
 TABLE OF CONTENTS

Paragraph		Page
CHAPTER 1. INTRODUCTION		
1-1.	Condominium Characteristics	1-1
1-2.	Program Characteristics (Summary)	1-2
1-3.	Establishment of a Condominium Regime	1-7
1-4.	Off-Site Recreation or Service Corporations	1-7
1-5.	HUD-FHA Insurance Programs for Condominiums	1-8
1-6.	Unsubsidized vs Subsidized Unit Mortgages in a Condominium	1-10
1-7.	Section 221(i)	1-10
1-8.	VA Guarantee of Loans on HUD-FHA Approved Condominiums	1-10
CHAPTER 2. GENERAL REQUIREMENTS		
2-1.	General	2-1
2-2.	Feasibility Considerations	2-2
Figure 1	- Developing a Condominium	2-3
CHAPTER 3. APPLICATIONS		
3-1.	Application Requirements	3-1
CHAPTER 4. COMMITMENTS		
4-1.	Commitment Requirements	4-1
CHAPTER 5. CLOSINGS		
5-1.	Closing Requirements	5-1
5-2.	Condominium Organizational Documents	5-2
5-3.	FHA Model Forms Applicable to the Project Mortgagor	5-3
5-4.	Guidelines for Condominium Management	5-5
5-5.	Review of Documents	5-8
5-6.	Fiscal Management of Condominiums	5-11
5-7.	Prevailing Wage Requirements	5-12
5-8.	Cost Certification Requirements	5-12
5-9.	Retention of Project Files	5-14
5-10.	Reference to Section 234(c) for Processing Individual Unit Phase and in Simplified Procedures for Insurance Upon Completion Cases	5-14

Paragraph		Page
CHAPTER 6. COST ESTIMATION AND PROCESSING		
6-1.	Proposed Section 234(d) Projects	6-1
CHAPTER 7. ARCHITECTURAL REQUIREMENTS		
7-1.	General Requirements for Section 234(d) Projects	7-1
CHAPTER 8. VALUATION PROCESSING		
8-1.	General	8-1
8-2.	Proposed Construction	8-1
8-3.	Feasibility Stage	8-2
8-4.	Valuation Processing	8-3
8-5.	Feasibility Determination	8-5
8-6.	Project Mortgage Limitation in Presold Projects	8-5
8-7.	Project Mortgage Limitation in Projects Where the Units Have not Been Presold	8-5
8-8.	Revision of Commitment Forms	8-6
8-9.	Conditional Commitment Stage	8-6
8-10.	Firm Commitment Stage	8-6
8-11.	Existing Construction	8-7
8-12.	Rehabilitation Projects	8-7
CHAPTER 9. MORTGAGE CREDIT		
9-1.	General	9-1
9-2.	Amount and Amortization Period of Loan	9-1
9-3.	New Construction	9-1
9-4.	Rehabilitation	9-3
9-5.	Term of Mortgage	9-4
9-6.	Schedule of Family Units	9-4
9-7.	Insurance of Advances	9-4
9-8.	Operating Loss Loans -- Two Year Operating Losses	9-4
9-9.	Rehabilitation Projects	9-4

INDEX OF CONDOMINIUM FORMS

Appendices	FHA Forms	
1	180	Condominium Analysis and Appraisal

2	2205	Borrowers Certificate of Actual Cost
3	3201	Application for Mortgage Insurance and Instructions
4	HM-93211	Monthly Report of Cooperative Projects
5	3212-A	Mortgagor's Certificate
6	3214	Mortgage Rider - Insurance of Advances
7	3220	Mortgagee's Certificate
8	3236-A	Model Form of Certificate of Incorporation
9	3236-B	Model Form of Certificate of Incorporation
10	HM-93240	Operating Budget for Cooperative Housing Corporations
11	3254-B	Regulatory Agreement
12	3257	FHA Required closing Instruments (Initial Endorsement Insurance of Advances)
13	3257-G	Final Endorsement - Insurance of Advances
14	3257-H	Insurance upon Completion (Simplified processing)
15	3275	Commitment for Insurance of Individual Mortgage
16	3275-A	Blanket Commitment for Insurance of Individual Condominium Mortgages
17	3275-B	Commitment for Insurance of Individual Condominium Mortgages
18	3276	Plan of Apartment Ownership
19	3276-A	Enabling Declaration
20	3276-B	Model Form of Enabling Declaration
21	3277	By-Laws
22	3277-A	Model Form of By-Laws
23	3279	Model Form of Subscription and Purchase Agreement
24	3280	Mortgagee's Application for Blanket Commitment
25	3280-A	Schedule of Units
26	3281	Model Form of Management Agreement for Condominium
27	3282	Schedule of Family Unit Sales
28	3283	Commitment for Insurance of Advances
29	3284	Commitment to Insure Upon Completion

