

Will your condo still be financeable in 2027?

Conventional condo lending rules are changing through early 2027. Some loosened, but overall scrutiny **increased significantly** - and warrantability is what keeps a project sellable at full value. Here is what changes, when, and what to do now.

July 1, 2026

Insurance changes

Roof ACV allowed, inflation guard removed, \$50K max per-unit deductible, HO-6 required in more cases.

August 3, 2026

Limited review eliminated

Full underwriting of HOA financials on every conventional condo loan. More docs, more scrutiny, more delays.

January 1, 2027

15% reserves (was 10%)

A 50% increase in required annual reserve funding - based on budgeted allocation, not what's accumulated.

CATEGORY	BEFORE	AFTER
Reserve contribution	10% of budget	15% of budget (eff Jan 1, 2027)
Review process	Limited review allowed	Eliminated - full review (eff Aug 3, 2026)
Reserve studies	Flexible funding methods	Highest level required; baseline not allowed
Investor concentration	50% cap for investor purchases	Removed (eff now, established projects)
Small project waiver	2-4 units	Expanded to 10 units
Roof coverage	Replacement cost required	Actual cash value allowed (eff Jul 1, 2026)
Inflation guard	Required	Removed
Per-unit deductibles	5% and geographic specific	\$50K max - owners should carry Loss Assessment Coverage

Good news

- Investor concentration cap removed
- Roof coverage flexibility added (older roofs insurable)
- Insurance documentation options expanded

Challenges

- Higher reserves squeeze budgets (dues pressure, assessment risk)
- Full review on every deal - non-warrantable projects lose most buyers
- Coverage gaps kill deals; insurance still expensive

AGENTS

Pre-approve condo listings

Project pre-approval before listing protects price and timeline.

HOA BOARDS

Budget the 15% this fall

2027 budgets plus master-policy review with your broker - now.

MANAGERS

Prepare documentation

Full review means complete, current financial packages.

OWNERS

Talk to your board

Before fall budget season - warrantability protects resale value.



Full presentation, project pre-approvals & non-warrantable solutions

Scan for the complete industry briefing. Condo project approvals with a dedicated team, FHA spot approvals, HOA pre-approval for listing agents - and if a project is non-warrantable, expanded financing programs (owner/second/investor, full doc or alt income, individual or LLC).

<https://updates.patricknorman.net/angela/condo-financing-2026/>

Patrick L Norman

Senior Loan Officer
CrossCountry Mortgage,
LLC | NMLS #303097
(571) 249-3530 -
patrick@patricknorman.net
www.patrickloanofficer.com



Angela Warren

Real Estate Agent
TVRG Homes | Lic.
SP98360398
301-775-2167 -
angela@tvrghomes.com

