

We have FHA Approval on our Property! We lost it in 2016 and this Board has worked diligently to get it back!

First and foremost, FHA Condo Approval opens a sea of buyers. Statistics show that approximately 60% of new homebuyers intend to use an FHA Loan.

Increased Home Values

Secondly, FHA Approved Condos have a larger pool of prospective buyers, therefore increasing competition and demand for the product. This can result in higher purchase prices and an increase in market value. This will ultimately increase the value of all units within the community.

Reverse Mortgages

Furthermore, FHA Certification is necessary to get a Reverse Mortgage (HECM). Many owners use these types of loans as a financial planning tool and cannot stay in their units without this type of financing. Without FHA condo approval, unit owners cannot obtain a reverse mortgage.

FHA Loans are Assumable

This means that in the future, an FHA Loan can be assumed (including the interest rate) by a new buyer. With interest rates at an all-time low, this can be a very valuable asset to an HOA community. But they still require that the lender verify the creditworthiness of the buyer in order to qualify.

Marketability

Realtors are more likely to bring their clients to FHA and VA Approved communities. Units with these approvals are easier to sell and most often sell for higher prices than similar condo associations that are not approved.

Fiduciary Duty

Board Members and Property Managers are expected to maintain property values in their communities. Several HOA attorneys advise that it is the fiduciary duty of the condo Board to apply for FHA condo approval to maintain or increase property values for residents.

Re-Financing Current Loans

Finally, Lenders can now get you some of the best rates around!

Misconceptions about the FHA

Being FHA Certified will bring in “low-income” buyers – FALSE

This is false. FHA Condo approval is completely unrelated to affordable housing programs. The FHA can insure loans upwards of \$800,000.00 in some areas. Since the recession, most American buyers are using FHA insured loans, and this will be the trend for years to come.

FHA Loans have lower down payments, so they are more likely to default – FALSE

There are many different factors that come into play during a foreclosure. If down payments were the key to borrower default, banks and lenders would be able to predict and avoid all foreclosures. Many conventional lenders allow down payments equally as low as FHA, including military veterans using a VA loan with as little as 0% down. If a potential buyer has a lower credit score, the minimum down payment goes up to a minimum of 10%.

FHA Loans caused the housing crisis – FALSE

The FHA does not lend money. It insures loans that meet their standards. **Sub-prime loans** are what caused the mortgage crisis.