Special Properties

Condominiums and Planned Unit Developments

Single Family Housing Guaranteed Loan Program (SFHGLP)

November 2020
Let’s Review...

- Condominiums and PUDs
- HB-1-3555, Chapter 12, Section 5
- 7 CFR 3555.205 and 3555.207
Condominiums

HB-1-3555, Chapter 12.11(A)

1. TYPICAL
   Condominium projects typically consist of multi-unit buildings governed by an HOA. Each unit is individually owned with common areas shared by all unit owners.

2. LESS COMMON
   It is possible, but less common for condominium projects to consist of detached or attached single family dwellings.

3. HOA DUES
   HOA Dues for dwellings in a condominium project must be included in total debt-to-income ratio.

4. ELIGIBILITY
   Units are eligible for a guarantee if approved by Fannie Mae, Freddie Mac, HUD or VA.

5. APPLICANTS
   Must obtain and maintain individual homeowners' insurance or flood insurance.

6. RIDERS
   A Condominium Rider must supplement the Mortgage or Deed of Trust, as applicable.
Projects with ineligible characteristics listed under HUD/FHA, Fannie Mae, Freddie Mac, or VA guidelines are not eligible for guarantee. Some such examples include:

- Condominium Hotels
- Timeshares
- Houseboat Projects
Underwriting with a Condominium Unit

HB-1-3555, Chapter 12.11(A)(3)

- Lender must perform an underwriting review of the condominium project.
- Unit must be approved or accepted by:
  - HUD/FHA
  - VA
  - Fannie Mae, or
  - Freddie Mac
Lender may certify they have reviewed the documentation and that the condominium complies with the requirements of:

- HUD/FHA
- VA
- Fannie Mae
- Freddie Mac
Lender may indicate compliance with HUD/FHA, VA, Fannie Mae or Freddie Mac guidelines on the:

- Uniform Underwriting and Transmittal Summary (FNMA Form 1008, FHLMC Form 1077), and
- HB-1-3555, Attachment12-B, “Rural Development Condominium Certification”

Use of the “Condominium Certification” form is optional.
GUS “Accept” Underwriting Recommendation

- Lender may be requested to present documentation to confirm the unit meets the required eligibility criteria.
Lenders may refer to HUD/FHA, VA, Fannie Mae or Freddie Mac for additional guidance in performing their underwriting review of the project.

All condominium documentation should remain in the lender’s permanent loan file and should be available upon request.
Underwriting with a Condominium Unit

HB-1-3555, Chapter 12.11(A)(3)

- If lender fails to certify the unit, full documentation may be requested.
- If there is indication that a unit does not meet the requirements, the Agency will request additional documentation from the lender.
- If the unit does not meet the stated requirements as certified or warranted by the lender, the Agency may refuse to issue a conditional commitment or loan note guarantee.
A planned unit development (PUD) is a project or subdivision that includes common property that is owned and maintained by a homeowner’s association (HOA) for the benefit of use by the individual PUD unit owners.

1. A PUD can consist of condominiums, townhomes or detached single family homes that are served by an HOA.

2. HOA dues for dwellings in a PUD must be included in total debt-to-income calculations.

3. Loans may be guaranteed for PUD single family dwellings the same as for single family dwellings not in a PUD.
• Question will be bulleted with scenario, or
• Include a statement/question

TRUE/FALSE or other answer options will be displayed
7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

• Additional guidance for clarification may be provided
Ready?

LET’S GET STARTED!
A condominium is approved by HUD and Fannie Mae.
It is eligible for a guaranteed loan.

A. TRUE    B. FALSE
A. TRUE

Condominiums must be approved or accepted by at least one of the following entities:

• Fannie Mae
• Freddie Mac
• FHA/HUD
• VA
• A Condominium Rider must supplement the Mortgage or Deed of Trust.

A. TRUE       B. FALSE
A Condominium Rider must supplement the Mortgage or Deed of Trust.
A condominium timeshare is eligible for a USDA guaranteed loan.

