

FHA Condominium Bulletin

IN RECOGNITION OF THE UNPRECEDENTED MARKET CHALLENGES, FHA HAS REVISED ITS CONDOMINIUM POLICIES, INCLUDING TEMPORARY ENHANCEMENTS DESIGNED TO SUPPORT THE MARKET. THESE UPDATES BECOME EFFECTIVE DECEMBER 7, 2009.

FHA Enhanced Condominium Policy in Response to Market Challenges

Owner-Occupancy	FHA has modified the 50% owner occupancy requirement to allow the <u>exclusion of vacant and tenant occupied real estate owned (REOs) from the calculation.</u>
Pre-Sale Requirement	FHA has reduced the pre-sale requirement from 50% to <u>30% of the total units.</u>
Maximum Concentration	FHA has increased the concentration limit from 30% to <u>50%.</u> <u>Additionally, the concentration limit may be increased to 100% in established projects (see guidance for details).</u>

FHA Revised Condominium Policy

Site Condos	Condominium approval is not required.
Right of First Refusal	A right of first refusal is permitted unless it violates the Fair Housing Act.
Manufactured Homes	Condominium manufactured homes are eligible for FHA Financing.
Limit on Commercial Space	No more than 25% of the space in the project may be for commercial purposes.
Spot Loan Approval Process:	No longer required as HRAP and DELRAP approval processes are streamlined making Spot Loans unnecessary.
Where can I find detailed information?	Mortgagee Letters 09-46B and 09-46A provide detailed information on FHA's condominium policy and its temporary guidance. They can be found at: http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm



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