddie Mac introduced in late 2021 brings new project requirements for condominiums and housing cooperatives to ensure safety and



structural stability following the partial collapse of Champlain Towers South condominium in Surfside, Fla., last June. However, the short timeframe of implementation and updated lender questionnaires have caught community association boards, managers, attorneys, and document providers by surprise, and they are now seeking to address the new requirements while keeping real estate transactions in their communities moving forward.

Today, CAI sent a letter to the Federal Housing Finance Agency (FHFA) requesting that implementation of the temporary guidelines be suspended by at least one year. Recently, CAI members shared that creditworthy borrowers have been denied credit to purchase homes and refinance mortgages in condominium and cooperative projects with no safety, soundness, structural integrity, or habitability concerns because of the temporary guidelines.

CAI supports the intent of the new requirements and understands the need for the government-sponsored enterprises to assess and mitigate risks

associated with their respective condominium unit and cooperative share mortgage portfolios. CAI respectfully recommends a delay in implementation to support this outcome by reducing uncertainty; allowing associations, their managing agents, and service providers to produce documentation materials more efficiently; and accounting for state and local government enactment of appropriate condominium and cooperative project safety and financial solvency standards.

CAI continues to engage in conversations with Fannie Mae and Freddie Mac representatives, realtors, mortgage bankers, and others to find solutions that can help avoid a regulatory bottleneck and loss of capital and liquidity to the condominium and housing cooperative mortgage market.

We also are collecting data to better understand the impact of these new requirements on condominiums and housing cooperatives. If you are aware of a real estate transaction in a condominium and/or housing cooperative community that has been delayed, disrupted, or stopped because of the new guidance from Fannie Mae or Freddie Mac, [please complete the survey](#).

In addition, CAI has released a new guide for our members to help them navigate the new requirements, including a FAQ section, that can be downloaded www.caionline.org/condosafety. We also hosted a webinar on January 26th with representatives from Fannie Mae and Freddie Mac as well as community association attorneys Edmund Allcock and Todd J. Billy, fellows in CAI's College of Community Association Lawyers. The webinar will be available on-demand soon at www.caionline.org/webinars.

Find more resources at www.caionline.org/CondoSafety.