



**Fannie Mae & Freddie Mac Lending Guidelines  
for Condominiums and Housing Cooperatives  
IMPACT SURVEY**

Survey Results as of Thursday, March 2022

**Respondents**

- There are 541 completed responses from 36 states.
- Nearly 20% of the respondents were from California, and each of the following states had between 5-10% of the overall respondents; Colorado, Florida, Illinois, Massachusetts, New Jersey, New York, Texas, and Virginia.
- 482 (90%) of the professional respondents represent condominiums and 60 (11%) represent cooperatives.
- 116 (21%) of the respondents are management company executives representing more than 14,500 community associations.
- 382 (72%) of the respondents have experienced an impact by the updated Fannie Mae & Freddie Mac Lending Guidelines
- 22-28% of respondents indicate experience lender denial due to issues related to questionnaire (not concerns related to condominium safety).
- 30-42% of respondents indicate they have experienced significant delays in lender approval due to challenges related to the new lender questions for condominium safety

## Which of the following have your clients experienced as an impact of the new regulations in your community?

Answered: 96 Skipped: 445

ANSWER CHOICES	RESPONSES	
None	18.75%	18
Delay in lender approval	42.71%	41
Lender denial (sale didn't go through)	28.13%	27
Other (please specify)	10.42%	10
TOTAL		96

## Which of the following have you experienced as an impact of the new regulations in your community?

Answered: 534 Skipped: 7

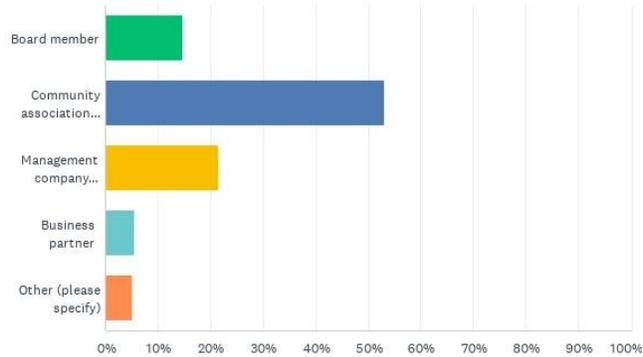
ANSWER CHOICES	RESPONSES	
None	28.46%	152
Delay in lender approval	30.52%	163
Lender denial (sale didn't go through) because we couldn't answer the question(s)	22.66%	121
Lender denial (sale didn't go through) because the building is unsafe	1.31%	7
Other (please specify)	17.04%	91
TOTAL		534

### Survey Results

#### 1. What is your role in the community association housing model?

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Answered: 540 Skipped: 1



## What is your role in the community association housing model?

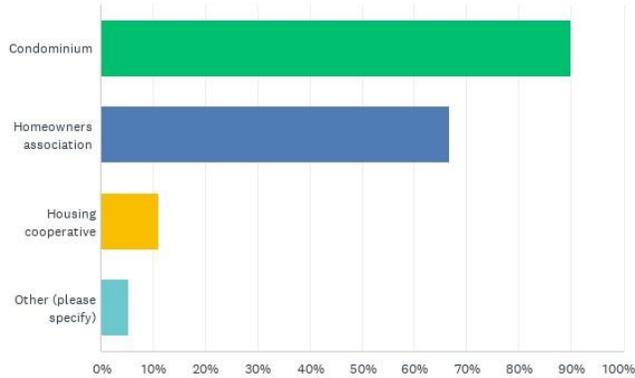
Answered: 540 Skipped: 1

ANSWER CHOICES	RESPONSES	
Board member	14.63%	79
Community association manager	53.15%	287
Management company executive	21.48%	116
Business partner	5.56%	30
Other (please specify)	5.19%	28
TOTAL		540

## 2. What type of community association do you represent, please check all that apply?

What type of community association do you represent, please check all that apply

Answered: 536 Skipped: 5



What type of community association do you represent, please check all that apply

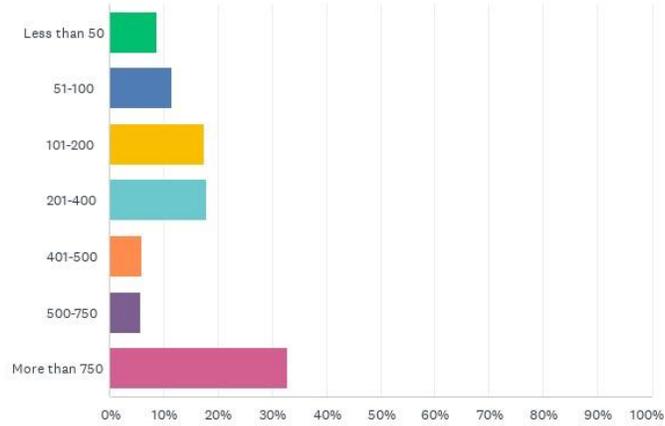
Answered: 536 Skipped: 5

ANSWER CHOICES	RESPONSES	
Condominium	89.93%	482
Homeowners association	66.79%	358
Housing cooperative	11.19%	60
Other (please specify)	5.41%	29
Total Respondents: 536		

