

What are the benefits of FHA condo approval?

1. **FHA condo approval dramatically increases the pool of potential buyers**

Statistics show that over 60% of new homebuyers will use an FHA Loan. If your community does not have FHA condo approval, you potentially limit the buying pool to only 40% of homebuyers.

2. **Beign FHA Certified will bring in “low-income” buyers – FALSE**

This is false. FHA Condo approval is completely unrelated to affordable housing programs. FHA loans are not associated with low-income HUD programs, such as Section 8. The FHA can insure loans upwards of \$800,000.00 in some areas. Since the recession, most American buyers are using FHA insured loans, and this will be the trend for years to come.

3. **Increased Home Value**

FHA approved Condos have a larger pool of prospective buyers, therefore increasing competition and demand for the product. This can result in higher purchase prices and an increase in market value. This will increase the value of units throughout the community.

4. **Marketability**

Some real estate agents who have FHA pre-approved buyers won't show units that aren't FHA approved. Being approved sets your community apart from others in your area.

5. **Awareness**

Going through the FHA condo approval process gives your Homeowners the sense that you as a Board care about the community and wants it to thrive. By avoiding the approval process it will hamper unit owners when they go to sell their units.

6. **Less Renters in the Community**

Generally speaking, buyers who use FHA loans are more likely to reside within the unit, and not rent it out. Conversely, communities without FHA approval will attract buyers that can make large down payments. These buyers are usually investors who will rent out the property for a profit.

7. **Fiduciary Duty**

Board members and property managers are expected to maintain property values in their communities. Several

For more information, contact:

Camino Real Mortgage Bankers with offices located in the city of San Fernando, Porter Ranch and Santa Maria.

CONS AND MISCONCEPTIONS OF FHA CONDO APPROVALS

What are the cons of FHA Condo Approval?

At this time, there are no “cons” to being FHA approved. Remember, chances are, your community was certified when it was developed.

Misconceptions regarding FHA Condo Approval:

1. FHA Loans caused the mortgage crisis – FALSE

FHA loans are not sub primer loans. Although they do offer lower down payments than traditional mortgages, there are credit score requirements, debt to income analysis, and income verification. Also, in 2009, FHA loans made up about 2% of the loan market, in 2010 they were up to 40% and climbing.

2. The guidelines are too strict and it's cost prohibitive – FALSE

Well-managed and financially stable communities have no trouble becoming FHA approved. The cost has dropped dramatically since 2010. FHA submission companies are able to streamline the process and charge significantly less. Some companies charge a flat rate less than \$950 per submission.



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