



Special Properties

Condominiums/Planned Unit Developments

**Single Family Housing Guaranteed
Loan Program**

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Welcome to Special Properties, presented by USDA's Single Family Housing Guaranteed Loan Program!



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Training Objectives

- Where is the topic located?
 - * 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources

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The objectives of the training include:

1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.



Things change!

- Every effort has been made to ensure training references are accurate at the time of publication.
- Always reference the most recent USDA publications available online.

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Every effort has been made to ensure this training and all references are accurate, however, new program revisions and clarifications may occur. Therefore, please ensure you always reference the most recent USDA publications available online.

This training module is not intended to replace the need to reference the regulation, technical handbook, and additional USDA published documents regarding the Guaranteed Loan Program.



Guaranteed Loan Program Regulation
7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1

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7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions.

The regulation is the rule and it cannot be overridden by the technical handbook.

The 7 CFR Part 3555 is comprised of 8 subparts, A through H.

You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.

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7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>

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Publications

- Overview
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- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine
- Strategic Plan
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Regulations & Guidelines

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- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks**
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

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The Regulations and Guidelines website is located from the link shown on the slide.

Under “Rural Development” there are many items available from this home page.

To access the regulation, select “Handbooks.”

The screenshot shows the USDA Rural Development website. At the top, there is a header with the USDA logo and the text 'United States Department of Agriculture Rural Development'. Below this is a large image of a rural landscape with a water tower and houses. The main heading is '7 CFR Part 3555'. Below the heading is a navigation bar with links for 'Home', 'About RD', 'Programs & Services', 'Browse by State', 'Newsroom', 'Publications', and 'Contact Us'. A search bar is also present. The main content area is divided into two columns. The left column is titled 'Publications' and lists various document types like Overview, Fact Sheets, Regulations & Guidelines, Reports, Dispute Appeals, Publications for Cooperatives, and Rural Cooperatives Magazine. The right column is titled 'Handbooks' and lists several handbooks, with 'HB-1-3555 SFH Guaranteed Loan Program Technical Handbook' highlighted in yellow. To the right of the handbook list is a 'Table of Contents' for HB-1-3555, listing chapters from 1 to 20 and appendices from 1 to 10. The page number '6' is visible in the bottom right corner.

A list of all USDA Rural Development handbooks will display.

Be sure to select the correct technical handbook: HB-1-3555.

Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection.

Appendix 1 is the full regulation, 7 CFR Part 3555.



7 CFR Part 3555
Subpart E: Underwriting the Property

- .201: Site requirements
- .202: Dwelling requirements
- .203: Ownership requirements
- .204: Security requirements
- **.205: Special requirements for condominiums**
- .206: Special requirements for community land trusts
- **.207: Special requirements for Planned Unit Developments (PUD's)**
- .208: Special requirements for manufactured homes
- .209: Rural Energy Plus loans

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Special properties which for the purpose of this training include condominiums and planned unit developments are located in Subpart E, Sections 3555.205 and 3555.207.

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7 CFR Part 3555

- 3555.205 Special requirements for condominiums.
- 3555.206 Special requirements for community land trusts.
 - (a) Rural Development review.
 - (b) Foreclosure termination.
 - (c) Organization.
 - (d) Lender documentation.
 - (e) Appraisals.
- 3555.207 Special requirements for Planned Unit Developments.

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The regulation Table of Contents provides a quick view of the individual topics included under this Section.



7 CFR Part 3555

Sec. 3555.205 Special requirements for condominiums.

Loans may be guaranteed for condominium units in condominium projects that meet all the requirements of this part, as well as the standards for condominium standards established by HUD, Fannie Mae, VA, or Freddie Mac, including those related to self-certification, warranty, underwriting, and ineligible condominium projects.

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In order for a condominium to be eligible for guaranteed financing it must meet the requirements of HUD, Fannie Mae, Freddie Mac, or VA. It is allowable to follow the guidelines of these entities to perform self-certification of condo units, review warranty information, and determine eligible or ineligible units.



