

RESCISSION OF VA ACCEPTANCE OF HUD/FHA CONDOMINIUM APPROVALS

1. Purpose. The purpose of this circular is to announce the rescission of the VA policy regarding acceptance of HUD/FHA approvals of condominium projects, as stated in the VA Lender's Handbook, Chapter 16, Common Interest Communities, Condominiums and Planned Unit Developments, section 16-A.02.
2. Background. VA and HUD/FHA traditionally required similar review and approval procedures for condominium projects, and VA has generally accepted those condominium projects based on approval by FHA, without further review of the organizational documents.
3. Details. HUD Mortgagee Letter 2009-46 B, dated November 6, 2009, has amended FHA condominium approval requirements to the extent that they no longer conform with VA condominium statutes, regulations, or policy requirements.
4. Action. Effective December 7, 2009, VA will no longer accept HUD/FHA condominium project appraisals in lieu of VA project review. Condominiums previously accepted by VA, based upon HUD/FHA acceptance, will continue to be acceptable to VA.
5. Rescission: This circular is rescinded January 1, 2012.

By Direction of the Under Secretary for Benefits

Mark Bologna, Director
Loan Guaranty Service

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