

FHA CONDO APPROVAL RULE

FHA's new condominium policy is designed to reduce regulatory barriers that currently restrict affordable homeownership opportunities.

The FHA's new rule:

- Introduces a new single-unit approval process to make it easier for individual condominium units to be eligible for FHA-insured financing
- Extends the recertification requirement for approved condominium projects from two to three years
- Allows more mixed-use projects to be eligible for FHA insurance

Effective: 10/15/19

Single-Unit Approvals

FHA will insure mortgages for selected condominium units in projects that are not currently approved. An individual unit may be eligible for Single-Unit Approval under the following conditions:

- The individual condominium unit is located in a completed project that is not approved
- For condominium projects with 10 or more units, no more than 10 percent of individual condo units can be FHA-insured; and projects with fewer than 10 units may have no more than two FHA-insured units

Minimum Owner-Occupancy Requirements

FHA will require that approved condominium projects have a minimum of 50 percent of the units occupied by owners for most projects.

FHA Insurance Concentration in Condominium Projects

FHA will only insure up to 50 percent of the total number of units in an approved condominium project.

Commercial/Nonresidential Space Limits

FHA will require that the commercial/non-residential space within an approved condominium project not exceed 35 percent of the project's total floor area.

To learn more, visit:

<https://federalregister.gov/d/2019-17213>



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