### 3. How many units in your community?

#### How many units in your community?

Answered: 528 Skipped: 13



#### How many units in your community?

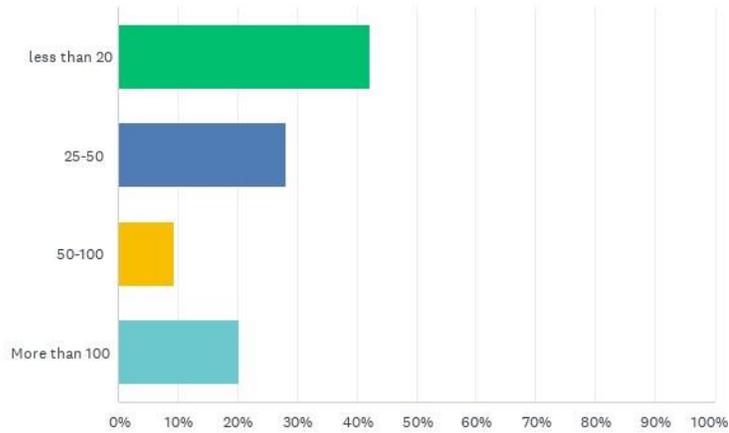
Answered: 528 Skipped: 13

ANSWER CHOICES	RESPONSES	
Less than 50	8.71%	46
51-100	11.55%	61
101-200	17.42%	92
201-400	17.99%	95
401-500	5.87%	31
500-750	5.68%	30
More than 750	32.77%	173
TOTAL		528

#### 4. On average how many units in your community sell each year?

##### On average how many units in your community sell each year?

Answered: 523 Skipped: 18



##### On average how many units in your community sell each year?

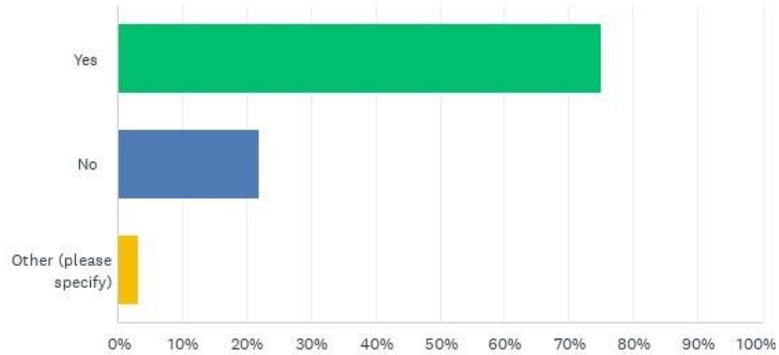
Answered: 523 Skipped: 18

ANSWER CHOICES	RESPONSES	
less than 20	42.26%	221
25-50	28.11%	147
50-100	9.37%	49
More than 100	20.27%	106
TOTAL		523

**4. Have you been presented with a lender questionnaire(s) incorporating the new Fannie Mae and Freddie Mac requirements?**

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Answered: 535 Skipped: 6



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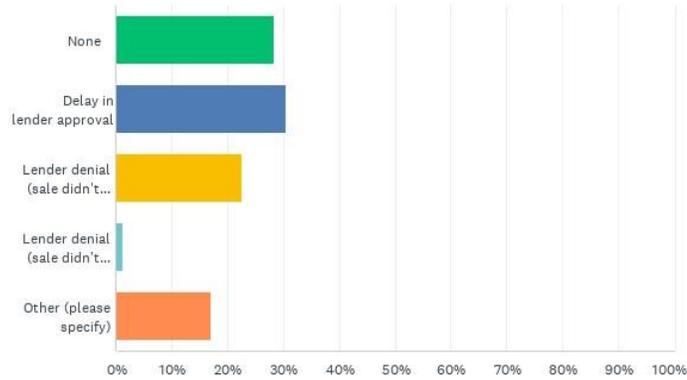
Answered: 535 Skipped: 6

ANSWER CHOICES	RESPONSES	
Yes	74.95%	401
No	21.87%	117
Other (please specify)	3.18%	17
TOTAL		535

