

## *Federal Update . . .*



★★★★★ The Federal Housing Administration (FHA) no longer allows "spot loans" which allowed borrowers to qualify a condominium for FHA-insured loans on an individual basis. As of February 2010, the entire condominium must obtain FHA approval in order for individual condominium units to be financed with an FHA-insured loan.

A condominium which has FHA approval benefits by enabling owners to refinance to an FHA loan and by making condominium units available to more potential purchasers. Additionally, purchasers may find an FHA-approved condominium preferable since the condominium has met FHA standards for financial stability.

All FHA approvals obtained prior to October 2008 were set to expire on December 7, 2010. The expiration date has been extended on a rolling basis through September 30, 2011, depending on when a condominium previously received FHA approval. [Click here](#) for additional explanation.



★★★★★ In February 2011, the Obama Administration submitted a report Congress regarding reform of the current housing finance system. The report, [Reforming America's Housing Finance Market](#), was prepared by the U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development.

Under the proposed plan, Fannie Mae and Freddie Mac would be eliminated and private lenders would be the primary source of mortgage credit with responsibility for any losses. The government's role in insuring or guaranteeing mortgages would be reduced substantially.

Direct government risk for mortgage defaults would be limited to loans insured by FHA, VA or USDA.



★★★★★ In April 2011, the Secretary of the U.S. Department of Housing and Urban Development testified before a House congressional committee regarding the [FHA and the Future of the Housing Market](#). HUD Secretary Sean Donovan explained the new FHA program response to the on-going foreclosure crisis, the Obama Administration proposals to reform the housing finance markets, and proposed federal rules regarding lender risk-retention and criteria for a "qualified residential mortgage".

★★★★ The United States Department of Justice (DOJ) and Department of Housing and Urban Development (HUD) issued a joint statement in March 2008 regarding the reasonable modification requirements of the federal fair housing laws. Reasonable modifications are not limited to the interior of a dwelling.

Reasonable modifications may also be made to public and common use areas, such as widening entrances to fitness centers or laundry rooms, or for changes to exteriors of dwelling units, such as installing a ramp at the entrance to a dwelling.

[DOJ/HUD Joint Statement](#)