

FHA eases restrictions on condominium certification

AO makes recertification process easier

Fort Collins - November 10, 2012 - The Federal Housing Administration has revamped and relaxed some of its FHA Condominium Certification guidelines, which may open the door to getting more condo projects approved.

Since most individual condos are financed or refinanced with an FHA mortgage, and an entire project must have FHA certification in order for any unit to obtain FHA financing, much attention has been given to the FHA's guidelines. Some have touted the FHA's regulations as unfair and too restrictive.

Under the former guidelines, 15 percent or less of a development's units could be no more than 30 days delinquent on association dues. That time of delinquency has been extended to 60 days.

In addition, the guidelines would not allow the FHA to insure units in buildings in which 25 percent or more of the total floor space was used for commercial or nonresidential purposes. Now as much as 35 percent – and as much as 50 percent on a case-by-case basis – of the floor space can be devoted to nonresidential use. As the lower floors of many urban condominium projects are devoted to retail stores and offices, those projects were previously not eligible for FHA certification.

Lastly, the new FHA certification guidelines allow for great flexibility for investors. Previously, an investor could own no more than 10 percent of units in one project. According to the new rules, one or more investors are allowed to own up to 50 percent of the total units, provided at least half of the units are owner-occupied.

FHA Certification not only provides more financing options and reduces the number of investors needed, but it also helps maintain property values by reducing the risk of increased investor rental properties and maintaining the marketability for those homeowners in the complex.

Despite the less restrictive guidelines, recertifying a condominium project can be as daunting as the initial FHA certification process, as a full filing is required to recertify, as well. But, if Association Online™ helped prepare the last certification, recertification is VERY ECONOMICAL!

Get on the fast, affordable track of FHA Certification with AO. Contact us for a free screening to see if your condo project meets the new requirements.

Association Online™

Kelly Serrano

kserrano@AssociationOnline.com

970-226-1324