

FHA Announces 4 New Rules for Reverse Mortgages on Condos

Goodlife Home Loans can now offer its reverse mortgage loan services to owners of condominiums after changes to Federal Housing Administration guidelines.

LAGUNA HILLS, CA, USA, December 11, 2019 /EINPresswire.com/ -- Goodlife Home Loans ("GoodLife"), announces it can now offer its reverse mortgage loan services to owners of more types of condominiums after recent changes to Federal Housing Administration (FHA) guidelines.

A home equity conversion mortgage (HECM), often referred to as a reverse mortgage, can be difficult to obtain on condominiums. Historically, this product was geared toward eligible property owners of single-family detached homes. In fact, only 6.5% of condominium projects are approved by FHA, according to GoodLife Home Loans.



Reverse Mortgage Condominium Changes

However, recent changes from the FHA have made it easier than ever for seniors to access a reverse mortgage. The FHA, which is overseen by the US Department of Housing and Urban Development (HUD), introduced new changes in October, 2019, that will significantly increase the number of condo units that can be approved for reverse mortgage loans. The policy went into effect on October 15, 2019.

Goodlife, a well-known reverse mortgage provider, has recently released a guide to [FHA changes](#), detailing the conditions that would-be loan applicants must satisfy in order to benefit from reverse mortgage proceeds. They report four (4) big changes that will have the greatest effect in expanding the pool of applicants who qualify, listed below.

1. Single unit approvals

Previously, an entire condominium project had to be FHA-approved in order for an owner of an individual unit to apply for a HECM loan. With the new regulation, the entire complex no longer needs to be FHA-approved. A "single unit" can now be eligible. However new rules also apply: the condo project must be completed and no more than 10% of units can be FHA-insured in complexes with more than 10 units (or no more than two FHA-insured units in complexes with few than 10). Still, these restrictions are less stringent than they were before.

2. Multi-use complex rule change

Multi-use complexes are a combination of residential and commercial spaces. The new FHA guidelines specify that non-residential space must be limited to 35% or less of the complex's floor area. Previous regulations capped the percentage of non-residential floor area multi-use complexes could have at a much lower level. These "mixed use" types of properties are now

more likely to be eligible for a reverse mortgage.

3. Owner occupancy ratio decrease

The past regulations, which were put in place after the 2008 financial crash, specified that 80% or more of the units in a condo complex must be owner-occupied in order for an individual condo to qualify for a HECM loan. Now, only 50% of units must be occupied by owners – and in some cases this rate can be as low as 35%. This means more people can qualify for a reverse mortgage even if the condo is not approved by FHA.

4. Insurance maximum increase

The last major change to FHA guidelines on HECM loans is an increase in the number of units it will insure in approved condo complexes. That number is now 50%. In addition to this change, recertification on condos has been changed to be once every three years – a one-year increase from the previous requirement. The whole purpose of these 4 positive changes is to help condo owners qualify for a reverse mortgage even if FHA did not approve the entire condo complex.

GoodLife has updated their own [eligibility requirements for reverse mortgage applicants](#) to match these newly expanded rules. This is good news for seniors who live in condominiums and are considering ways to supplement their retirement income.

About the Company

GoodLife Home loans is a certified Reverse Mortgage HECM lender that provides retirement solutions for retirees. They help eligible seniors tap into a portion of their home equity and convert it into loan proceeds in the form of cash, a line of credit, or monthly payments. These funds can be applied to retirement expenses that are necessary for maintaining a better retirement. You can learn more by visiting GoodLifeHomeLoans.com and downloading their [GoodLife Guide](#), which is a comprehensive guide to reverse mortgage loans.

GoodLife

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