

Purpose of this reference material: provide detailed instruction on the requirements to obtain FHA Single Unit Approval (SUA).

FHA Single Unit Approval (SUA)

Single Unit Approval refers to approval of a unit in a condominium project that is not currently a HUD approved project.

- This process will be effective for case numbers assigned on or after October 15, 2019.
- PRD will begin accepting requests to pre-review projects for this program October 1, 2019, see list of required documents below.
- SLA for this type of project review will be 3 days.
- The NewRez Project Review Department Policy and Project Review Submission Checklist will be updated on October 15, 2019 to reflect this process as an eligible project review type.

General Overview:

- Must have TOTAL accept to get maximum loan-to-value (LTV) financing; if manual underwrite then LTV is limited to 90%
- Project must be established
- Project must have 5 or more units
- Max Single Unit Approvals in a project is limited to 10% or 2 units for projects consisting of 10 units or less. This is tracked by FHA Connection.
- Project must have least 50% primary occupancy
- Budget will require a minimum of 10% reserve allocation
- HOA must have separate operating and reserve accounts
- A current balance sheet is required
- Fidelity will be required for projects consisting of more than 20 units in an amount no less than 3 months HOA dues plus the balance of the reserve account. The property manager must be either covered as additional insured on the HOA's policy or provide evidence of their own coverage
- No more than 15% of the units can be 60 days delinquent
- Max single entity is 10% for projects consisting of 20 or more units, a single entity cannot own more than 1 unit for projects with less than 20 units
- Co-insurance is only allowed with an Agreed Amount or Agreed Value endorsement
- Financing is not allowed in Coastal Barrier Resources System
- Commercial space cannot exceed 35% of the total square footage
- Leaseholds are ineligible, an exception may be considered if an attorney opinion is provided stating the lease complies with FHA Lease guidelines
- Litigation regarding safety, structural soundness, habitability or functional use is not eligible
- The following are Ineligible project characteristics - Cooperatives, Condotels, projects with mandatory rental pooling agreements, timeshares or segmented ownership, multi-dwelling units, houseboats, manufactured homes, continuing care facilities, project consisting of less than 5 units, projects that have not been complete for at least 1 year, projects with any adverse determination by FHA for significant issues.

FHA Case Number Assignment

- Check to see if the subject project is a HUD approved project
<https://entp.hud.gov/idapp/html/condlook.cfm> - if project has unexpired HUD approval, use the current HUD approval and do not submit for SUA
- If project is found in HUD's system and is not approved (expired, rejected, etc), or is not found, order HUD Form 9991 from HOA or Property Management Company. It is recommended that at this time you also order all required docs for project review
 - o HUD Form 9991
 - o Current HOA Budget
 - o Current Balance Sheet
 - o Master HOA Insurance
 - o Recorded Declaration/Master Deed & Bylaws
 - o Litigation Disclosure, if applicable
- Once HUD Form 9991 is received, review for ineligible guidelines per above
- If no ineligible characteristics, complete the case number assignment screen in FHAC
 - o Select the associated Condo ID, if one exists, in the "PUD/Condo ID" field; and
 - o Select "Single-Unit Approval" from the drop-down menu within the "Site Condo" field
- Request will default to "hold tracking" and a case number will not be assigned
- When prompted:
 - o Send email to FHA Resource Center at answers@HUD.gov
 - o Put "SUA Tracking" in subject line of email
 - o Attach completed HUD Form 9991
 - o Allow 3 days for case number processing
- Once you receive your case number, you can order your appraisal and submit the project review documents to PRD

Documentation required for PRD review:

1. Project Review Submission Checklist
2. FHA Case Number Assignment
3. HUD Form 9991 (Single-Unit Questionnaire) Completed by HOA or Management Company
4. Current HOA Budget
5. Current Balance Sheet, dated within 90 days
6. Commercial Financials, if applicable – See HUD 9991 for details
7. Master HOA Insurance
8. Recorded Condo Declarations/Master Deed & Bylaws
9. Litigation disclosure, if applicable

Loan Level items that can follow when available:

10. Appraisal
11. Flood Cert
12. Preliminary Title Report
13. HO6, if applicable