

Congress of the United States
Washington, DC 20515

October 13, 2015

The Honorable Julian Castro
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Secretary Castro:

On June 7, 2012, sixty-nine Members of the House of Representatives sent a letter asking HUD Secretary Donovan to revise the existing FHA condo rules so that "FHA can better serve this important sector of the housing market." In September 2012, HUD published temporary guidance implementing minor provisions and promised more robust changes. Unfortunately, these temporary changes have not increased access to FHA loans for condominium purchases. Additional policy changes are necessary to protect the viability of the condo market.

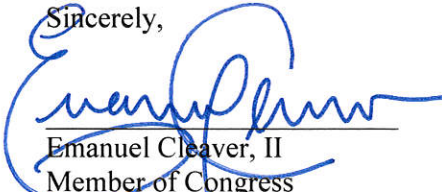
FHA places significant restrictions on the purchase and sale of condominiums, even though they are often the most affordable homeownership option for first-time buyers, small families, urban and older Americans. Condos also offer residents access to the amenities, services, and public transportation that can build stronger communities and promote sustainable homeownership.

The FHA certification process can be daunting, especially for smaller properties and those without professional management. It takes significant time and resources to collect the required information and provide the necessary paperwork to become certified, and this must be done every two years. Based on HUD's own data, only 20 percent of condominiums that have previously been approved for FHA financing are currently approved, and it is estimated that this is less than 10 percent of the overall condo market.

In addition to the certification process, the FHA's required owner-occupancy ratio is often difficult to meet. The ratio requirement can actually result in an increased number of leased units because owners who need to sell are forced to rent if their buildings are not FHA certified. In comparison, the GSEs have no owner-occupancy requirements for condo properties. Mixed use and commercial space within the buildings also continue to be another problem. Although FHA's temporary rules allow exceptions for buildings with commercial space, few, if any, of these buildings have been approved.

Continued enhancements to FHA's condominium rules will ensure that condominium associations become more stable, that homeowners will be able to sell their units and homebuyers will have more opportunities to buy affordable properties. The undersigned urge you to remove these barriers to homeownership and allow condominiums to remain an affordable option for American families.

