FHA INFO #19-41
August 14, 2019

TO: All FHA-Approved Mortgagees
All Other Interested Stakeholders in FHA Transactions

NEWS AND UPDATES

FHA Issues Comprehensive Revisions to Condominium Project Approval Requirements
Final Rule and Single Family Housing Policy Handbook Provide New Opportunities for FHA to Insure Condominium Units

Today, the Federal Housing Administration (FHA) announced the publication of its Condominium (condo) Project Approval Final Rule and new condominium sections of FHA’s Single Family Housing Policy Handbook 4000.1 (SF Handbook). Read today’s Press Release, issued by the Department of Housing and Urban Development (HUD), for more on the topic.

Condominium Project Approval Final Rule
FHA’s Condominium Project Approval Final Rule — Project Approval for Single Family Condominiums:

- Introduces the Single-Unit Approval process, which includes units with Home Equity Conversion Mortgage (HECM) loans; as well as,
- Extends project approval recertification period from two to three years.

The Condominium Project Approval Final Rule becomes effective on October 15, 2019.

Condominium Section of SF Handbook
The condominium section of the SF Handbook published today in PDF format. This update adds two new sections — Section II.A.8.p “Condominiums” and Section II.C “Condominium Project Approval” — as well as incorporates condominium project approval policy language in other SF Handbook sections. Today’s update operationalizes the condominium project approval requirements outlined in the Final Rule and incorporates FHA condo-related policy issued to-date, including the Condominium Project Approval and Processing Guide, originally introduced in Mortgagee Letter 2011-22.

Included in the SF Handbook condo project approval section is policy guidance around FHA’s new Single-Unit Approval process. It also includes requirements and sets standards for minimum owner-occupancy, maximum commercial space, and maximum FHA insurance concentration percentages.
The SF Handbook update will be effective October 15, 2019 — 60 days after today’s publishing of the Condominium Project Approval Final Rule in the Federal Register. Changes in SF Handbook Section II.A.8.p, Condominiums, are effective for case numbers assigned on or after October 15, 2019. Changes in Section II.C Condominium Project Approval are effective for Condominium Project Approvals and Recertifications on or after October 15, 2019.

**Interim Process for Single-Unit Approvals**  
FHA will issue a Mortgagee Letter next week that will outline the process for case number assignments for applications utilizing the Single-Unit Approval process.

**Industry Briefing and Training**  
In September, FHA will host an industry stakeholder briefing call to assist mortgagees and other interested parties in FHA transactions to better understand the FHA’s condominium project approval requirements. An industry stakeholder training webinar will also be held toward the end of September. The details for both will be communicated later.

**Quick Links**
- View the Single Family Housing Policy Handbook 4000.1 at: [https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh](https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh)

**Resources**
Contact the FHA Resource Center:
- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: [www.hud.gov/answers](http://www.hud.gov/answers).
- E-mail the FHA Resource Center at: [answers@hud.gov](mailto:answers@hud.gov). Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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- To subscribe to the Single Family FHA INFO mailing list you can use this link: FHA INFO or send a request by email to: [answers@hud.gov](mailto:answers@hud.gov)
- Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: [answers@hud.gov](mailto:answers@hud.gov)
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