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January 30, 2019

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

Dear Secretary Carson:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I urge you to release the long awaited final Federal Housing Administration (FHA) condominium rules as quickly as possible. For far too long, worthy borrowers have been unable to purchase the home of their choosing because of FHA's unfairly restrictive rules on condominiums.

Following the Great Recession, Congress passed the Housing and Economic Recovery Act of 2008 (HERA), moving FHA's condominium program under the authority of its Single Family programs. Based on the belief that condominium loans were riskier than those for stand-alone single-family homes, FHA revised its condominium rules in 2009. These changes restricted the number of projects that could be eligible for FHA insured financing. A decade's worth of research has proven this belief to be inaccurate, but these restrictions remain in place and continue to disproportionately impact first-time buyers, small families, single people, urban residents and older Americans for whom a condominium is often the most affordable and accessible homeownership option.

There are approximately 145,000 to 155,000 condominium projects in the U.S., according to the Foundation for Community Association Research. As of January 29, 2019, only 9,427 of 52,410 applications were approved by the FHA. In certain parts of the country, the lack of supply is even more alarming. For example, only seven FHA-approved condominium projects are available in Florida's Miami-Dade County. A total of 803 project applications were submitted. Overall, there are 5,683 condominium projects in the county, according to the Florida Department of Business and Professional Registration. This means only 0.0012 percent of condominium projects in Miami-Dade County are available to FHA borrowers.

Over recent years, NAR and countless other housing advocates have pushed for reasonable reform of the FHA condominium regulations. While FHA has taken some steps to correct the situation, the most beneficial and impactful reforms have yet to be adopted. Congress even recognized the need for change, passing the Housing Opportunity through Modernization Act of 2016 (HOTMA) requiring FHA to reduce owner-occupancy requirements and allow for exceptions to commercial space restrictions. HOTMA also required FHA to



streamline the project certification process. In September 2016, FHA released a proposed rule designed to improve restrictions related to owner-occupancy levels and commercial space, streamline the burdensome project re-certification process and bring back spot-loan approval for non-FHA certified projects.

Ten years is far too long for this problem to have endured, stifling the U.S. housing market and our overall economy. As these misplaced restrictions on condominium lending continue to hamper our 1.3 million members, the National Association of REALTORS® urges the Department to work swiftly toward the release of an improved, modernized rule that will help facilitate the American Dream of homeownership for millions of people across this country.

Sincerely,

A handwritten signature in black ink, appearing to read "John Smaby". The signature is fluid and cursive, with a large, sweeping initial "J" and a long, horizontal flourish extending to the right.

John Smaby  
2019 President, National Association of REALTORS®