A. TRUE  B. FALSE
B. FALSE

Timeshares, condominium hotels, houseboat properties and other types of condominium projects noted in HB-1-3555, 12.11(A)(1) are not eligible for the guaranteed loan program.
• Applicants/Unit Owners are responsible for obtaining individual homeowner’s insurance or flood insurance on the condominium or PUD, meanwhile

• Lenders are responsible to ensure that the HOA maintains adequate flood and hazard insurance for the buildings in a condominium project.

A. TRUE   B. FALSE
A. TRUE

Applicants remain responsible to obtain individual homeowner’s insurance or flood insurance as applicable.

The lender is responsible for ensuring that the HOA obtains and maintains adequate flood and hazard insurance for buildings in a condominium project.
Condominiums must be manually underwritten and may not be submitted to the Agency through the Automated Underwriting System, GUS.

A. TRUE  B. FALSE
Those lenders who utilize the Agency’s automated underwriting system, GUS and receive an “Accept” underwriting recommendation may be requested to present documentation confirming the condominium unit meets the eligibility criteria.
• The lender is required to retain all condominium documentation in their permanent loan file.

• The lender must certify the condominium unit meets all requirements of FHA/HUD, VA, Fannie Mae or Freddie Mac.

A. TRUE  B. FALSE
A. TRUE

Participating lenders may certify to Rural Development that they have reviewed the condominium documentation that supports project approval or acceptance and that the condominium is in compliance with FHA/HUD, VA, Fannie Mae or Freddie Mac guidelines.

All condominium documentation should remain in the lender’s permanent loan file and should be made available upon request.
Way to Go!

LEARNING CHECK COMPLETED!
Lender Toolkit
Navigate through these resources and tools like an expert!

Take the “Program Overview Training”

Available on the USDA LINC:

PART 3555—GUARANTEED RURAL HOUSING PROGRAM

Contents

Subpart D—Underwriting the Applicant

§3555.151 Eligibility requirements.
§3555.152 Calculation of income and assets.
§3555.153-3555.199 [Reserved]
§3555.200 OMB control number.

HB-1-3555 SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK

A consolidated version of the handbook is available. HB-1-3555 is a large document and may take sometime to load.

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Chapter 1 - Overview
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Chapter 10 - Credit Analysis
Chapter 11 - Ratio Analysis
Chapter 12 - Property and Appraisal Requirements
Chapter 13 - Special Property Types
Have a question on POLICY?
Contact the PAC team!

Need TRAINING?
Contact the LPA team!

Have a question on a SPECIFIC FILE?
Contact the OPD!
https://www.rd.usda.gov/page/sfh-guaranteed-lender

**SFH Guaranteed Lender**

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**COVID-19**

An Important notice for servicers with loans insured or guaranteed by the Rural Housing Service [CARES Act Forbearance Fact Sheet for Mortgages and Servicers](https://www.rd.usda.gov/page/sfh-guaranteed-lender).

**Loan Status**

We are currently reviewing new loan applications and conditions received on or before 06/19/2020.

**Subscribe to Notifications**

Critical program information such as policy updates, funding status, and automation changes are sent by email through GovDelivery [Sign Up to Receive Critical Updates](https://www.rd.usda.gov/page/sfh-guaranteed-lender).

**Overview**

On February 16, 2020 we integrated the Guaranteed Loan Program into a single integrated national team! For more information, please reference our [Integration Information Sheet](https://www.rd.usda.gov/page/sfh-guaranteed-lender).

USDA Rural Development's Guaranteed Loan Program assists approved lenders in providing up to 100% financing for eligible borrowers (households that do not exceed 115% of the Median Household Income) purchasing homes in eligible rural areas. Automated underwriting assistance through GUS (Guaranteed Underwriting System) allows for expanded ratios and flexible credit.

We now have Single Close Construction-to-Permanent Financial & Single-close loan combines the features of a...
Thankyou.