

MassHousing Selling Guide Updates

MassHousing is updating our [Selling Guide](#) on various topics.

- Upcoming GSE changes to Project Standards and Property Insurance
- Upcoming MassHousing changes to Fees and Property Condition Ratings

The updates will be occurring over a span of time. While our [Selling Guide](#) will reflect the updates on the effective date, we encourage lenders to adopt the guidance on or before the effective dates.

GSE Reference Material

- [Fannie Mae Lender Letter LL-2026-03](#)
- [Freddie Mac Bulletin 2026-C](#)

GSE Project Standards Updates

- **Expansion of Waiver of Project/Exempt from Review Standards**
- **Retirement of Limited Project Review/Streamlined Review**
- **Enhanced Reserve Study Requirements**
- **Replacement Reserve Requirements**

Expansion of Waiver of Project Review/Exempt from Review to 10 or fewer units - Effective Immediately

MassHousing will align with the GSEs expansion of eligibility for a Waiver of Project Review/Exempt from Review for new and established condo projects with 10 or fewer units. Condominium projects that consist of 10 units or less with no master association, or not subject additional phasing, may qualify without a Full Review. ***Seller Guide Section 3.8.10.***

While MassHousing aligns itself with the GSEs Waiver of Project Review/Exempt from Review guidelines, Lenders will continue to warrant the following without regard to the number of units in the project.

- Ensure 50% of the units are owner occupied and a HOA is established by the unit owners.
- Ensure projects are not in need of critical repairs, which include those needing repairs or replacements that significantly impact the safety, soundness, structural integrity or habitability of the project's building(s), or the financial viability or marketability of the project.

MassHousing will continue to require a condominium questionnaire to verify the project eligibility for the Waiver of Project Review/Exempt from Review in addition to our project overlays. Lenders may also need to review a combination of documents to determine if a project meets GSE's physical condition requirements. Lenders are responsible for determining which documents are needed to ensure compliance with the requirements.

- **Retirement of Limited Project Review/Streamlined Review - Effective with locks on or after Aug 3, 2026**

MassHousing will align with the GSEs elimination of the Limited Review process for established projects, which will require Lenders to complete Full Reviews in accordance with their guidance.

- **Enhanced Reserve Study Requirements - Effective with locks on or after Aug 3, 2026**

Current policy allows lenders to obtain a reserve study to demonstrate a project has sufficient reserves when it is not

budgeting for replacement reserves that meet the GSEs requirements. The association must use the highest recommended reserve allocation amount in the reserve study to cover the costs identified.

- **Reserve Replacement Requirement – Effective with locks on or after Jan 4, 2027**

MassHousing will align with GSEs revision to their reserve allocation requirement for capital expenditures and deferred maintenance from a minimum of 10% to a minimum of 15% of the annual budgeted income assessment. Lenders must comply with this new requirement when utilizing the Full Review process.

Property Insurance Update – Effective Immediately

MassHousing will align with multiple GSE changes regarding property insurance requirements as announced in Fannie Mae LL-2026-03 and Freddie Mac Bulletin 2026-C.

- Property Insurance Requirements for One to Four Unit Properties
- Master Property Insurance Requirements for Project Developments
- Individual Property Insurance Requirements for a Unit in a Project Development

MassHousing Selling Guide Updates

- **MassHousing FEES - Effective with locks on or after 07/01/2026**

MassHousing will be changing our Correspondent Processing Fee to **\$395.00** on all applicable products.

- **Property Condition Rating - Effective with locks on or after 07/01/2026**

MassHousing requires properties to be safe, sound, and structurally secure to be eligible for MassHousing financing. We will no longer purchase loans secured by properties with an appraisal completed “As Is” with a condition rating of C5. When a property receives a C5 or C6 condition rating, the lender is required to have the borrower complete the necessary repairs, bringing the property up to a minimum of a C4 condition rating for MassHousing to purchase your loan.

Lenders must take the following steps for MassHousing to purchase your loan prior to completion of the repairs:

- Complete the appraisal "subject to" the completion of identified repairs, meaning the property is valued as if the repairs were done.
- Follow the Rehabilitation Feature guidelines found in the MassHousing Selling Guide ***Section 3.9.7: Rehabilitation Feature***

Questions?

Questions: Please email homeownership@masshousing.com or contact your Relationship Manager.