5. Which of the following have you experienced as an impact of the new regulations in your community?

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Answered: 534 Skipped: 7



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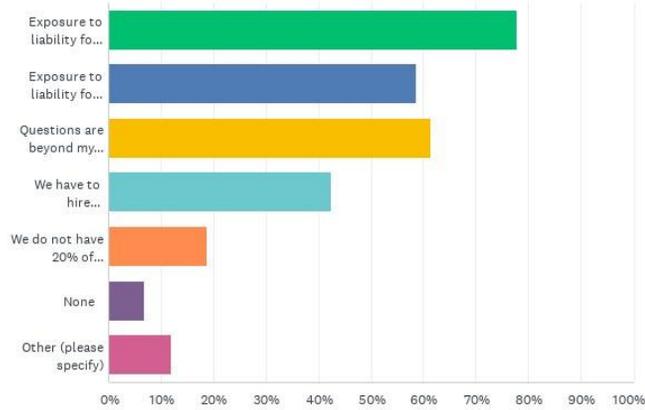
Answered: 534 Skipped: 7

ANSWER CHOICES	RESPONSES
None	28.46% 152
Delay in lender approval	30.52% 163
Lender denial (sale didn't go through) because we couldn't answer the question(s)	22.66% 121
Lender denial (sale didn't go through) because the building is unsafe	1.31% 7
Other (please specify)	17.04% 91
<b>TOTAL</b>	<b>534</b>

**6. Which of the following concerns do you/your community clients have regarding the new Fannie Mae and Freddie Mac lender requirements?**

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Answered: 535 Skipped: 6



**Which of the following concerns do you/your community clients have regarding the new Fannie Mae and Freddie Mac lender requirements?**

Answered: 535 Skipped: 6

ANSWER CHOICES	RESPONSES
Exposure to liability for answering questions that are beyond my knowledge and expertise.	77.76% 416
Exposure to liability for not answering the questions.	58.69% 314
Questions are beyond my knowledge and expertise.	61.31% 328
We have to hire professionals to answer the questions.	42.43% 227
We do not have 20% of assessments budgeted for reserves, so we are ineligible.	18.69% 100
None	6.92% 37
Other (please specify)	11.96% 64
Total Respondents: 535	

# SURVEY SUMMARY PART II

## MANAGEMENT COMPANIES RESPONSES FOR THEIR COMMUNITY ASSOCIATION CLIENTS

- 116 (21%) of the respondents are management company executives representing more than 14,500 community associations.

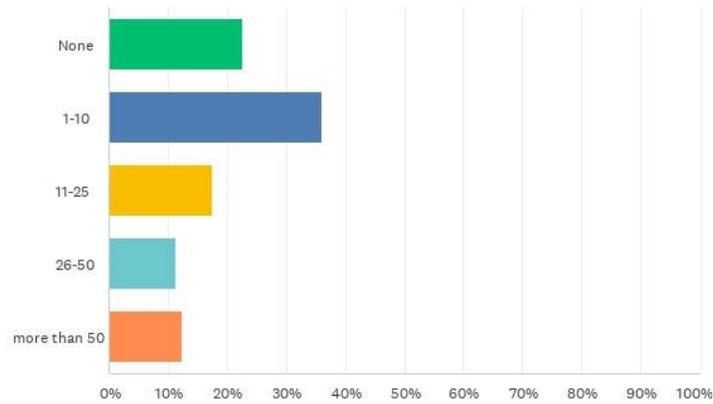
**What type of community associations do you represent, please check all that apply**

Answered: 102 Skipped: 439

ANSWER CHOICES	RESPONSES	
Condominium	97.06%	99
Homeowners association	89.22%	91
Housing cooperative	20.59%	21
Other (please specify)	4.90%	5
Total Respondents: 102		

## How many clients do you have that have experienced a negative impact from the new regulations?

Answered: 97 Skipped: 444



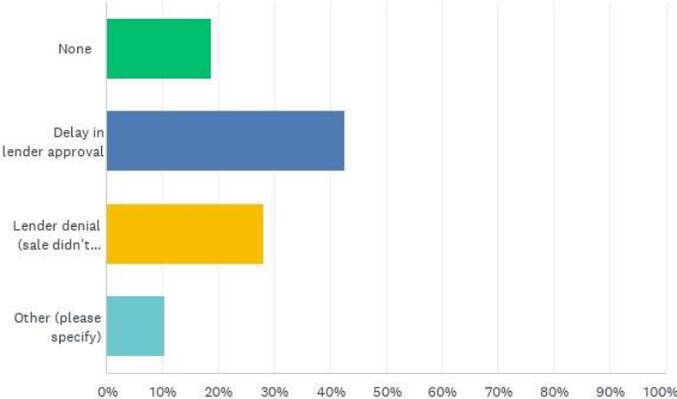
## How many clients do you have that have experienced a negative impact from the new regulations?

