



**Under revised guidelines effective November 2, 2009, the FHA is implementing a new approval process for condominiums to be eligible for FHA/HUD financing. Under the new guidelines, the spot approval process will no longer be available, and approvals expire every two years.**

Historically, to utilize HUD / FHA financing, a condominium could, under certain circumstances, receive “spot approval” for lending with HUD / FHA, or the association was required to prepare and submit a comprehensive package of materials for consideration for “permanent” approval.

Under the November 2, 2009 guidelines, FHA will allow lenders to determine project eligibility, review project documentation, and certify compliance with the National Housing Act requirements. We expect lenders will approach association boards and managers, asking for certain information, certifications, and even legal opinions regarding compliance with certain legal requirements.

If a condominium is not on the FHA-approved list, or has lost its approval because it underwent repairs or litigation, or for some other reason, the board of directors may wish to consider applying for approval (or re-approval).

The attorneys and staff at Barker Martin, P.S. are ready to help your association adjust to these changes. If you receive requests for information from lenders, or requests for legal opinions please call our Executive Director, Gil Price, to set up an appointment.



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