Sincerely,


Emanuel Cleaver, II
Member of Congress


Mike Fitzpatrick
Member of Congress

Charles W Dent

Charlie Dent
Member of Congress

Randy Hultgren

Randy Hultgren
Member of Congress

Keith Ellison

Keith Ellison
Member of Congress

Bill Johnson

Bill Johnson
Member of Congress

Lois Frankel

Lois Frankel
Member of Congress

David Jolly

David Jolly
Member of Congress

Jeff Fortenberry

Jeff Fortenberry
Member of Congress

Walter Jones

Walter Jones
Member of Congress

Gwen Graham

Gwen Graham
Member of Congress

Billy Long

Billy Long
Member of Congress

Joe Heck

Joe Heck
Member of Congress

David Loeb sack

David Loeb sack
Member of Congress

Ruben Hinojosa

Ruben Hinojosa
Member of Congress

Frank Lucas

Frank Lucas
Member of Congress

Richard Hudson

Richard Hudson
Member of Congress

Kenny Marchant

Kenny Marchant
Member of Congress



Robert Aderholt
Member of Congress



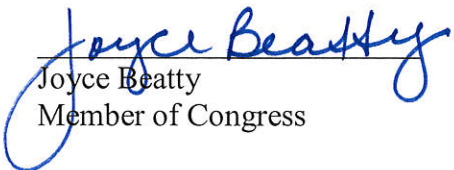
Buddy Carter
Member of Congress



Brad Ashford
Member of Congress



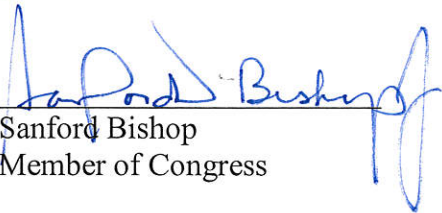
Mike Coffman
Member of Congress



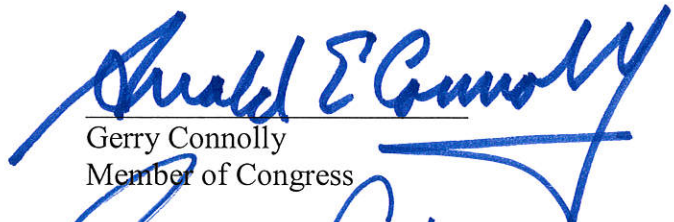
Joyce Beatty
Member of Congress



Doug Collins
Member of Congress



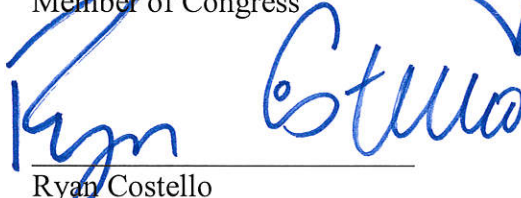
Sanford Bishop
Member of Congress



Gerry Connolly
Member of Congress



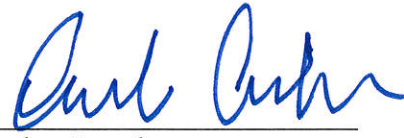
Charles Boustany
Member of Congress



Ryan Costello
Member of Congress



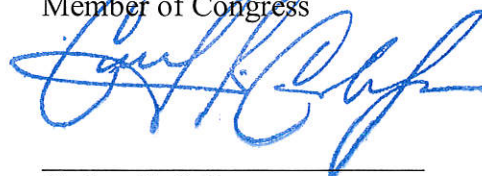
Mo Brooks
Member of Congress



Ander Crenshaw
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Cheri Bustos
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Carlos Curbelo
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Bradley Byrne
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Diana DeGette
Member of Congress



Jeff Miller
Member of Congress



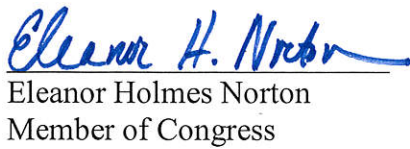
Kathleen Rice
Member of Congress



Patrick Murphy
Member of Congress



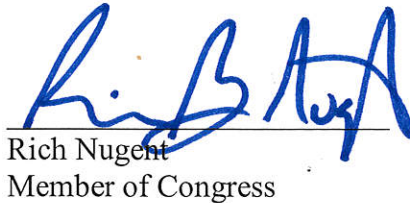
Martha Roby
Member of Congress



Eleanor Holmes Norton
Member of Congress



Dennis Ross
Member of Congress



Rich Nugent
Member of Congress



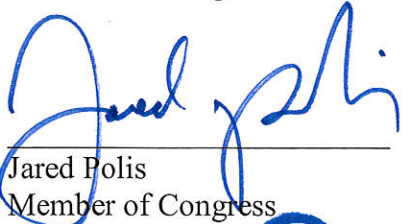
Adam Schiff
Member of Congress



Bill Pascrell
Member of Congress



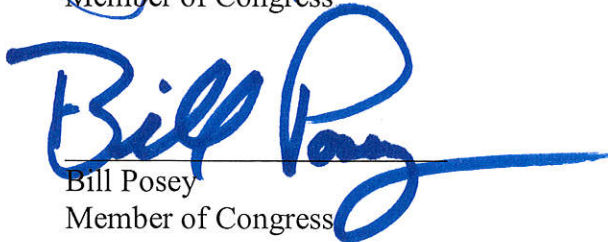
Austin Scott
Member of Congress



Jared Polis
Member of Congress



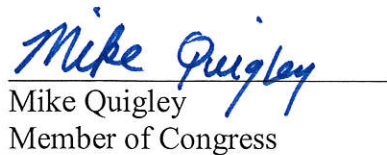
Steve Stivers
Member of Congress



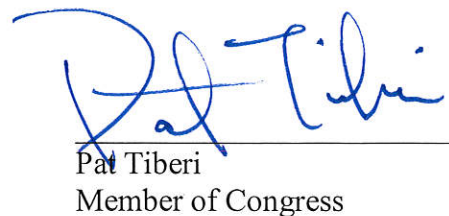
Bill Posey
Member of Congress



Eric Swalwell
Member of Congress



Mike Quigley
Member of Congress



Pat Tiberi
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Dina Titus

Dina Titus
Member of Congress

Niki Tsongas

Niki Tsongas
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Daniel Webster

Daniel Webster
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Frederica Wilson

Frederica Wilson
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