



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

February 01, 2022

Leslie Rouda Smith
President
National Association of Realtors
500 New Jersey Ave, NW
Washington, DC 20001-2020

Dear Ms. Smith:

Thank you for your letter dated December 17, 2021, about Fannie Mae's recent policy changes on condominium projects, including safety inspections, special assessments, and financial reserves. These policy changes increase the project standards and amount of associated information needed from condominium associations. Your letter expressed concerns with the implementation timeline and the potential impact on underserved communities.

The Federal Housing Finance Agency (FHFA) is committed to balancing the safety of borrowers with the safety and soundness of the Enterprises, while providing adequate liquidity to the mortgage market. The tragic collapse of the Surfside, Florida condominium project demonstrated the need to strengthen measures to protect borrowers and reduce the associated risk to Fannie Mae and Freddie Mac (the Enterprises). The recent changes announced by Fannie Mae make condominium projects ineligible where there is significant deferred maintenance, such as postponement of normal maintenance that creates safety hazards that endanger life. The changes also require adequate financial reserves protecting both the homeowner and property.

FHFA appreciates your feedback and looks forward to continuing our engagement. Given the urgency of this issue, FHFA expects the Enterprises to continue implementing their temporary policies to address their risk and increase the safety of borrowers. FHFA looks forward to engaging with NAR as the Enterprises consider appropriate policies on a more permanent basis. On NAR's request to work with the Enterprises to educate condominium associations about best practices, FHFA can facilitate discussions with the Enterprises on how to provide information that would benefit associations as they work to meet the new requirements.

If you would like to further discuss the recent policy changes on condominium projects, please contact Maria Fernandez, Senior Associate Director, Office of Housing and Regulatory Policy at Maria.Fernandez@fhfa.gov.

Sincerely,

Sandra L. Thompson