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HELPING AND PROTECTING CONDOMINIUMS DEAL WITH THE NEW LENDING-RELATED RULES OF THE FEDERAL HOUSING ADMINISTRATION (FHA)

The FHA insures loans made by FHA-approved lenders all across the country. In fact, 30% of all mortgages in the United States are insured by the FHA. The availability of this insurance enables lenders to make loans and extend credit to a broader class of borrower, allowing owners within a condominium to market their homes to more potential buyers. The FHA will insure only certain loans - those that meet FHA requirements. As of February 1, 2010, the FHA may insure loans made with respect to condominiums only in condominiums that have been certified by the FHA. These new rules do not relate to homeowners associations. Condominiums that are currently certified must be recertified every two (2) years. The new FHA rules apply to condominiums in New Jersey, New York, Pennsylvania together with all of the other 47 states.

FHA certification will likely make the sale and purchase of homes within a condominium easier. There are arguments available to owners by which a condominium may have a fiduciary duty to seek FHA certification. The condominium's approved status will be published, and FHA will be free to insure loans there. To the extent that management or your board would like to secure FHA certification, Stark & Stark's [Community Association](#), and Condominium & Co-Op, Groups are ready to discuss the relevant issues, and prepare and file the applications. If you would like additional information, or to hear more about the FHA, condominiums and/or the certification process, please contact [David J. Byrne](#) or [A. Christopher Florio](#).

If you would like to discuss this client alert in more detail or how it may affect your community association, please contact David J. Byrne at 609-895-7365 or by email at dbyrne@stark-stark.com.