

FHA SUA/Fannie/Freddie Comparison

Guideline	FHA SUA	Fannie Mae	Freddie Mac
Questionnaire	HUD Form 9991	Newrez or other	Newrez or other
Project Status	Existing only defined as CO issued over 1 year ago or unit previously occupied	Established or new	Established or new
Project Occupancy	Must be 50% primary or 2 nd homes	50% presale to primary or 2 nd homes (new construction only)	50% Presale to primary or 2 nd homes (new construction only)
Single Entity	> 20 units, max 10% ≤ 20 max 1 unit	> 20 units, max 20% ≤ 20 max 2 units	> 20 units, max 25% ≤ 20 max 2 units
Commercial Space	35% *	35%	35%
HOA dues delinquencies	Max 15%	Max 15%	Max 15%
Budget/Reserves	Evidence 10% of HOA assessment income in in reserves	HOA budget provides 10% reserve allocation (15% effective 1/2027)	HOA budget provides 10% reserve allocation (15% effective 1/2027)
Fidelity for projects > 20 units	3 months HOA dues plus the balance of reserves	3 months HOA dues	3 months HOA dues

*Commercial/Non-Residential Financial Independence refers to the ability of the Residential Space and Commercial/Non-Residential Space of the Condominium Project to be independently sustainable such that neither portion of the Condominium Project is financially reliant on the other.

Questions & Answers – Updated 05-19-21:

Form HUD 9991, aka, Questionnaire:

1. Q: Can we use a generic questionnaire?

A: Yes, information will then need to be transferred over to the Form HUD 9991.

2. Q: Who is required to complete the Form HUD 9991?

A: The Lender can complete it based on information provided from a Questionnaire.

3. Q: What certification forms, if any (App B, etc) are required for the Single Loan approvals?
A: Signed Form HUD 9991, the Appendix B is replaced by the 9991.
4. Q: What should be reviewed on the Form HUD 9991 prior to requesting the case number?
A: A 9991 Answer Key is posted for review of ineligible FHA SUA characteristics; these are not reviewed by HUD and if not reviewed prior to case number request could result in obtaining the FHA SUA case number and the project being determined to be ineligible by PRD.
5. Q: May lenders obtain information required for case number assignment on the Form HUD 9991 (Sections 1 thru 3) verbally in order to request an FHA case number?
A: Whoever is signing the forms is responsible for the accuracy of the information provided.
6. Q: Is the Lender responsible for ensuring questions on the Form HUD 9991 are accurate?
A: PRD analyses the 9991 for accuracy and completeness, if something seems inconsistent, PRD will contact the preparer for clarification. Additional documentation may be required.
7. Q: Is use of the 2 new HUD questionnaires mandatory?
A: Yes, Form HUD 9991 is required for FHA SUA and FHA HRAP & DELRAP approved projects. Form HUD 9992 is required for full condo project approval (obtaining FHA HRAP/DELRAP)
8. Q: Have the FINAL versions of the Form HUD 9991 & 9992 been published? If not-when will they be available?
A: Yes, they are available on HUDClips and posted on the NewRez Intranet and the Broker & Correspondent portals.

Financials:

9. Q: Are financial documents ONLY required for Single Loan approvals when there is commercial space?
A: No, a budget and current balance sheet is required for all FHA SUA reviews. If the project has commercial space, additional documentation is required per section 4.c. of page 3 of the Form HUD 9991.

10. Q: Is a project ineligible for approval if they do not have separate operating and reserve bank accounts?

A: Yes

Concentration:

11. Q: Can we only finance 10% of units on a project?

A: Only 10% of the project may be financed as SUA, that is, all lenders using SUA combined cannot exceed 10%. If you get your case number assignment, you know we are within the acceptable limits. NOTE: If project has FHA Concentration that exceeds 10% prior to request of SUA Case number, the project is not eligible for SUA.

12. Q: A project was approved and has expired. FHA has 45% of the loans insured. Can we do up to an additional 10% as Single Unit Approvals (taking the total to 55% total)?