7 CFR Part 3555

Sec. 3555.207 Special requirements for Planned Unit Developments (PUDs).

Loans may be guaranteed for PUDs that meet all of the requirements of this part, as well as the criteria for PUDs established by HUD, VA, Fannie Mae, or Freddie Mac.

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All planned unit developments or PUD's are eligible when they meet the criteria of HUD, VA, Fannie Mae, or Freddie Mac.



Guaranteed Loan Program Technical Handbook
HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters

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The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.

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HB-1-3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

Table of Contents

- Chapter 1** - Overview
- Chapter 2** - Record Retention
- Chapter 3** - Lender Approval
- Chapter 4** - Lender Responsibilities
- Chapter 5** - Origination and Underwriting Overview
- Chapter 6** - Loan Purposes
- Chapter 7** - Loan Terms and Conditions
- Chapter 8** - Applicant Characteristics
- Chapter 9** - Income Analysis
- Chapter 10** - Credit Analysis
- Chapter 11** - Ratio Analysis
- Chapter 12** - Property and Appraisal Requirements
- Chapter 13** - Special Property Types
- Chapter 14** - Funding Priorities
- Chapter 15** - Submitting the Application Package
- Chapter 16** - Closing the Loan and Requesting the Guarantee
- Chapter 17** - Regular Servicing-Performing Loans
- Chapter 18** - Servicing Non-Performing Loans - Accounts with Repayment Problems
- Chapter 19** - Custodial and Real Estate Owned Property
- Chapter 20** - Loss Claims - Collecting on the Guarantee

Acronyms

Glossary

- Appendix 1** - 7 CFR part 3555
- Appendix 2** - Forms and Instructions
- Appendix 3** - Review and Appeals
- Appendix 4** - Agency and Employee Addresses
- Appendix 5** - Income Limits
- Appendix 6** - Interest Assistance
- Appendix 7** - Calves Access Instructions
- Appendix 8** - EDI Documentation
- Appendix 9** - Penalties
- Appendix 10** - Unnumbered Letter and State Supplements

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The handbook may be accessed from the Regulations and Guidelines website. Special properties guidance is located in Chapter 12.



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HB-1-3555: Chapter 12

SECTION 5: CONDOMINIUMS
12.11 CONDOMINIUMS AND PLANNED UNIT DEVELOPMENTS
A. Condominiums
B. Planned Unit Developments

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This screen shot displays the Table of Contents of Chapter 12. This helps the user to locate specific topics more quickly.

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TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F

7 CFR Part 3555

supplemental social security income and Social Security benefits received in a lump sum:

(vii) Any earned income tax credit;

(viii) Adoption assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);

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A few helpful tips:

1. The underwriter of the loan is the approved lender's underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the "Control" button on the keyboard, hold it down, and then also select the "F" key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.



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**7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS**

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The best way to learn information is to test your knowledge!



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Question Slide

“Topic”

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed

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Each question slide will list:

- the topic
- a question or scenario, and
- potential responses.



ANSWER SLIDE

“Topic”
ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

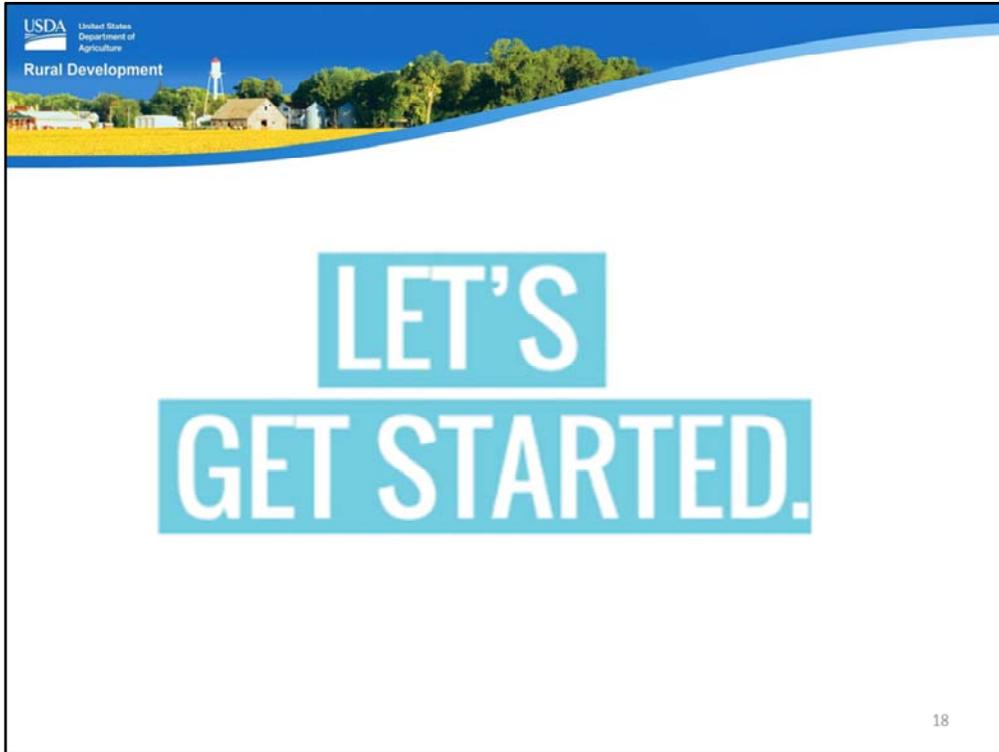
X. Correct Response

- Additional guidance for clarification may be provided

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The answer slide will list:

- The topic
- The reference to the answer from the regulation and handbook
- The correct response, and
- Any additional clarification that may be helpful.



Let's get started!



Special properties

- A condominium is approved by HUD and Fannie Mae
- It is eligible for a guaranteed loan

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Special properties
ANSWER: 3555.205, HB 12.11 A
A. TRUE

- Condominiums must be approved/accepted by at least one entity
- Fannie Mae, Freddie Mac, HUD, or VA

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True

Condominiums are eligible for USDA if they are accepted by Fannie Mae, Freddie Mac, HUD, or VA.

Only one entity must approve or accept the condominium unit in order to it to eligible for a guaranteed loan.



Special properties

- The lender has an acceptance for a condominium through Fannie Mae's Condo Project Manager automated system
- This is acceptable evidence for the loan file to support condominium eligibility

A. TRUE B. FALSE

21

Read the question on the slide and select a response.



Special properties
ANSWER: 3555.205, HB 12.11 A
A. TRUE

- Lenders are responsible to retain all documentation utilized to arrive at eligibility decision

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True

Lenders are responsible to retain documentation that was utilized to make the determination that the condominium unit is approved or accepted by one of the eligible entities.

Online eligibility determination software or approval lists are eligible documentation.



Special properties

Homeowner Association (HOA) fees for condominiums and/or PUD's are not required to be included in the debt ratio.

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Special properties
ANSWER: 3555.205, HB 12.11 A and 12.11 B
B. FALSE

- HOA fees must be included in the PITI
- The PITI is considered in the total debt ratio

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False

The HOA fees must be included in the principal, interest, taxes, and insurance (PITI) calculation.

The PITI is then included in the total debt ratio calculation.



Special properties

A condominium rider is required as part of the mortgage or deed of trust.

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Special properties
ANSWER: 3555.205, HB 12.11 A
A. TRUE

- Condominium rider must supplement the mortgage or deed of trust

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True

The condominium rider must supplement the mortgage or deed of trust as applicable.



Special properties

A condominium timeshare is eligible for a USDA guaranteed loan.

A. TRUE B. FALSE

27

Read the question on the slide and select a response.



Special properties
ANSWER: 3555.205, HB 12.11 A 1
B. FALSE

- Timeshares, condominium hotels, and other projects listed in this section are ineligible

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False

Timeshares, condominium hotels, and other like projects that are not utilized as single family housing dwelling units are ineligible.



Way to go! You have completed the learning checks!

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Regulations

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Don't forget the Regulations and Guidelines website is a wonderful source of USDA guideline knowledge.

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This will conclude the training module. Thank you and have a great day!