

Attention Oak Bridge Condo Association Owners

The Board of Directors and Harvard Management are pleased to announce, based on continued hard work, that Oak Bridge Condo Association has received FHA approval as of March 2nd, 2016 and is valid through March 2nd, 2018.

You may be wondering what FHA-approved means and whether or not it's important to you. It is! Whether or not an Association is FHA-approved will affect the type of housing loan for which you or any buyer can qualify. Recent changes in requirements by the U.S. Department of Housing and Urban Development have affected FHA approvals, especially regarding condos; now, the entire complex must be FHA-approved before the agency will agree to back a loan on any one unit.

FHA loans are often sought after by homeowners because those who are qualified can purchase a home/condo for as little as 3.5% down, which is much lower than typical home loans will offer. Conventional mortgage lenders usually require at least a 20% down payment, which is not feasible for many, especially first-time homebuyers. In addition, current mortgages can now apply for an FHA refinancing under these same terms.

Condo Associations that are not FHA-approved typically have a high delinquency rate, which disqualifies them for approval. Changes made by the U.S. Department of Housing and Urban Development have extended the past due cut off for Associations, so now, no more than 15% of the total units in a complex can be more than 60 days past due on assessment payments (versus 30 days past due before). Condominium communities face additional rigid standards when applying for FHA approval. They must be fiscally sound, is majority owner-occupied (i.e. the FHA will not approve an Association if more than 50 percent of units are rented out, rather than owner-occupied), have a low delinquency in dues payments, be well-maintained, are allocating at least 10% of monthly dues income to reserves, and have sufficient reserve funds for emergencies.

To see if a condo Association or other properties are FHA approved, you can click on:

<https://entp.hud.gov/idapp/html/condlook.cfm>

March 2, 2016
