



PUD Approval

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Effective immediately, VA is no longer reviewing and approving Planned Unit Developments (PUD's). The guidelines below are to assist you in determining acceptability for VA loan purposes for PUD's that **HAVE NOT ALREADY BEEN APPROVED BY VA**. For a more detailed discussion of this subject, please refer to [The Lenders Handbook](#) Chapter 16.

Basic VA Policy

VA's goal is to help protect the interests of veterans and the Government by ensuring that all properties located in a common interest community meet VA regulatory requirements. Meeting this goal as efficiently and cost effectively as possible serves the best interests of all program participants involved.

Acceptable Title

The title requirements for every VA loan, whether or not the property is located in a common interest community, are stated in VA regulations [38 CFR 36.4350](#). According to these requirements

- the estate must not be less than fee simple, except under certain circumstances;
- title must not to be subject to unreasonable restrictions on use and occupancy, except under certain circumstances, and;
- certain minor title limitations will not be considered by VA, to the extent described, as materially affecting the value of the property.

Superior VA Lien

VA regulations require that every VA loan be secured by a first lien on the property, except under certain circumstances.

When a property is located in a condominium or planned unit development, the lender must ensure that any mandatory homeowner association assessment is subordinate to the VA-guaranteed mortgage.

**Notice of
Value-Related**

The notice of value for **all** properties in a PUD or condominium will be conditioned: "This property is located in a development with mandatory membership in a homeowners' association. The lender is responsible for ensuring that title qualifies under title [38 CFR 36.4350](#), and that homeowner association assessments are subordinate to the VA-guaranteed mortgage, except as provided in title [38 CFR 36.4352](#)."