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FHA condominium update - New guidelines issued

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Community Associations Institute (CAI) commends the Federal Housing Administration (FHA) for issuing new guidelines that will provide more opportunities for home buyers and sellers and greater stability for condominium communities.

CAI has pressed FHA to revise rules that determine if a condominium community meets certain guidelines that enable buyers to obtain FHA-insured mortgage loans. FHA is the only source of low down payment mortgages that many borrowers use to become first-time homeowners. For many Americans, condominiums are often the gateway to home ownership.

"This is excellent news for sellers, buyers, condominium communities and the housing market across the country," said CAI chief executive officer Thomas Skiba, CAE. "FHA has responded to the critical issues we've raised. By doing so, more Americans can obtain FHA-insured mortgages to purchase condominiums."

Responding to CAI Concerns

Skiba said the FHA revisions appear responsive to several key CAI issues, including community delinquency rates, insurance coverage, commercial space limitations and condominium certification statements.

"We hoped this would happen a lot sooner, but it's an important step in the right direction," said Skiba. "CAI will continue to press for reasonable FHA condominium policies. This will spark home sales and help tens of thousands of condominium communities begin to recover from the housing slump, and that can only help the national economy."

FHA said it made the "temporary adjustments" to the condominium standards in response to market conditions. CAI urges the agency to establish a regulatory foundation for its condominium program to provide long-term certainty of process, flexibility and support for the future of condominium housing, and to resolve critical policy areas not addressed by the announcement. Skiba said CAI will support efforts, if needed, to provide FHA the additional statutory authority required to accomplish these goals.

As part of our ongoing Mortgage Matters program, CAI is working to protect homeowners in community associations and to ensure access to fair and affordable mortgage products for all current and potential community association residents.

CAI will continue to monitor and participate in shaping changing federal housing policies to ensure the perspective of community associations is heard.

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