

# THE PROPERTY LINE

DANIEL E. ANGIUS \*  
PAUL P. TERRY, JR. †  
BRADLEY J. EPSTEIN \*  
JOHN J. STANDER \*  
JULIE M. MOUSER  
KEVIN C. CANTY  
MICHAEL HARDY  
MELISSA BYBEE Δ  
SUSANA C. CENDEJAS  
ZER IYER  
SAM Y. CHON  
TROY R. DICKERSON Δ  
M. CATHERINE GARCIA  
RICHARD V. DE GRUCCIO  
JIMMY SANH L. LY  
AARON CHENGIYEN  
JORDAN O'BRIEN

† Also admitted in Nevada and Colorado

\* Also admitted in Nevada

Δ Admitted in Nevada

\*\* Admitted in Nevada & New Jersey

4695 MacArthur Ct.  
11th Floor  
Newport Beach, CA  
92660  
Tel 949.673.2600  
800.680.4001  
Fax 949.673.2601

Walnut Creek, CA  
Roseville, CA  
Manteca, CA  
Las Vegas, NV  
Reno, NV

[www.angius-terry.com](http://www.angius-terry.com)



ATTORNEYS

## Newly Revised FHA Guidelines Will Strongly Impact Eligibility Of Condominium Developments For FHA Financing

Paul P. Terry, Jr., Esq.  
[pterry@angius-terry.com](mailto:pterry@angius-terry.com)



### **Federal Housing Administration (FHA) recently enacted revisions to its Condominium Project Approval Process.**

A condominium project must be approved by FHA in order for individual condominium units to be eligible for an FHA insured mortgage. Approval must be obtained every two years. These new revisions are effective until August 31, 2014, unless further extended by FHA.

The recent revisions include, among other things, (1) an increase in the length of time when the maximum percentage of condominium units may be in arrears on assessment payments – with no exceptions granted; (2) a change in the minimum percentage of owner-occupancy and the maximum percentage of investor/entity ownership of condominium units; (3) a change in the allowable non-residential/commercial space that may be used in the condominium project; (4) additional fidelity bond/fidelity insurance requirements for a homeowner association's management company; and (5) a new Project Certification statement that must be submitted for the approval process.

These revisions can have a significant effect on whether a condominium project will obtain and maintain eligibility for FHA insured mortgages. *The Los Angeles Times* reported that these revisions are "causing huge problems for condominium sellers, buyers and homeowner association boards across the county." Reportedly, many associations have failed to obtain approval/re-approval under these new provisions. Hence, it is important to understand these new revisions, as well as the Condominium Project Approval Process, and to provide careful and accurate responses.

If you have questions regarding these revisions to FHA Condominium Project Approval Process or need assistance in applying or reapplying for Condominium Project Approval, please give us a call.

A handwritten signature in black ink, appearing to read 'Paul P. Terry, Jr.'.

Paul P. Terry, Jr., Esq.  
ANGIUS & TERRY LLP  
[www.angius-terry.com](http://www.angius-terry.com)