

**As a follow up to the NJHMFA Bulletin sent out on March 25, 2011 which advised our participating lenders that FHA mortgage insurance is not available for certain deed restricted affordable housing in New Jersey, the following additional information is provided:**

**As stated in the March 25, 2011 Bulletin, FHA has determined that housing units that are deed restricted for household income occupancy and resale under the New Jersey Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et seq., (“UHAC”) are not eligible for mortgage insurance under the FHA program. These types of affordable units are usually easily identified by the recorded Restrictive Covenants and Recapture Mortgage documents that will appear in the title record. UHAC restrictions are not removed by foreclosure and they limit the appreciation that can be realized by sellers. The NJHMFA will not knowingly purchase loans covered by UHAC even if an FHA commitment or MIC has been issued, because such commitment would have been erroneously given and probably invalid.**

**Please note that the NJHMFA will purchase UHAC restricted units that comply with our program requirements. The March 25, 2011 Bulletin only addressed the fact that FHA insurance is inappropriate for UHAC restricted loans.**

**Please also note that the term “affordable housing” is often used very loosely in New Jersey and that many federal and local restrictions for downpayment and other assistance programs are not covered by UHAC and typically can be insured by the FHA. Non-UHAC income restricted units that have received, for example, HOME, NSP, ADDI, Emerging Market Unit dollars, and other private and charitable subsidy dollars, can qualify for FHA insurance. Determination of eligibility for FHA mortgage insurance for units with these and other restrictions can only be made by the FHA.**