

# Single Unit Approval Process

## FHA - SUA

### Getting Started

- 1. Confirmation the condo project is not currently approved on FHA Connect
- 2. Have a fully executed loan application in RV - (*may not be submitted until after case # has been issued*)
- 3. Have Counseling Certificate fully executed and a copy of it in the "Notes" Section in RV
- 4. HOA Questionnaire
- 5. Collect the required documents listed below for submission to the Condo Approval Desk

### Single Unit Approval Qualifications

If you are not able to submit for a Full Project Approval, the Single Unit Approval maybe an option. The condo project is still required to meet the standard project approval requirements to qualify for the Single Unit Approval. Below is a list of qualifying criteria to assist you in determining if the project would be acceptable, please refer to the FHA current guidelines for further details

<https://www.hud.gov/sites/dfiles/OCHCO/documents/4000.1hsg Update9.pdf> .

- Project is Existing, over 12 months (new construction projects are not eligible for Single Unit Approvals)
- Control of HOA must be turned over to the unit owners
- Project must be at least 5 units
- No Manufactured Homes, Co-ops, Condotels, Timeshares or multi-dwelling units
- If any part of the Condo project is located within the Coastal Barrier Resources System the project is ineligible for SUA.
- FHA Concentration is no more than 10%
- Owner-occupancy must be 50% or more
- Single owner concentration limited to a max. of 10%
- All FHA minimum insurance requirements must be met
- Commercial/non-residential space must be financially independent of the rest of the project and cannot exceed 35% of the total space
- No litigation related to safety/soundness/habitability of the project/unit
- Project must be in a strong financial condition, confirmed by the following:
  - No more than 15% of the units, delinquent 60 days or more
  - Financials must reflect a positive cash flow
  - Be collecting sufficient reserves - *min. of 10% of dues on current budget*

- Must have separate reserve account and operating account
- Credit overlay requirements (*only applies to SUA's*)
  - For forward loans, the application must receive an Accept from TOTAL Mortgage Scorecard or max LTV of 90%
  - For reverse loans - the borrower must meet residual income requirements without compensating factors, including dissipation of loan proceeds
  - The borrower must have a satisfactory payment history or all property charges without the use of extenuating circumstances

## Required Documents

---

- 1. Prior to the *submittal* of Single Unit Approval Request - The fully executed loan application to be placed in RV - (but not submitted to intake yet)
- 2. HOA Questionnaire - Completed and signed by HOA and/or Management Company
- 3. Declarations, CC&Rs or Master Deed, and all amendments - *Must be recorded*
- 4. By-laws - *Must be fully executed*
- 5. Articles of Incorporation - *Must be filed*
- 6. Current approved Fiscal Year Annual Budget - reflecting a line item expense for reserves with 10% minimum of the total annual dues and indicate total # of units
- 7. Current balance sheet - *dated within 60 days*
- 8. Current income & expense statement - *dated within 60 days*
- 9. Current reserve study - (*if HOA is collecting less than 10% of annual dues, a reserve study that supports the lesser amount being collected may be used as a work around*)
- 10. Current signed contract with management company or signed letter of self-management
- 11. Certificate of Insurance: (*Acord form or like type - disclosure notifications are not acceptable*)
  - a. Building with 100% replacement/guaranteed coverage, indicating total # of units covered
  - b. Liability in the minimum amount \$1 million per occurrence
  - c. Fidelity - *aka Employee Dishonesty, or Crime* - required >20 units, must be equal to 3 months dues for all units PLUS the total balance of reserves\*  
*\*Mgmt. Co to be covered on HOA policy or have own coverage meeting same criteria as HOA.*
  - d. Flood Ins. (if required) to be equal to the replacement cost of the covered improvements or the NFIP maximum of \$250,000 per unit, whichever is less.
- 12. Litigation requires the following documents to be submitted:
  - a. Filed complaint,
  - b. Current letter from HOA Attorney and/or Insurance Co. providing a brief statement of what the case involves, if the HOA insurance policy is enough to cover any loss and Insurance Co. has agreed to cover the case and any potential losses.

- c. List of repairs, and Confirmation that all repairs have been completed or if not completed the schedule of repairs an estimate of completion per repair

- 13. Counseling Cert. Signed by all parties, at time case # is ordered

## Submitting for Approval

---

- 1. Have the application completed and fully signed in RV - (Do not submit to Intake yet).
- 2. Email the documents listed above to [reversecondos@mutualmortgage.com](mailto:reversecondos@mutualmortgage.com)
- 3. Provide the RV Simple ID# and borrower name in Email.
- 4. The documents will be reviewed and once the project is determined to meet FHA guidelines, the case # can be ordered.
- 5. A fully signed Counseling Certificate will be required at the time the case # is ready to be ordered.

## Approval of Single Unit Approval

---

FHA Quotes 3 day turn time to issue the case #. Once the case # is issued, the Condo Approval Desk will email you an approval notification along with the case # informing you that it is ok to move forward with your loan. A copy of the documents will be placed in RV for the loan file.

---