



Last Reviewed: 01/16/2025

## Site Condos and Detached Condos

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### What is a Site Condo?

Site Condominiums are defined as single-family, totally detached dwellings (no shared garages or any other attached buildings) encumbered by a declaration of condominium covenants or condominium form of ownership. These are common in Michigan because it is easier for builders to get plat approval due to the Land Division Act, but they can be in other jurisdictions as well. Site Condos will sit on their own lot and look like single-family residences. You can verify it is a condo by reviewing the legal descriptions and looking for the word "Condominium."



The following described premises situated in the Township of Oceola, County of Livingston, State of Michigan and particularly described as follows:

Unit 10, Lakeview Village Condominium according to the Master Deed recorded in Liber 2633, Page 899 through 969, as amended, and designated as Livingston County Subdivision Plan No. 174, together with rights in the general common elements and the limited common elements as shown on the Master Deed and as described in Act 59 of the Public Acts of 1978, as amended.

### Why is a Site Condo different from other condos?

The borrower actually owns the exterior of a Site Condo and the land immediately around the unit. In typical condominium ownership, a borrower only owns the interior of a unit.

A Site Condo resembles a single-family or PUD home more than it does a condo. In many cases, there are only green belts to maintain, and the association does not have a clubhouse or other amenities.

Because of this difference, many borrowers may not recognize the home is subject to similar deed restrictions as a condo just by looking at the house.

### What is a Detached Condo?

A Detached Condo is any condo unit that is completely detached from any other condo unit in the project. It may share no adjoining walls, ceilings, floors, or other attached elements, such as garages or breezeways, with any neighboring unit. A detached condo may be in a project consisting solely of detached units, or in a development containing a mixture of attached and detached units.

### What is the main difference between a Site Condo and a Detached Condo?

The main difference between a Site Condo and a Detached Condo is the common elements. A Site Condo does not have a swimming pool or clubhouse and only common grounds where a standard Detached Condo does include those types of amenities.



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## A Site Condo is a Detached Condo unit that meets all the following:

- Project consists of all single-family, detached units where the unit owners own the land and the improvements on the land.
- Project has minimal common elements, which may include project signage and limited underdeveloped green space.
- Project does not own any common elements including, but not limited to, swimming pool, fitness or recreational facility, playground, laundry facility, or clubhouse.
- Project does not own or have responsibility for maintaining its own infrastructure such as roads, street signage, electricity, water and sewage, snow removal, or garbage disposal.
- Project has minimal or no involvement with a homeowner's association, including no or little dues; no special assessments and no road, amenity, or common element maintenance.
- Unit owners are required, per the condo legal documents, to carry their own individual hazard and other applicable insurance coverage, which may include flood and liability insurance.

## How do I know the difference between a PUD and a Site Condo?

The easiest and most accurate way to know the difference between a PUD and a Site Condo is to review the legal description in the title commitment. It is important that you use the title work or auditor's website for the full legal. The appraisal has a shortened version and may not be all inclusive. See example above.

## Can a two-unit be a Site Condo?

No. A Site Condo is always a one-unit, which is detached from any other unit.

## I am originating an FHA Loan, does the condo need to be approved by FHA?

No! If the property meets the definition of a site condo you do not need FHA Condo approval.

## I am originating a VA Loan, does the condo need to be approved by VA?

Yes, however, there is an exception in the state of Michigan. In Michigan, VA treats Site Condos like an SFR, so they would not need approval.

## I am originating a USDA Loan, does the condo need to be approved by USDA?

Project approval may not be required for site condominiums, if they meet all of the following criteria:

- Single Family totally detached dwelling encumbered by a declaration of condominium covenant or condominium form of ownership; AND
- The unit has no shared garage or any other attached buildings (I.e. archways, breezeways); AND
- The condominium unit consists of the entire structure, site, and air space and is not considered to be common areas or limited common areas.

USDA loan site condominiums that do not meet the all of the criteria above must follow Section 12.11.A of the HB-1-3555 for condominium approval.



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## Is a Condo Certification required?

A full Condo Certification is not required; however, if a Property Inspection Waiver (PIW) is being exercised, a form named “UHM Detached Condo Certification” is required. This form can be completed by a Processor as a phone cert, confirming there are no manufactured homes in the project. If there is no Homeowner’s Association (HOA), the verification in the form can be confirmed by the Processor with a disinterested 3rd party, such as a neighbor or another homeowner in the community.

## Will this file pass through the Condo Department?

No. The Collateral Underwriter will review the appraisal. If the property has a Property Inspection Waiver (PIW), the Processor must complete the UHM Detached Condo Certification; verifying that there are no manufactured homes in the project.

## What appraisal form is used?

Agency	Form Required	Notes
Fannie/Freddie/USDA	<b>FNMA 1004 - Uniform Residential Appraisal Report OR FNMA 1073 Individual Condominium Unit Appraisal Report are accepted</b>	If using an FNMA 1004, the appraiser must address if the property contains any manufactured homes. An adequate description of the project and information regarding the homeowner’s association fees and the quality of the project maintenance is required.
FHA	<b>Must be FNMA 1073 Individual Condominium Unit Appraisal Report</b>	Project approval is not required.
VA	<b>Must be FNMA 1073 Individual Condominium Unit Appraisal Report</b>	Project approval is not required to condition NOV item #4 Condominium Requirements when the property is a site condominium; however, they will need to clearly identify the case as a “Site Condominium” project on item #20 Other Conditions/Requirements on the NOV.

## What type of comparables are needed?

The appraiser must use similar Detached Condominium comparable sales from the same project or similar Detached Condominium projects in the same market area.

The appraiser may use detached comparable sales that are not located in a Condominium Project, only if the appraiser supports the use of such sales in the appraisal report and reflects any effect that the condominium form of ownership has on the market value and marketability of the subject property.



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## What type of hazard insurance is required?

Since the exterior of the subject property is owned by the borrower, standard homeowner's insurance is always required.

Agency	Hazard Insurance (HOI) Required	HOA Master Policy Required
Fannie Mae & Freddie Mac	Yes	Yes
Gov't: FHA & VA	Yes	No*

\* MASTER POLICY IS REQUIRED IF THERE ARE COMMON AREAS

## Does the mortgage need a Condo Rider?

YES! The mortgage for all property types with condominium deed restrictions will need the Condominium Rider to the mortgage.