Published August 30, 2012, in the Denver Post and in all 4 Jefferson County weekly newspapers.

FHA Responds to Rep. Perlmutter's Request to Ease Condo Financing Rules

REAL ESTATE TODAY

By JIM SMITH, Realtor®

It's no surprise that the number of condos on the MLS and the number of sales of condos has fallen from a year ago.

That's because the FHA eliminated case-by-case acceptance of loans and requires that condo associations go through a costly and time-consuming approval process before any condo within their association can be approved for FHA financing.

Our own Rep. Ed Perlmutter took an early lead in appealing to FHA for a reconsideration of their new policy, writing a letter to FHA in April 2012 detailing the implications of their policy.

Epitomizing its poorly thought out policies, FHA makes condo association officers sign a legal certification that carries a $1 million fine and 30 years in federal prison as a penalty for misrepresentation. This alone is a major disincentive for associations to file for FHA approval.

The Realtor Associations (which support Perlmutter for re-election), were pleased that the congressman took the lead on this issue, and were, like Perlmutter, frustrated that FHA didn't respond to his April letter until August 10, when Pete Kovar of FHA wrote the congressman, without going into specifics, that "a number of the concerns raised in your letter are among those that FHA is evaluating at present, and I anticipate that the forthcoming interim and permanent requirements for the condominium program will address these matters."

How severe an impact has the current FHA policy had on condo sales? At the end of July, 2012, there were 1,740 listings on Metrolist's condo database. Two years earlier, there were 5,467 listings on that database. That's a 68% reduction in inventory. In the single family database — unaffected by that FHA policy — the reduction was only 49% over that same time frame.

The whole intention of FHA loans, with their 3.5% down payment requirement, has been to help those in the lower middle class to achieve the American dream of home ownership. Condos are a common first purchase for such Americans, because of their lower price range.

As a result of this policy, the vast majority of condos (as I wrote in my [Dec. 22, 2011, column]) are not eligible for FHA financing and can only be sold for cash. As you'd expect, this has significantly reduced the market for condos.

Perlmutter told me, "I am gratified that FHA is going to address some or most of the more serious problems with their condo rules, and I'll be watching to see what they propose as final rules."

Updated Review of the Chevy Volt

Back in June I reported that I had purchased a Chevrolet Volt, the all-electric car with a "range extending gasoline engine."

Well, I've now owned the vehicle for 2½ months and driven it 3,300 miles, and I can update the review that I posted on my blog in July.

I have filled the 9-gallon gas tank only twice, and my lifetime miles per gallon is hovering around 180. Now that I can re-charge my Volt while at the office, it's unusual for me to burn any gas in my travels.

My OnStar iPhone app tells me the car has driven 2,690 miles on battery power alone, which, at 4-5 miles per kW-hour, cost me about $60 in electricity from Xcel Energy. Now that I have solar panels on both home and office, even that small cost will be reduced.

The savings in gasoline are only the most obvious. There are subtle savings, too. For example, there is no transmission, no catalytic converter, no differential to maintain or repair. Because of the regenerative braking, I won't need a brake job for years. I won't need an oil change until I've driven about 100,000 miles, since it will probably take that long to put 3,000 or so miles on the engine.

And my Volt, with no hot engine, doesn't heat up my garage!

GOLDEN REAL ESTATE
Serving the West Metro Area

Jim Smith
Broker/Owner
Golden Real Estate, Inc.
DIRECT: **303-525-1851**
EMAIL: **Jim@GoldenRealEstate.com**
17695 South Golden Road, Golden 80401
COMMENT AT: **www.JimSmithBlog.com**

Comment on this column at www.JimSmithBlog.com. View previous ones at www.JimSmithColumns.com.