NOTE: FHA Form 3278 (Regulatory Agreement) can be found in the Section 234(c) Handbook as it pertains only to regulation of the individual units of a condominium regime.

FOREWORD

This Handbook covers the project phase of condominiums which are to be constructed or rehabilitated under Section 234(d). It also contains the basic documents and instructions for creating a condominium regime. The Mortgage Insurance Handbook for Condominium Housing Insured Under Section 234(c) of the National Housing Act, Reference (1) of the Foreword, contains the requirements and instructions for insuring mortgages in the individual unit phase. The Section 234(c) Handbook also contains

instructions and requirements for converting a project that was encumbered by a mortgage insured under other Sections of the Act to individual condominium estates under a condominium regime.

NOTE: The MORTGAGE INSURANCE HANDBOOK FOR CONDOMINIUM HOUSING INSURED UNDER SECTION 234(c) OF THE NATIONAL HOUSING ACT covers the instructions for insuring the mortgages of the individual units after the project phase (Section 234(d)) has been completed and in cases of 11 or less units where no project mortgage is required.

Legal Authority:

Subchapter L - Condominium Housing Insurance

Subpart A - Eligibility Requirements for Individually Owned Units (234.1 - 234.249)

Subpart B - Contract Rights and Obligations Individually Owned Units (234.251 - 234.290 and 203.251 - 203.435 except as provided in 234.255).

Subpart C - Eligibility Requirements for Projects - Conversion Individual Sales Units (234.501 - 234.700 and 207 except as provided in 234.501)

Subpart D - Contract Rights and Obligations - Projects - Conversion Individual sales Units (234.751 - 234.850 and 207.251 except as provided in 234.751)

References:

- (1) 4265.1 - Home Mortgage Insurance - Condominium Units, Section 234(c) Handbook
- (2) 4445.1 - Underwriting - Technical Direction for Multifamily Mortgage Insurance Handbook

6/73

HUD-Wash., D. C.

4580.1

References: (continued)

- (3) 4150.1 - Valuation Analysis Handbook for Home Mortgage Insurance
- (4) 4110.1 - Fiscal and ADP Handbook
- (5) 4410.1 - Project Fiscal Procedures Handbook

- (6) 4550.1 - Basic Cooperative Housing Insurance Handbook
- (7) 4550.5 - Investor-Sponsor and Non-profit Sponsorship of Housing Cooperatives Handbook
- (8) HM 4371.2 - Cooperative Accounting Handbook - Manual
- (9) HM 4371.3 - Cooperative Accounting Handbook - Computer
- (10) HM 1340.3A - Labor Standards and Labor Relations
- (11) 4460.1 - Architectural Analysis and Inspections Handbook for Project Mortgage Insurance
- (12) 4145.1 - Architectural Processing and Inspections for Home Mortgage Insurance
- (13) 4465.1 - Valuation Analysis for Project Mortgage Insurance
- (14) 4470.1 - Mortgage Credit Analysis for Project Mortgage Insurance

Cancellations: This Handbook cancels Volume VII, Book 1, Paragraphs 71980.20 thru 71980.26; Volume VII, Book 2, Paragraphs 72734 thru 72734.2; Paragraphs 72977 thru 72986; Paragraphs 73099 thru 73099.9 of the FHA Manual; Circular 4415.14 and HPMC-FHA Guide 4440.3.