



CAI Cautions FHA on Transfer Fees, Calls for Waiver

As part of a series of training sessions on the revised, Federal Housing Administration's (FHA) condominium mortgage guidelines, FHA informally announced that it would be issuing new regulatory guidance to address the issue of deed-based transfer fees. FHA indicated that it would likely disqualify any condominium association with deed-based transfer fees from access to FHA-insured mortgages. This news comes as condominium associations across America are still reeling from the July 2011 FHA Guidance which imposed new and confusing underwriting guidelines that conflict with condominium business practices, state law and common sense. In response to this sudden announcement by FHA, CAI has dispatched a letter warning FHA of the dire consequences to the condominium market if it follows through on its announcement.

In our letter, CAI noted that the issue of deed-based transfer fees had already been addressed by the Federal Housing Finance Agency (FHFA). FHFA determined, based on the feedback from thousands of stakeholders through a public comment process, that deed-based transfer fees levied by community associations, called community transfer fees, add value to the properties upon which they are charged and have been an important funding mechanism for communities for more than 40 years. CAI expressed concern that unilateral action by FHA would cut off close to half of all condominium associations from FHA-backed mortgages. Worse, FHA would be taking action contrary to other federal agencies who, unlike FHA, researched the impact of such fees and determined they were beneficial to home owners and condominium associations. CAI noted that FHA should engage in due diligence before taking any action. You can read CAI's letter [here](#).