

## FHA Recertification For Condominium Associations



### **Condominium Developments Must Now Reapply for Continued FHA-Insured Loan Status**

Prior to 2008, condominium developers could rely on private mortgage insurance to bridge the financing gap for condo buyers who couldn't put together a 20% or larger down payment. That all ended with the financial collapse in 2008-09. Since then, condominium sellers have had a very difficult time getting a buyer financed if the buyer lacked a large down payment, even if the buyer had excellent credit.

Since 2008, condominium associations have increasingly ensured that their condominium developments are approved by the Federal Housing Administration (FHA) so that unit buyers can obtain FHA-insured loans. As an FHA-approved condominium development, unit sellers are happy because buyers can then qualify for FHA-insured acquisition financing. The FHA's low down payment requirements are especially attractive to potential buyers.

However, the FHA recently changed the rules for condominium developments. The FHA now requires condominium developments previously approved for FHA-insured financing to reapply every two years for recertification. And condo developments must do so within six (6) months of their current expiration date.

Condominium associations and developers should go to the FHA website <https://entp.hud.gov/idapp/html/condlook.cfm> and check to see if any of their condominium developments were originally approved by the U.S. Department of Housing and Urban Development for FHA-insured financing to buyers. Missing the recertification filing deadline means the buyers of units in the condominium development will no longer qualify for FHA-insured acquisition financing. The association must then file a completely new application, which is a more rigorous, lengthy and costly procedure than simply filing for an extension of an existing FHA approval.

Unit owners will expect the board members of their condominium association to be proactive and actively monitor condominium developments on the FHA-approved list. If any of your properties are on the FHA list, we can help in keeping them FHA-certified. Thompson Coburn's FHA Recertification service is available to handle all of the legal work necessary to follow through on recertification. A link to our FHA Recertification services

with full details can be found [here](#).

It is very important that current FHA-approved condominium associations apply in a timely way for recertification under the new FHA requirements. Unit owners will expect nothing less.

If you have questions on this or any Real Estate matter, you may contact your Thompson Coburn attorney or one of the Real Estate attorneys listed below.

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