Answered: 97 Skipped: 444

ANSWER CHOICES	RESPONSES	
None	22.68%	22
1-10	36.08%	35
11-25	17.53%	17
26-50	11.34%	11
more than 50	12.37%	12
Total Respondents: 97		

**Which of the following have your clients experienced as an impact of the new regulations in your community?**

Answered: 96 Skipped: 445



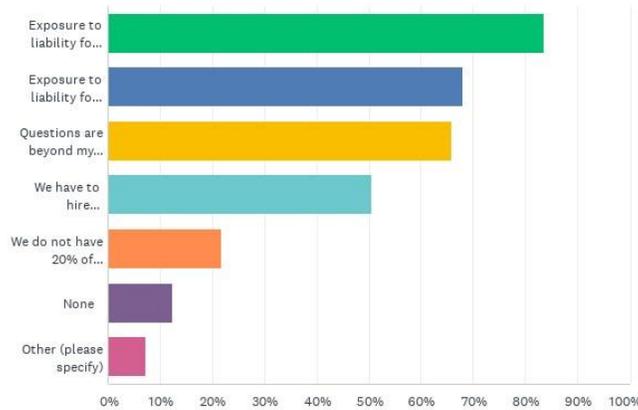
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## Which of the following concerns do you/your community clients have regarding the new Fannie Mae and Freddie Mac lender requirements?

Answered: 97 Skipped: 444

ANSWER CHOICES	RESPONSES	
Exposure to liability for answering questions that are beyond my knowledge and expertise.	83.51%	81
Exposure to liability for not answering the questions.	68.04%	66
Questions are beyond my knowledge and expertise.	65.98%	64
We have to hire professionals to answer the questions.	50.52%	49
We do not have 20% of assessments budgeted for reserves, so we are ineligible.	21.65%	21
None	12.37%	12
Other (please specify)	7.22%	7
Total Respondents: 97		

## **ADDITIONAL COMMENTS**

- When we state there are no structural issues, they are asking for reporting.
- Some of the questions are NOT APPLICABLE to single family homes. These new questionnaires should have an option to skip if housing is not applicable.
- The additional cost and time consumed by the questions has become a burden—not only on the community manager but the association’s finances. The understanding is to protect the buyer, but this is shackling the current owners.
- We will incur a minimum expense (unbudgeted) of \$1,000 (or about \$41 per owner) to inspect and prepare report (that we don't really need).
- This creates exorbitant additional costs and longer approval times. The majority of community associations have little extra capital to afford hiring professionals to complete these questionnaires. That money would be far better off spent on RESERVE STUDY funding.
- It's also frustrating getting calls from real estate agents asking community association managers to "Change the answer to question #7" or "Did you really mean to answer THIS question like that? Please change." No thanks. My original answer is the one I wish to keep. ... never works well ...
- Heavy burden on associations to spend money on both legal guidance and potentially completing these engineers’ reports, which are not required by the state.
- The impact of the new guidelines is slowing the lending process, ruining the lender pool and options, and resulting in higher loan costs that penalize homeowners and associations for legally accepted practices that don't specifically impact maintenance. The inability to add notes is crippling; many newer projects and conversion projects will not fit squarely into the form fields.
- Not everyone that loves St Augustine has \$500K in cash to buy a beach condo.
- As the bank reviews the minutes and reserve study, they come back looking for proof that the work is done. One called the vendor looking for a report or proof of the work. (It was deck board replacement.) This is totally out of control.
- It is incredibly uncomfortable sitting in the office when a homeowner thinks I am the one holding up their closing for not answering questions that I have NO BUSINESS answering. We need a good solution FAST.

- They are asking questions that we as managers are not qualified to answer, and our companies will not allow us to answer. The answers that we are giving have been created by our corporate attorney, and they are not accepting them. Then they are asking for six to 12 months of board meeting minutes, and they are saying that the minutes do not say enough.
- Georgia requires 10% budgeted reserves. We were under that amount and did not know about the requirement until February. We had to adjust the budget and resubmit it to the membership.
- Accountability for structurally sound construction must take place at each level—developers, city and county inspectors, and loan entities—for protection and safety of owners/residents and institutions.
- These lenders CLEARLY do not understand how reserve contributions work! If half of the budget is due to nontangible expenses (i.e., administrative costs), why should that have any bearing on reserves? Reserves cover replacement tangible assets. A reserve study dictates how to properly reserve for a community. Administrative expenses should have nothing to do with how to reserve.
- We have a lease with our neighboring condo association that provides for full access to amenities owned and operated by the neighboring condo. Apparently, Fannie and Freddie have a regulation related to leases such as ours that makes the mortgage unwarrantable. This is a long-standing relationship that has never been addressed in the past, and real estate agents that I have spoken with say they have never heard of it.
- Most of our condominiums are two stories. The kind of information requested for these properties is far beyond what is reasonable in comparison to a high-rise or a tower. Non-Fannie Mae and Freddie Mac lenders are using the same language and failing to do any of their own investigation. We provide the reserve study and the budget. The underwriter needs to take responsibility for assessing the risk on a two- to three-story condo.

## **CONTACT**

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