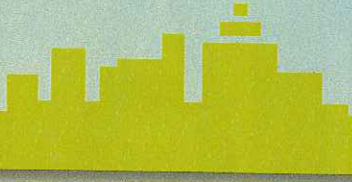


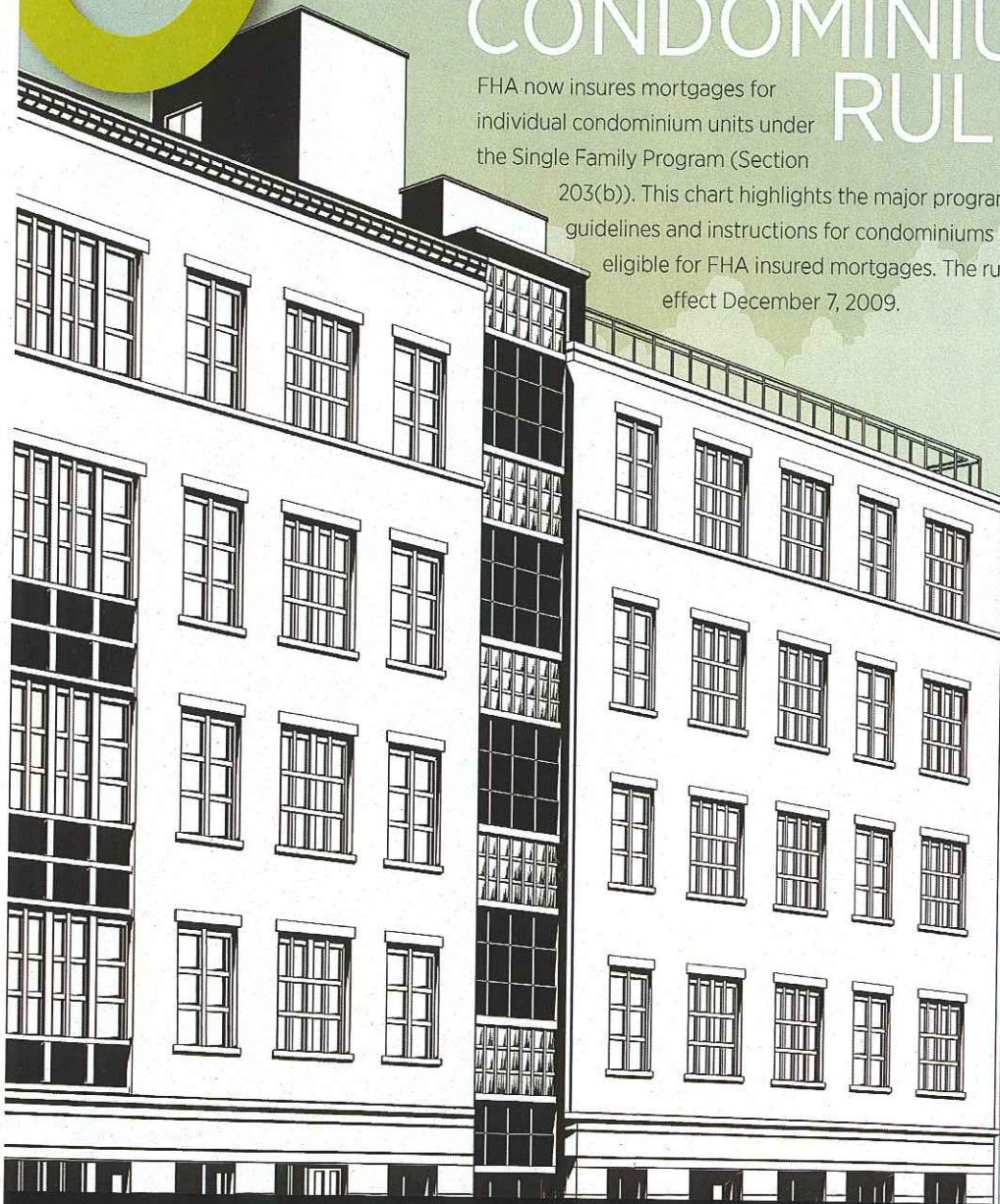
FHA



CONDOMINIUM RULES

FHA now insures mortgages for individual condominium units under the Single Family Program (Section

203(b)). This chart highlights the major program guidelines and instructions for condominiums to be eligible for FHA insured mortgages. The rules took effect December 7, 2009.



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FHA CONDOMINIUM RULES



REQUIREMENT	NEW FHA POLICY FOR CONDOMINIUM PROJECTS	TEMPORARY FHA CONDOMINIUM POLICY**
Owner-Occupancy—Established Projects	Owner-occupancy requirement is 50 percent of units in the project.	Vacant or REO properties may be excluded from calculation.
Owner-Occupancy—New Projects	Owner-occupancy requirement is 50 percent of presold units.	Vacant or REO properties may be excluded from calculation.
Pre-Sale Requirement—New Projects	FHA presale requirement for condominiums is 50 percent.	FHA presale requirement for condominiums is 30 percent.
Concentration Limit	FHA will provide insurance for up to 30 percent of units.	FHA will provide insurance for up to 50 percent of units, up to 100 percent in some projects.
Spot Loans	Spot Loan Approval process is eliminated.	Spot Loan authority expired 2/1/2010.
Commercial Space	A project may not have more than 25 percent of space for commercial purposes.	
Right of First Refusal	Permitted unless it violates Fair Housing Act.	
Site Condominiums	Condominium approval no longer required.	
Reserve Study	Reserve study must be performed.	
Environmental Review	Not required in many cases.	
Manufactured Homes	Condominium manufactured homes now eligible for FHA financing.	
Investor Ownership	No more than 10 percent of units may be owned by one investor.	
Delinquent Homeowner Association (HOA) Dues	No more than 15 percent of total units may be in arrears.	
Florida	Must use HUD Review Approval Process (HRAP) for project approval.	
Waivers	FHA will consider waiver requests to condominium rules.	

**Temporary policy effective through December 31, 2010 except for Spot Loans, which are eliminated effective February 1, 2010.