A: No – See Q11

13. Q: Is HUD's issuance of the case # sufficient to show the lender that HUD's concentration requirements have been met?

A: Yes

14. Q: Does the number of units in FHA Connection include FHA Approved Projects and SUA units?

A: FHA concentration includes both and cannot exceed 10% to be eligible for FHA SUA.

Condominiums (HRAP/DELRAP Approval Method) as of 10/30/2019

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1 record was selected, 1 record is displayed (page 1 of 1)

Condo Name	Condo ID / Submission	Address	County	Approval Method	Composition of Project	Comments	Document Status	Manufactured Housing	FHA Concentration	Status	Status Date	Expiration Date
NARROWS CONDOMINIUM	P019626 001	168 BEAVER DAM ROAD PLYMOUTH, MA 02360	PLYMOUTH	HRAP	Single-unit approval. FHA concentration restriction 10%	None	Recorded/Uploaded	No	3.70%	Rejected	10/21/2019	n/a

Litigation:

15. Q: The Form HUD 9991(Section 4.e.) does not specify the timeframe for "recent" litigation/mediation/arbitration. Is it implied that lenders need must honor the 12 month standard despite its omission from the form even if the matter was resolved?

A: Yes, the requirements in the 4000.1 HUD Handbook take precedent.

Commercial:

16. Q: For projects that contain commercial space what specific financial documents are required from the commercial entity? Must they be separate from the Condominium Association? If they are not-would this warrant a decline?

A: The HOA must evidence that the commercial space is self-sufficient. That is, the HOA dues cover the HOA costs of the commercial space per section 4.c. of page 3 of the Form HUD 9991.

Legal Condo Docs:

17. Q: Is documentation used for Single Unit approvals required to be uploaded to the system in some way? If not, when/how should the lender provide this documentation to HUD?

A: Yes, must be in eFile (imaged loan file)

18. Q: Are the condo legal docs, including decs & bylaws, being reviewed for leasing and deed restrictions?

A: Yes

19. Q: Bylaws if not received are they required?

A: No, only if something like individual insurance comes up, but we recommend asking for them at the same time you request the declaration/master deed.

20. Q: For condominiums that are professionally managed, are lenders required to obtain and review the management contract for the FHA SUA review?

A: No

Insurance:

21. Q: Are projects with co-insurance eligible for FHA SUAs?

A: Only if the policy has an Agreed Amount or Agreed Value endorsement. Replacement Cost Estimators are not sufficient for co-insurance waiver.

22. Q: If the management company is not covered under the Condominium association's FIDELITY policy, but has a separate policy, is this acceptable?

A: Yes

23. Q: Is the management company required to have the same amount of fidelity coverage as the HOA?

A: Yes

Misc Questions:

24. Q: What are the differences between FHA SUA and HRAP/DELRAP?

A: FHA SUA is lender delegated for a single unit in a project that has 10% or less FHA Concentration and meets all FHA SUA guidelines. An HRAP/DELRAP is an approval of the entire project and allows for 50% FHA concentration.

25. Q: Once approved at NewRez, will it show up on HUD/FHA website?

A: Yes, see highlight below how it will show as rejected in FHA Connection.

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26. Q: Over 55 communities – does it disqualify?

A: No, they are eligible as long as the project and unit meet all applicable requirements.

27. Q: Red Flags or biggest difference of FHA SUA between Conv?

A: See chart above

28. Q: Can we do with a bond loan?

A: As of 10-18-19, US Bank will only allow a max 90% LTV for an FHA SUA on a bond loan.

