

To: All Customers **From:** Underwriting
Date: 10/10/19 **Memo #:** 19083
Subject: **HUD Single Unit Condo Approval Process**

Flagstar is committed to supporting HUD's mission to increase homeownership. As part of our commitment, we are excited to participate in HUD's Single Unit Condo Approval process.

HERE'S WHAT YOU NEED TO KNOW

- FHA Case Numbers must be obtained on or after October 15, 2019
- Max financing requires an accept response
- Max LTV for manual underwrite or refer response is 90%.
- Projects must have at least 5 units
- If newer construction, Certificate of Occupancy must be issued within the last 12 months or unit has been occupied
- Manufactured homes are ineligible
- Cannot have ineligible characteristics
 - Unit cannot be located in an Approved Condominium Project or unapproved phase of a Condominium Project with an approved legal phase. Check the status at <https://entp.hud.gov/idapp/html/condlook.cfm>.

SUMMARY OF PROCESS

1. Register your loan in Loantrac
2. Complete the FHA Case Number Assignment (beginning 10/15/19)
3. Once FHA Case Number is assigned, upload the following items to the loan using the Condo Documents header. Project Review will review all documents.
 - a. The completed FHA Condo Approval Questionnaire HUD-9991 (01/21)
 - b. Current year operating budget from HOA or Management Company
 - c. Fidelity coverage for projects exceeding 20 units
 - d. \$1,000,000 general liability coverage
 - e. Master hazard and HO6 insurance (if applicable)
 - f. Recorded CC&Rs/declaration and bylaws
4. A full appraisal will be required to complete the review process.

TO OBTAIN AN FHA CASE NUMBER

Lenders who have the ability to order their own Case Number assignments directly through FHA Connection will continue to do so following the requirements of Mortgagee Letter 2019-13.

If you currently order your FHA Case Number through Loantrac, all Single Unit approval requests will need to be emailed to fsgovlend@flagstar.com. Due to the manual processes involved in the Case Number assignments for properties requiring FHA Single-Unit approval, requests are not available through Loantrac. For property types other than Single-Unit Approval Condominiums, case numbers can continue to be ordered through Loantrac.



To request an FHA Case Number assignment by Flagstar:

- Email the completed *FHA Case Number Assignment Order Form, Doc. #9301* to fsgovlend@flagstar.com. Incomplete requests will be returned i.e., year built, missing the information from form 9991: Condominium Project Information, Condominium Association and Total Number of Units in the Condominium Project.
- Flagstar will request the case number assignment through FHA Connection and submit the required information to FHA for processing. At this time FHA is estimating a 3 business day turn time for their review and case numbers to be issued/denied.
- When FHA responds to the request, Flagstar will do the following:
 - Input the case number, if assigned
 - Upload a copy of the assignment/denial to Documents
 - Email the originator with the results