

## **Obstacle To Condominium Sales Is Removed By The Federal Government**

Mar 21 2011

Practice Area: Community Associations

---

Wisconsin Condominiums With Rental Restrictions May Qualify For FHA Project Certification - Making Condominium Purchases Easier For Many.

The FHA today (March 21, 2011) released new policy guidance which will make sales of Wisconsin condominiums easier. Specifically, the FHA removed its inconsistent and puzzling opposition to certification of condominiums which have restrictions on rentals.

For many Wisconsin condominium associations, promoting the marketability of its members' units has become an important task, as vital as removing snow and mowing the grass. The ability to sell units is greatly influenced by the ability of buyers to get mortgages. For many buyer-borrowers and lending institutions, FHA condominium project certification has become important. Only FHA, (and perhaps the Veterans Administration,) among all the players in the lending industry, still allows low down-payments and somewhat forgiving credit scores. When a loan is guaranteed, the bank is happy to lend. Thus, an association which seeks FHA certification is working to avail its members of a vast pool of potential buyers. Some estimates are that nearly half of all new mortgages in the country are FHA- guaranteed, today.

FHA certification is offered only to the association, not to the individual unit. Thus, the responsibility for qualifying for FHA certification has fallen on Wisconsin associations and their boards.

The Association's path to obtaining FHA guarantees had been tortuous for the last several months. We told some of our clients seeking FHA certification that we were putting the brakes on the process until certain obstacles and inconsistent rulings by FHA were removed. This afternoon the FHA announced removal of a key obstacle.

Specifically: The FHA removed its opposition to condominiums with rental restrictions. Before Monday, the FHA was refusing to certify condominiums with rental restrictions -- while at the same time refusing to certify condominiums with more than 50 percent rentals, a seemingly crazy contradiction. The disapproval of rental restrictions was withdrawn, for at least one year. We are reapplying for all clients we had on hold. (We also report that it is almost time to mow the grass, another happy event, but you undoubtedly already noticed.)

---

von Briesen & Roper Legal Update is a periodic publication of von Briesen & Roper, s.c. It is intended for general information purposes for the community and highlights recent changes and developments in the legal area. This publication does not constitute legal advice, and the reader should consult legal counsel to determine how this information applies to any specific situation.

