

Sound Insight

A Newsletter focused on Reserve Studies Information and Industry Updates Provided by **A Sound Reserve Plan**

Fannie Mae's New 15% Requirement for Reserves

Fannie Mae/Freddie Mac's new requirement for reserve funding is a minimum of 15% of the annual budget. It was previously 10%. The 15% is scheduled to go into effect later this year, for fiscal year 2027 as reported in the Community Associations Institute Newsletter: https://advocacy.caionline.org/fannie-freddie-update031826/?utm_source=Real%20Magnet&utm_medium=email&utm_content=CAI%40Home%5FMarch2026&utm_campaign=210449749

I have been tracking this number for the last two years. I've compiled statistics from 118 condos (buildings, not HOA's) in the Puget Sound area.

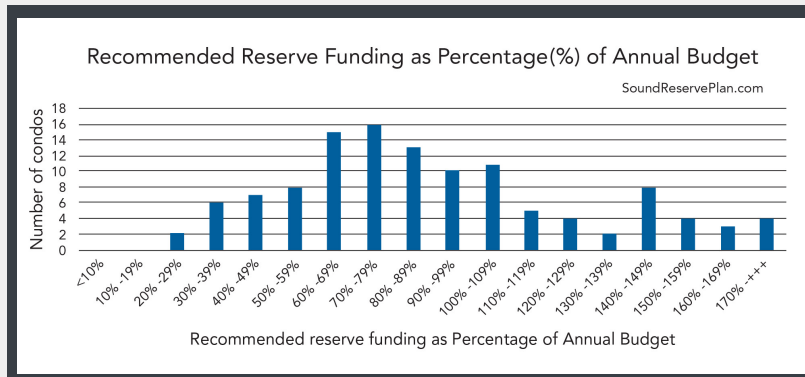
My statistics show only ~7% of condos are funded below the 10%. Additionally there is ~ 8% of condos that fall between the 10% and the new requirement of 15%.

That leaves the other 85% as already funding above the new requirement, and not being affected. Of my 118 communities, the one with the lowest recommended reserve contribution equates to 28% of their annual budget.

My takeaway is this increase will not affect most associations, is not a substantial change, and will not substantially increase their reserve position.

This individual statistic varies so much from condo to condo, that I do not believe it is appropriate to use this statistic to gauge reserve funding, or measure risk of special assessment.

While reserve studies are a flawed tool, they are still the best method determine an appropriate reserve contribution.



Providing Reserve Studies To Condominiums and Homeowner Associations throughout the Pacific Northwest.



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