Special Properties
Condominiums/Planned Unit Developments

Single Family Housing Guaranteed Loan Program

Training Objectives
• Where is the topic located?
  * 7 CFR Part 3555 and HB-1-3555
• Learning Checks
• Resources
Things change!

• Every effort has been made to ensure training references are accurate at the time of publication.

• Always reference the most recent USDA publications available online.

Guaranteed Loan Program Regulation
7 CFR Part 3555

• The regulation is the rule!
• 8 Subparts: A – H
• Appendix 1
7 CFR Part 3555
Subpart E: Underwriting the Property

- .201: Site requirements
- .202: Dwelling requirements
- .203: Ownership requirements
- .204: Security requirements
- **.205: Special requirements for condominiums**
- .206: Special requirements for community land trusts
- **.207: Special requirements for Planned Unit Developments (PUD’s)**
- .208: Special requirements for manufactured homes
- .209: Rural Energy Plus loans

7 CFR Part 3555

- 3555.205 Special requirements for condominiums.
- 3555.206 Special requirements for community land trusts.
  (a) Rural Development review.
  (b) Foreclosure termination.
  (c) Organization.
  (d) Lender documentation.
  (e) Appraisals.
- 3555.207 Special requirements for Planned Unit Developments.
7 CFR Part 3555

Sec. 3555.205 Special requirements for condominiums.

Loans may be guaranteed for condominium units in condominium projects that meet all the requirements of this part, as well as the standards for condominium standards established by HUD, Fannie Mae, VA, or Freddie Mac, including those related to self-certification, warranty, underwriting, and ineligible condominium projects.
Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters
HB-1-3555: Chapter 12

SECTION 5: CONDOMINIUMS
12.11 CONDOMINIUMS AND PLANNED UNIT DEVELOPMENTS
A. Condominiums
B. Planned Unit Developments

TIPS
• Underwriter = USDA Approved Lender
• USDA = not an underwriter
• Research Rule & HB questions: Table of Contents
• Research Rule & HB questions: Control + F
7 CFR PART 3555 / HB-1-3555  
LEARNING CHECKS

Question Slide  
“Topic”  
• Question will be bulleted with scenario, or  
• Include a statement/question  
  TRUE/FALSE or other answer options will be displayed
ANSWER SLIDE

“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

• Additional guidance for clarification may be provided
**Special properties**

- A condominium is approved by HUD and Fannie Mae
- It is eligible for a guaranteed loan

A. TRUE    B. FALSE

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**Special properties**

**ANSWER:** 3555.205, HB 12.11 A

A. TRUE

- Condominiums must be approved/accepted by at least one entity
- Fannie Mae, Freddie Mac, HUD, or VA
Special properties

• The lender has an acceptance for a condominium through Fannie Mae’s Condo Project Manager automated system
• This is acceptable evidence for the loan file to support condominium eligibility

A. TRUE B. FALSE

ANSWER: 3555.205, HB 12.11 A

A. TRUE

• Lenders are responsible to retain all documentation utilized to arrive at eligibility decision
Special properties

Homeowner Association (HOA) fees for condominiums and/or PUD’s are not required to be included in the debt ratio.

A. TRUE  B. FALSE

ANSWER: 3555.205, HB 12.11 A and 12.11 B

B. FALSE

- HOA fees must be included in the PITI
- The PITI is considered in the total debt ratio
Special properties

A condominium rider is required as part of the mortgage or deed of trust.

A. TRUE  B. FALSE
Special properties

A condominium timeshare is eligible for a USDA guaranteed loan.

A. TRUE     B. FALSE

Special properties

ANSWER: 3555.205, HB 12.11 A 1

B. FALSE

• Timeshares, condominium hotels, and other projects listed in this section are ineligible
WAY TO GO!

Regulations

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