

FHA CONDO FINANCING GUIDELINES

2.1.1 Minimum Number of Units – 2 or more units

2.1.2 Right of First Refusal – Permitted unless it violates discriminatory conduct prohibitions under the Fair Housing Act regulations at 24 CFR part 100.

2.1.3 Non-Residential/Commercial Space - No more than 25 percent of the property's total floor area in a project or unit can be used for non – residential / commercial purposes (*exceptions may be granted)

2.1.4 Investor Ownership – Up to 50% of the units may be owned by one investor/entity (single or multiple owner entities)

2.1.5 Delinquent Homeowners Association (HOA) Dues - No more than 15 percent of the total units can be in arrears (more than 60 days past due) of their condominium association fee payments (does not include late fees or other administrative expenses). The 15 percent includes all units (occupied, investor, bank-owned, vacant).

2.1.6 Budget / Financial Documents

- Current year budget for declared phases
 - Current balance sheet less than 90 days old at the time of submission for project approval
 - Actual income and expense statement for project
 - Bank statements may be requested
 - Include allocations/line items to ensure sufficient funds are available to maintain and preserve all amenities and features unique to the condominium projects; and,
 - Provide for the funding of replacement reserves for capital expenditures and deferred maintenance in an account representing at least 10 percent of the budget; and,
 - Provide adequate funding for insurance coverage and deductibles.
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2.1.7 Special Assessments - Documentation regarding any special assessments

2.1.8 Pending Litigation - Documentation on any pending litigation

2.1.9 Insurance Requirements - Documentation related to by hazard, flood, liability, fidelity bond/insurance, and other insurance required by state or local condominium laws or acceptable to FHA – Citizens insurance and co-insurance clauses are now accepted.

3.5 Owner-Occupancy Requirement - At least 50% of the units must be owner/occupied.

FHA Condo Guidance from HUD Mortgagee Letters 2011-22, 2012-18, 2014-17, 2015-27, 2016-13, 2016-15 and 2017-13

