

## **FHA Condominium Project Approval Recertification**

Continuing its implementation of the new condominium project approval process, the Federal Housing Administration (FHA) has released guidance for condominiums seeking project recertification. To review FHA documentation on project recertification and to verify required information for recertification, please click [here](#). To view general information on FHA's condominium program, click [here](#).

### **When will my condominium's certification expire and when can I have my condominium recertified?**

Condominium project approvals expire two years from the date of placement on FHA's list of approved condominiums. Six months prior to the expiration of a condominium's certification the condominium may seek recertification under the following processes:

- Condominiums with an initial project approval date prior to January 1, 2000, must submit a full project approval package for recertification through HRAP or DELRAP.
- Condominiums with an initial project approval date on or after January 1, 2000, are eligible for the streamlined recertification process.

All condominiums that have not been recertified within six months of the expiration of its project approval certification will require full project approval through HRAP or DELRAP to be recertified.

*If your condominium's certification expires at the end of 2010, you may apply for recertification now. FHA is actively encouraging all condominiums eligible for recertification to begin the process now in order to avoid delays as the initial deadline for recertification approaches.*

### **Will my condominium be eligible for an FHA loan if my condominium association's certification has expired?**

FHA will NOT issue any new case numbers on units in a condominium with an expired certification. Further, FHA clearly states that no new case numbers will be issued on units in a condominium where the certification has lapsed but a recertification is in process. To avoid any disruption in FHA supported lending, all certified condominiums should not allow an FHA certification to expire.

### **What is the streamlined recertification process and how can my condominium association apply for a streamlined recertification?**

FHA's streamlined recertification process is intended to ensure that previously approved condominium projects remain in compliance with FHA's condominium program requirements and to avoid lapses in a project's eligibility for FHA programs. FHA has a stated goal of

approving properly submitted recertification requests within 5 business days, depending on volume of recertification requests.

To use the streamlined recertification process, a condominium must have received its initial FHA project approval on or after January 1, 2000, and must not have allowed its project approval to have been expired for more than six months. If FHA has rejected a condominium's recertification request or a recertification request has been withdrawn, the condominium is NOT eligible to participate in the recertification process and must seek FHA approval using the HRAP processing option. Further, any condominium containing rent stabilization or affordable housing units must be processed using the HRAP option.

Condominium recertification packages may be submitted to the jurisdictional homeownership center (HOC) for processing under HRAP. Condominiums in the state of Florida may only be recertified by the Atlanta HOC.

A condominium's recertification package may be submitted by:

- The condominium association
- The condominium's management company
- An attorney or project consultant who submits a recertification package on behalf of the association or management company

Condominium association, management company, attorney or project consultant submitted recertification requests **MUST** be submitted to the appropriate jurisdictional HOC for processing through HRAP.

Lenders are permitted to submit a condominium for recertification through HRAP, while qualified lenders may recertify a condominium through DELRAP. If your condominium association has a strong relationship with a FHA direct endorsement lender, you may wish to request recertification by this lender through DELRAP.

***What information will I need to provide in order to satisfy FHA's recertification requirements?***

All documentation and information requested on the recertification cover letter and checklist provided by FHA ([click here](#)) must be included in a recertification request. In general, FHA is seeking to verify the current financial condition of condominium projects at recertification and establish that the condominium is likely to remain in compliance with program requirements for the duration of the two year certification period.

Categories of required information are discussed below.

**General Information Required for Recertification**

- FHA Condo ID – to verify a condominium’s FHA Condo ID click [here](#)
- Project Address – cross streets must be submitted if the project does not have a formal street address
- Description of the Property – lot, block, plat, (attach legal description if using metes & bounds); type of construction (i.e. high rise, townhomes); number of units; etc.
- Month/Year the condo was completed or if legally phased, the completion date of the first phase and the completion date of the latest approved phase
- Name and contact information of individual requesting recertification

Condominium Legal Documents

- Recorded plat map indicating legal description
- Recorded CC&Rs
- Signed and adopted bylaws
- Articles of Incorporation filed with State (if applicable)
- Recorded condominium site plans

Financial Documents

- Budget (actual, not more than 12 months old), or
- Fannie Mae form 1073a, Analysis of Annual Income and Expenses-Operating budget signed by an authorized individual
- A reserve study will only be required if the above criteria are deemed insufficient

Management Agreement (if applicable)

- If the property management company does not wish to release certain financial information in the management agreement, FHA will accept a copy of the agreement where the company’s financial information has been redacted
- In general, the information submitted should clearly delineate the rights, responsibilities and role of the management company with regard to the association

FEMA Flood Map – LOMA, LOMR or an Elevation Certificate (if applicable)

Evidence of Required Insurance Coverage

- Master Flood Policy
- Liability Insurance
- Hazard Insurance
- Fidelity Bond Insurance

Description of Pending Litigation and Special Assessments

- Describe the type and scale of litigation to which the association may be a party

- Pending litigation does not include routine foreclosure actions by lenders to obtain rights to a specific unit
- Disclose if the litigation is due to receivership or bankruptcy; associations in receivership or bankruptcy are NOT likely to be recertified
- Describe the nature of and reason for any pending special assessment—in general, an association must show the pending special assessment is funding an emergency or other expense the association could not reasonably be expected to anticipate

#### *Current Information on Condominium Unit Ownership and Assessment Delinquencies*

- number of vacant & unsold units
- number of REO
- number of investor owned properties by investor
- number of units more than 30 days in arrears on assessments (includes REO)
- number of defined rent stabilized and affordable housing units
- percentage of commercial space

#### *Certification of Condominium Legal Documents*

The individual preparing the recertification package must attest that the condominium's legal documents either have not changed since the condominium received its initial FHA project approval or that the legal documents have changed but the changes do not affect the condominium's eligibility for recertification.