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## Real Estate

### F.H.A. Loans Help Sales

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WHEN the credit markets snapped shut last year, getting a home mortgage became tricky business. The federal government stepped in to fill some of that void with loans insured by the Federal Housing Administration. The loans now make up nearly a quarter of the market, up from just 2 percent three years ago.

These loans are typically 30-year fixed-rate products, but they require only a small down payment, as low as 3.5 percent — significantly less than the 20 percent standard of recent months. The loans can be made to people who don't have perfect credit scores

Sound familiar? "When I tell people about this, they say, 'That's what got us into trouble!' " said Romy Goldman, the president of Gold Development, which recently received F.H.A. approval for her condominium development in Harlem, Hamilton Lofts. "But that wasn't what got us into trouble. Those were people who weren't properly vetted to see if they could pay their mortgage. These people can pay — they just can't put down that much cash."

According to Meg Burns, the F.H.A.'s director of single-family program development, "These loans actually perform very well. We have pretty stringent underwriting standards. You have to have sufficient verifiable income and employment to make your mortgage payments."

Because financing is so difficult to obtain these days, the F.H.A. is serving a wider range of borrowers, according to Ms. Burns. This includes people who would in the past have gone with conventional mortgages, which, traditionally, have been a bit cheaper. (F.H.A. loans include an upfront insurance premium that is folded into the borrower's monthly payments.)

As the overall volume of these loans has increased, their presence in the condominium market has risen as well. To make them available to buyers, condominium developers must submit the entire project for approval. In the days when buyers could get 90 percent financing simply by showing up, developers generally did not bother to apply.

To win approval, a building must meet a variety of financial, structural and environmental standards and restrictions.

F.H.A. loans only lend up to \$729,750, and that high only in the most expensive parts of the country, like New York City and Washington. This limit on the loans prices them out of large swaths of Manhattan.

At the **Belle Shores Condominium in Rockaway Park**, Queens, some 80 percent of the sold units have used F.H.A. loans since the project received approval last winter.

“Three years ago, people could decide to buy where they wanted to buy.” said Michael Kerris, the chief financial officer at the FrameWorks Group, the developer of Belle Shores. “Now, people have to buy where the banks will allow them to.”

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