Angel Oak®
MORTGAGE SOLUTIONS

The Condo Financing Shift

How agency condo changes may create more Non-QM opportunities for loan originators

Borrower qualifies. Condo project does not.

AUG. 3, 2026	JAN. 4, 2027	ONGOING
Conventional Agencies Limited Review / Review retire More established projects move into deeper project review unless exempt/waiver eligible.	**Reserve funding minimum increases to 15%** Projects with weaker reserve budgets may face agency eligibility issues.	**More scrutiny on project health** Reserve studies, insurance, special assessments, deferred maintenance, and critical repairs matter more than ever.

WHAT IS CHANGING AT THE AGENCIES?

- **Less fast-track condo review:** more transactions will require a fuller look at the condo project, not just the borrower.
- **Higher reserve expectations:** projects need stronger reserve funding or a qualifying reserve study approach.
- **Reserve studies face tighter review**: currency, funding level, and repair planning become bigger approval factors.
- **Structural/deferred maintenance focus:** critical repairs, unsafe conditions, and unfunded projects can derail agency execution.
- **Insurance remains a pressure point:** master policy coverage, deductibles, and building-level protection can impact eligibility.

WHY ORIGINATORS SHOULD CARE

- **More fallout risk:** strong borrowers can still lose approval when the project fails agency review.
- **Longer cycle times:** more HOA documents, budget review, insurance review, and questionnaires may be required.
- **More non-warrantable scenarios:** reserves, litigation, assessments, insurance, commercial mix, or project condition can block conventional loans.
- **Florida and coastal condos are high opportunity:** aging buildings, milestone inspections, insurance costs, and HOA funding gaps may create more need for alternatives.
- **Investor condo demand continues:** DSCR, bank statement, asset qualifier, and foreign national programs can create options when agency financing stalls

HOW ANGEL OAK NON-QM CAN HELP FILL THE VOID

When conventional financing cannot get past the projectreview, Angel Oak Mortgage Solutions can help originators look for alternative Non-QM paths for eligible borrowers and properties.

Agency challenge	Angel Oak Opportunity
Project falls short on reserves or reserve study standards	Non-warrantable condo solution for eligible scenarios
Special assessment, litigation, insurance, or deferred maintenance issue	Alternative review path when agency approval is unavailable
Investor or self-employed borrower needs flexibility	DSCR, Bank Statement, Asset Qualifier, Foreign National, and other Non-QM options

WEBINAR TALKING POINTS

- A non-warrantable condo does not mean an unfinanceable condo.
- The borrower may qualify. The project may not.
- When agency execution stops, Non-QM may create another path to closing.

A non-warrantable condo does not have to mean an unfinanceable condo.

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For mortgage professionals only. Guidelines, rates, terms, and conditions are subject to change. Not a commitment to lend. Verify current agency and Angel Oak Mortgage Solutions' guidelines.

Sources: Fannie Mae LL-2026-03 and Selling Guide condo project standards; Freddie Mac Bulletin 2026-C and Guide Chapter 5701; Angel Oak Mortgage Solutions public program overview. Prepared for webinar discussion; confirm all guidelines at time of application.