



Your Preferred Lender For: CONDOS

Presenter:

Michael Camus, President and CEO

Mortgagee Letter 2019-13

The Project Approval for Single-Family Condominiums Final Rule and the supplemental guidance incorporated in the FHA Condominium Project Approval and Condominiums Program sections of Handbook 4000.1, upon their effective date, will revise the requirements for project approval and introduce the Single-Unit Approval process. Single-Unit Approval will allow for obtaining FHA-insured financing on a Unit in a Condominium Project that is not FHA-approved if the project meets a set of eligibility requirements. The Final Rule will allow HUD to suspend the issuance of new FHA case numbers if the number of FHA-insured mortgages exceeds the established maximum insurance concentration. Under Handbook 4000.1, Single-Unit Approvals are limited to 10 percent of the total units within a Condominium Project. For Condominium Projects with fewer than 10 Units, the number of FHA-insured Mortgages cannot exceed two. FHA systems will be enhanced in the future to permit the issuance of case numbers in unapproved projects. From the effective date of the rule and Handbook 4000.1 sections until the systems changes are completed, and to ensure creditworthy homebuyers and homeowners will be able to benefit from the Single-Unit approval process, the interim solution set forth in this Mortgagee Letter will be implemented.

Mortgagee Letter Highlights

- ▶ Revise the requirements for project approval and introduce the Single-Unit Approval process.
- ▶ FHA-insured financing on a Unit in a Condominium Project that is not FHA-approved if the project meets a set of eligibility requirements.
- ▶ The Final Rule will allow HUD to suspend the issuance of new FHA case numbers if the number of FHA-insured mortgages exceeds the established maximum insurance concentration.
- ▶ **Limited to 10 percent of the total units within a Condominium Project.**

Scan HUD Form 9991



Documentation Required

- ▶ Certificate of insurance or a complete copy of the insurance policy.
- ▶ Leasehold agreement and any other documentation required by the Mortgagee to comply with FHA's leasehold guidance.
- ▶ Property Information ; (New Construction, Gut Rehab, Manufactured Home) - Mortgagee to determine eligibility and may request additional documentation for Units located in these types of Properties.
- ▶ Recorded Covenants, Conditions, and Restrictions (CC&Rs).
- ▶ Financials
 - ▶ a current year budget approved by the board(s)
 - ▶ an income and expense statement for the previous year's end results
 - ▶ a year-to-date income and expense statement dated within 90 days if the prior year-to-date actuals are more than 90 Days old
 - ▶ a current balance sheet dated within 90 Days prior to the date of submission.
- ▶ A dated legal document evidencing Resolution of Financial Distress Event.
- ▶ An explanation for pending Litigation.

For more information

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