



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

January 22, 2003

MORTGAGEE LETTER 2003-02

TO: ALL APPROVED MORTGAGEES

SUBJECT: Elimination of Planned Unit Development (PUD) Approval Requirements

This Mortgagee Letter eliminates the Federal Housing Administration's (FHA) policies and procedures for approving Planned Unit Development (PUD) projects. Effective immediately, FHA will no longer require approval of a PUD as a precondition for placing FHA mortgage insurance on a dwelling located in the development. Further, FHA will no longer maintain a list of approved PUDs.

This Mortgagee Letter expands upon actions taken in 1993, when FHA published Mortgagee Letter 93-27, abolishing a variety of PUD approval requirements described in Handbook 4135.1. While portions of FHA's guidelines were lifted, ML 93-27 did not remove all PUD approval requirements. Rather, ML 93-27 stated that PUDs would still be approved "in accordance with outstanding instructions relating to legal documentation and homeowner association budgets."

Based on FHA's extensive experience with PUDs since 1993, the Department has determined that a detailed examination of the legal and budget documents associated with PUDs is no longer necessary. Although the PUD approval requirements will be eliminated, FHA will continue to require the attachment of the PUD Rider (see Attachment XI of Handbook 4165.1) to all mortgages on properties located in PUDs.

If you have any questions about this Mortgagee Letter, please contact your local Homeownership Centers in Atlanta (888-696-4687), Philadelphia (800-440-8647), Denver (800-543-9378), or Santa Ana (888-827-5605).

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Weicher".

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner