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Real estate

## Condo financing in Florida to get boost from Fannie Mae

**A program from government-run mortgage company Fannie Mae aims to make condo loans more readily available for individual buyers.**

By Paul Owers, Sun Sentinel

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Only about 40 of the 253 condominiums at Regent Park in downtown Hollywood are occupied by people who own them.

The rest are vacant or being rented by investors to tenants. They don't have a stake in the pet-friendly development, so keeping it clean and appealing isn't necessarily their top priority, said Mitch Anton, the board president.

But it's hard to attract new owners who will live there because condo mortgages are hard to get following the housing debacle. Anton is pinning his hopes on a new program from Fannie Mae that seeks to change that.

In recent weeks, the government-run mortgage company, the nation's largest backer of home loans, gave Regent Park and 107 other Florida condos a special designation to make mortgage financing more readily available for individual buyers.

"It can only help us," said Anton, 60, who has lived in [Broward County](#) since he was 4 years old.

The designation is meant to address a complex problem.

The crash in condo prices during the past few years pushed many who bought near the boom into financial distress. Buyers fell into foreclosure, creating widespread vacancies, while higher monthly maintenance fees were passed on to owners who remained. In many cases, they couldn't keep up.

"Almost none" of the state's 25,000 condo associations escaped financial trouble, said Donna DiMaggio Berger, executive director of the Community Advocacy Network, a statewide advocacy group for common-interest ownership communities.

"I've yet to meet anybody who says, 'Yeah, we're good,'" Berger said.

Condo boards struggled to maintain the developments, collect fees and attract potential buyers. As a result, Fannie stopped backing loans in some Florida buildings that posed too great a risk for widespread foreclosures. Without Fannie's guarantee, primary lenders also were leery of making loans in those developments.

That left the market mostly to investors paying cash. Condo buyers who needed mortgages often were shut out, unless they were able to come up with down payments of 20 percent or more.

So Fannie announced in January that it will relax some of its financing requirements and review hundreds of condo



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projects across Florida that previously did not meet the company's eligibility criteria. Developments now deemed to be financially stable will get a designation, meaning lenders can sell mortgages in these projects to Fannie Mae.

"The state's condo market has been particularly hard hit by the housing downturn, and we're working with the industry ... to do all we can to stabilize the market and help spur recovery," Karen Pallotta, a Fannie Mae executive, said in a statement at the time.

Its sibling company, Freddie Mac, recently announced a separate program to improve financing options in Florida condos.

Condo sales have soared recently across Florida, particularly in Broward and Palm Beach counties.

Statewide, sales rose 63 percent in March from a year ago, according to the Florida Realtors. Broward had 1,140 sales in March, while [Palm Beach County](#) recorded 999. Both figures were the most of any month in either county since the trade group started tracking condo sales four years ago.

While the government programs alone are not responsible for the sales surge, it "would be disingenuous to say they haven't helped," said Moe Veissi, a Miami real estate agent and executive with the National Association of Realtors.

The Hollywood-based Continental Group manages 25 condo developments statewide that have received Fannie's designation. Knowing what it could mean for those developments, "we did cartwheels and back flips," said Bill Worrall, a corporate vice president of Continental.

Because the Fannie Mae program still is so new, the effect on Continental's condos isn't yet apparent, Worrall said. But he expects those buildings ultimately to attract owners who intend to live there, which will help bring financial stability to the individual condo boards.

In Palm Beach and Broward counties, 10 condos have received the designation. Most of the other projects on the list are in Miami-Dade County, center of the nation's condo bust. Fannie workers are scouring the state, reviewing projects and updating the list each week.

Regent Park received its special designation April 21.

Anton said the condo board has been aggressive in foreclosing on units in which owners aren't paying their monthly maintenance fees. Once it takes title, the board rents the units, and the resulting cash flow of \$20,000 a month has improved the board's finances, persuading Fannie Mae to offer the designation, Anton said.

South Florida's condo crash didn't spare Regent Park, where prices now hover around \$100,000 after climbing close to \$380,000 during the boom years. Still, Anton said he's looking forward to the community becoming a desirable destination for first-time buyers getting mortgages backed by Fannie Mae.

"People will be able to qualify for loans now and be able to buy and move in here very inexpensively," Anton said. "In the long run, it doesn't help to have renters in there. We want to attract owners who want to make the place look nice."

Some mortgage brokers say lenders will remain hesitant about financing condos in Florida. But Ward Kellogg, chief executive of [Boca Raton](#)-based Paradise Bank, insists the Fannie Mae designation is an important part of the housing market's recovery.

At the Cascades of Lauderhill, roughly 20 percent of the 492 units are vacant or occupied by residents who aren't paying the monthly condo fee, said Stanley Green, the board president. As a result, the association is short about \$200,000.

It's unclear when or if Fannie Mae will issue the condo a designation.

Although wary of government intervention, resident Paulette Segal, 66, said Cascades needs help.

"This is too beautiful a place to go down the drain," she said.

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