



ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: August 21, 2019**

**Mortgagee Letter 2019-13**

**To:** All FHA-approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

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**Subject** Single-Unit Approval Process – Obtaining FHA Case Numbers for Single-Unit Approval Originations

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**Purpose** This Mortgagee Letter (ML) provides interim instructions, pending changes being made to FHA systems, for the upcoming process of obtaining an FHA case number for a Unit in a Condominium Project that is not FHA-approved and that will be processed as a Single-Unit Approval. Under the Project Approval for Single-Family Condominiums (FR-5715-F-02) Final Rule published on August 15, 2019, FHA will be able to insure a mortgage on a Unit in a Condominium Project that is not included in the list of FHA-approved condominiums if the project meets certain minimum requirements, including maximum FHA insurance concentration for Single-Unit Approval.

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**Effective Date** The guidance in this Mortgagee Letter will be effective for FHA case numbers assigned on and after the effective date of the Project Approval for Single-Family Condominiums (FR-5715-F-02) Final Rule and associated sections in the HUD Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), and will be utilized for obtaining FHA case numbers for Single-Unit Approvals from the Final Rule’s effective date until further notice.

All policy updates will be incorporated into a forthcoming update of the Handbook 4000.1.

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**Public  
Feedback**

HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send any feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected  
Programs**

This guidance will apply to all mortgages on a Unit in a Condominium Project that is not FHA-approved and is processed under Single-Unit Approval.

This guidance does not apply for obtaining FHA case numbers on Units in FHA-approved Condominium Projects or for seeking project approval.

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**Background**

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.

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**Summary  
of  
Changes**

The Mortgagee will be required to complete the Case Number Assignment screen in FHAC and submit the required information separately via email to the FHA Resource Center in order to process a case number request using the Single Unit Approval Process. The information collection that HUD is proposing for comment can be found at:  
[https://www.reginfo.gov/public/do/PRAICList?ref\\_nbr=201908-2502-001](https://www.reginfo.gov/public/do/PRAICList?ref_nbr=201908-2502-001)

If the Unit is in a Condominium Project that is not currently approved but has an FHA Condo ID, the Mortgagee will have to enter the FHA Condo ID when the FHA case number is requested.

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**FHA Case  
Number  
Assignment  
for Single-  
Unit  
Approvals  
Interim  
Protocols**

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The following Interim Protocols will be in place from the effective date of the final rule until further notice.

**FHA Connection: Case Number Assignment Request**

To process a Case Number Assignment for a Single-Unit Approval, the Mortgagee will follow the standard process for requesting a case number for a condominium loan and complete the following fields in the Case Number Assignment screen:

- Select the associated Condo ID, if one exists (FHA's identifier for the condominium project) in the “PUD/Condo ID” field; and
- Select “Single-Unit Approval” from the drop-down menu within the “Site Condo” field.

The Single-Unit Approval Case Number Assignment request will default into Holds Tracking and the user will be prompted to send the required information to the FHA Resource Center.

**FHA Resource Center: Condominium Information**

The Mortgagee will be required to email the required information from the collection form (HUD-9991) that HUD is proposing at: [https://www.reginfo.gov/public/do/PRAICList?ref\\_nbr=201908-2502-001](https://www.reginfo.gov/public/do/PRAICList?ref_nbr=201908-2502-001), when approved, to the FHA Resource Center at answers@hud.gov. Once approved, the Mortgagee must submit, at a minimum, the information requested under Sections 1.a., 2.a.,2.b. and 3.1.a, Total Number of Units in the Condominium Project (only), of the form. The email subject line must read “**SUA Holds Tracking**”. The Mortgagee will have to submit a separate email for each Single-Unit request. If there are any changes to the form, HUD will provide further instructions.

The Homeownership Center will process the information to determine if a case number can be issued. Once the appropriate verifications have been completed, the Homeownership Center will provide a response when the Holds Tracking is removed. The case binder must contain all documentation relied upon by the Mortgagee to justify its decision to approve the Mortgage.

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**Paperwork  
Reduction  
Act**

The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0059 and 2502-0610. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB control number.

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**Questions**

For additional information on this ML, please visit [www.hud.gov/answers](http://www.hud.gov/answers) or call FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at 1-800-877-8339.

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**Signature**

Brian D. Montgomery  
Assistant Secretary for Housing  
-Federal Housing Commissioner