

Considering Purchasing a Condo Unit But Worried About Financing?

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Have you considered purchasing a condominium unit but were scared off when someone warned you that obtaining a mortgage loan could be difficult? It seems like most real estate professionals have war stories about seemingly qualified buyers being unable to obtain financing to buy a residential condo unit. There is good news for you, in the 4th quarter of 2019, the Federal Housing Agency (FHA) instituted new rules and policies to open up the residential condominium market to more FHA insured financing.

FHA is now permitting approval of individual residential condominium units in non-qualified condominium projects. Previously the entire condominium project had to be approved in order for a buyer to obtain an FHA insured mortgage loan to buy a unit in the condominium project. In practice, only the larger condominium projects were obtaining this condominium development-wide approval, leaving buyers unable to obtain FHA insured financing on the vast majority of the condominium projects. While non-approved condominium projects have limits to the number of units which may have FHA insured financing, today even units in the smallest condominium projects may be eligible for FHA insured financing.

Additionally, FHA has loosened the eligibility requirements for mixed-use condominium projects; meaning condominium projects that include both residential and commercial units. For us in the Pittsburgh market, we see the number of buildings Downtown, in the Strip District and East Liberty being built or converted into these mixed-use condominium projects. The broadening of FHA eligibility for these type of projects is allowing those first time homebuyers and Millennials to obtain FHA insured financing to buy condominium units in areas and in projects where they want to live. Now is the time, don't limit your wish list and settle for a property because FHA insured financing is not available. FHA has heard the calls of the market and have taken good reasonable steps to assist you in financing your dream home, even if that "dream home" is a unit in a condominium.

For additional information contact Steve Bovan.