

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

October 31, 2011

The Honorable Shaun Donovan  
Secretary  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW  
Washington, DC 20410

Dear Secretary Donovan:

We write to express our concerns about condominium housing matters brought to our attention by constituents and others involved in this industry. In general, we support the Federal Housing Administration's (FHA) implementation of a new condominium approval process in accordance with the Housing and Economic Recovery Act (PL 110-289). However, we are seeking, as appropriate, the reconsideration of FHA condominium mortgage approval policies that: 1) deny mortgages to condominium associations with special assessments or that have obtained loans to do necessary improvements, and 2) require that no more than 15 percent of condominium unit assessments be in arrears, which is defined as more than 30 days past due.

Given the current economic conditions, many condominium associations may have a delinquency rate that is more than 15 percent or have taken out a special assessment or obtained an improvement loan. We believe that these factors do not necessarily indicate that the association is in poor fiscal health and as such should be ineligible for FHA mortgage approval. Therefore, we recommend that FHA's condominium rules be amended to allow greater flexibility in approving mortgages for condominium associations that have special assessments, have obtained loans for necessary improvements, or have more than 15 percent of units in arrears. We believe that these changes will not only allow for sound underwriting, but also benefit condominium owners and provide greater liquidity to this sector.

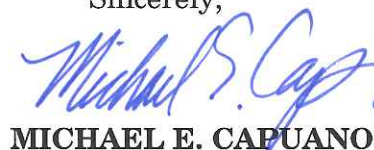
In addition to the above specific issues, we urge that FHA's review of the condominium mortgage approval process includes the opportunity for public review and comment prior to FHA implementation of changes that will impact the market and homeowners. Although FHA's condominium guidelines training sessions are helpful to identify issues that require greater clarity or reconsideration by FHA, we believe additional opportunities for public input before policy changes are implemented would greatly improve the process.

Thank you for your consideration of our views. We look forward to your response.

Sincerely,



BARNEY FRANK



MICHAEL E. CAPUANO



STEPHEN F. LYNCH