Position Paper

H.R. 9569 – Strengthening the Making Condos Safer and Affordable Act Through Professional Reserve Studies

Prepared by Global Solution Partners

Executive Summary

Global Solution Partners applauds the introduction of H.R. 9569, the Making Condos Safer and Affordable Act, which seeks to improve access to financing for critical condominium repairs through FHA-insured loans. This legislation addresses an important national challenge: helping aging condominium communities complete necessary capital repairs while reducing the financial burden of large special assessments on homeowners.

To maximize the effectiveness of this program and safeguard both condominium owners and taxpayers, Global Solution Partners recommends that the legislation—or the implementing regulations issued by the U.S. Department of Housing and Urban Development (HUD)—include a requirement that participating condominium associations obtain a current, professionally prepared Reserve Study.

Why Reserve Studies Matter

A Reserve Study is the industry-recognized process for identifying, evaluating, and financially planning for the repair and replacement of common area components. It provides an objective analysis of:

- The physical condition of major building components
- Remaining useful life of those components
- Estimated replacement costs
- Recommended reserve funding requirements
- Long-term capital repair planning

Reserve Studies provide lenders, associations, homeowners, and regulators with a common, data-driven foundation for making informed financial decisions.

Benefits of Incorporating Reserve Studies

Improve Underwriting Quality

Independent Reserve Studies help ensure loan proceeds are directed toward legitimate capital needs supported by professional analysis rather than estimates or deferred maintenance assumptions.

Protect Homeowners

Reserve Studies help boards prioritize repairs, reduce unexpected special assessments, and provide greater transparency regarding long-term financial obligations.

Protect Taxpayers
Because FHA-insured loans ultimately expose taxpayers to financial risk, objective capital planning helps reduce the likelihood of loan defaults caused by inadequate planning or underfunded reserves.

Promote Responsible Borrowing
Reserve Studies distinguish between repairs that should be financed over time and routine maintenance that should be funded through annual operating budgets.

Create Consistency
Many states, lenders, insurers, and secondary mortgage market participants increasingly rely upon Reserve Studies when evaluating condominium financial health. Including them within this program would establish a consistent national standard.

Recommended Requirements

Global Solution Partners recommends HUD consider adopting the following requirements for associations seeking FHA-insured financing:

- A Reserve Study prepared or updated within the previous three years.
- A comprehensive inventory of all major common-area components.
- Estimated remaining useful life and replacement costs for each major component.
- A recommended long-term reserve funding plan.
- Documentation that the proposed loan finances specific capital repair or replacement projects identified within the Reserve Study or supported by a documented engineering evaluation.
- Mandatory Reserve Study updates to reflect completed work and revised funding requirements.

Benefits to All Stakeholders

- Homeowners receive safer communities and fewer unexpected financial burdens.
- Association boards gain objective planning tools to support informed decisions.
- Lenders receive improved documentation supporting credit decisions.
- FHA benefits from stronger underwriting and reduced default risk.
- Taxpayers receive additional protection through sound financial planning.
- Communities preserve property values while addressing critical infrastructure needs.

Conclusion

H.R. 9569 represents an important opportunity to improve the safety and financial stability of America's condominium communities. By incorporating professional Reserve Studies into the program's implementation, Congress and HUD can ensure that financing decisions are supported by objective engineering and financial analysis, resulting in better outcomes for homeowners, lenders, and taxpayers alike.

Global Solution Partners stands ready to work with Congress, HUD, industry organizations, and community associations to help develop practical standards that promote responsible capital planning and long-term community sustainability.