29. Q: Will the pricing engine have anything for SUA?

A: No pricing difference

30. Q: Is there a copy of the SUA review process/job aid? Where is it?

A: It's located:

- Newrez intranet home page - [https://corp.newrez.com/sites/intranet/uw/Shared%20Documents/Project%20Review%20Department%20\(PRD\)/PRD%20Tools/HUD-FHA%20SUA%20Review%20Job%20Aid.pdf](https://corp.newrez.com/sites/intranet/uw/Shared%20Documents/Project%20Review%20Department%20(PRD)/PRD%20Tools/HUD-FHA%20SUA%20Review%20Job%20Aid.pdf)
- Broker Portal - <https://www.newrezwholesale.com/media/1560980/hud-fha-sua-review-job-aid.pdf>
- Correspondent Portal - <https://www.newrezcorrespondent.com/media/1560642/hud-fha-sua-review-job-aid.pdf>

31. Q: Do you warrant for the delegated clients or non-delegated only?

A: If you are delegated, you can order the case number as you normally would and issue the approval if you have a project approval team. If you don't have a project approval

team, you would submit the documents to ProjectReview@NewRez.com for approval. The fee is \$350.

32. Q: Is there a fee for the SUA process?

A: Only for Correspondents, see Q. 31 above.

33. Q: What documentation is required for submission to HUD for the interim Single Unit Approval case # assignment process? How should it be sent via email? Fax?

A: See ML-2019-13 and FHA SUA Job Aid posted on Intranet, Broker & Correspondent portals.

34. Q: Is there a wspot approval on VA loans?

A: No, however, detached units in Michigan do not require project approval. Detached units in all other states require VA Condo Approval.

35. Q: Are FHA SUA's allowed in unapproved phases of new/under construction projects that have some but not all phases currently HRAP/DELRAP approved?

A: SUA must be Existing Construction. See table above for FHA definition of existing construction. The unapproved phases of a new construction project would not be eligible for FHA SUA.

36. Q: Does occupancy of Single Entity Owner units matter?

A: No

37. Q: Closing expectation? 45 days?

A: The process should be similar to a CPM/Full lender review for turn time. It depends upon how complete the project review submission is, and the quality of the documents submitted.

38. Q: How do we determine if a building is in a Coastal Barrier Resources Area (CBRS)?

A: There is a section on the Flood Cert that would be checked if a building is in a CBRS.

39. Q: Located in Flood Zone is automatically not approved by HUD?

A: As long as it is not in a Coastal Barrier Resource System (CBRS), standard flood coverage per NFIP is acceptable. Check the flood cert for CBRS.

40. Q: If we look up a condo and it's rejected can we still do it?

A: Yes, we can review rejected projects under SUA as long as FHA notes do not indicate anything that would be ineligible.

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41. Q: Should an appraisal be ordered at the time the case number is ordered?
A: You must wait until your case number is removed from "Holds Tracking" and the actual case number is assigned.
42. Q: For delegated, do they order their own case numbers?
A: Whoever orders their case numbers for HRAP/DELRAP approved projects would still order the case number for the SUA's.
43. Q: If a case number is obtained for a Single Unit Approval and then the lender subsequently decides to perform a DELRAP Review, can the same case number be used for the DELRAP Review?
A: No, the case number must be cancelled, and a new case number will need to be requested once the project is approved DELRAP or HRAP.
44. Q: How long will it take HUD to finalize the case # once submitted by the lender?
A: HUD posted a 3-day SLA. Do not resend when you think it may be taking too long. Be sure to put "SUA Holds Tracking" in your subject line. Be sure not to send anything more than the case number request and the Form HUD 9991. Submitting additional documentation could delay the process of obtaining a case number.
45. Q: Since FHA SUA approvals are only eligible for projects greater than 5 units, do 2-4 unit projects require a HRAP/DELRAP for approval?
A: Yes
46. Q: Is there a flow chart of who does what?
A: It varies by business channel & branch. Go back to the Submission Checklist & Job Aid. Whoever orders the case number for a HRAP/DELRAP approved project would still order the case number for the SUA process. Whoever would order all the docs for a conventional submission would still order the docs for a SUA submission. It's the same process.
47. Q: Where do we find the required forms?
A:
- [Newrez intranet home page > Productions Support & Admin > Underwriting > Documents > Projects Review Department \(PRD\)](#)
 - [Project Review Submission Checklist](#)
 - [Questionnaires > Form HUD-9991 Single Unit Questionnaire](#)
 - [PRD Tools > HUD-FHA SUA Review Job Aid](#)
 - [Broker or Correspondent Portals > Client Library > Project Review](#)