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Submitted via:

To: Siobhan.Kelly@fhfa.gov

CC: CongressionalAffairs@FHFA.gov

June 10, 2025

The Honorable Bill Pulte
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, SW
Washington, D.C. 20219

Dear Director Pulte,

On behalf of the Community Associations Institute (CAI), thank you for the opportunity to share urgent concerns and specific policy recommendations to modernize condominium lending eligibility requirements administered by Fannie Mae and Freddie Mac. CAI represents more than 50,000 stakeholders in the community association housing model, including 77 million of homeowners in approximately 370,000 community associations across the U.S. a significant portion of which are condominiums.

We write to you today with growing alarm. The condo housing market across the country is approaching a crisis point and swift intervention from the Federal Housing Finance Agency is essential to prevent further economic harm. While we commend Fannie Mae & Freddie Mac's commitment to safety, the current lending requirements are disproportionately impacting responsible condominium associations that are diligently working to meet evolving standards for reserves, building maintenance, and insurance.

The headlines reporting the Condominium Crisis are fueling the fears of homebuyers. As reported by Tampa Bay Times on June 3, 2025, "Florida's condo market is in crisis." Legislation such as SB 154 has introduced meaningful reforms, but the associated costs are straining association budgets. Bay News 9 reports that post-Surfside reforms

have driven up monthly assessments, placing severe financial pressure on retirees and working families. Newsweek has declared that “South Florida condo sales collapse as market suffers ‘real pain,’” while the Miami Herald describes the current environment as “cruel,” especially for retirees unable to keep up with rising costs. The Business Observer warns that “Florida is dragging national condo market down.”

This is not an isolated regional concern; it is a national affordability and liquidity problem that demands federal attention.

We estimate that 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 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. This unintended consequence of rigid GSE guidelines is devastating the market, punishing responsible associations, and eroding equity for millions of homeowners.

Across the country, condominium communities are embracing transparency, fiscal responsibility, and long-term planning. But they need time, tools, and access to lending to do so effectively. Without urgent policy changes, the very reforms designed to strengthen

We urge the Federal Housing Finance Agency 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 your leadership is needed to make the necessary changes to the unnecessarily restrictive GSE condo lending requirements.

CAI stands ready to work in partnership with FHFA and the Enterprises to develop practical, responsible, and effective policy solutions that support both safety and market stability.

Please do not hesitate to contact me at dbauman@caionline.org to discuss this matter further or to coordinate a meeting with our policy experts.

Sincerely,

A handwritten signature in black ink, appearing to read 'DM Bauman', with a long horizontal flourish extending to the right.

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About Community Associations Institute: With over 50,000 members across 64 global chapters, CAI leads the way in creating, sustaining, and improving community living. We achieve this through standards-setting, education, advocacy, and fostering industry partnerships.