

Bank of America Home Loans

Direct Endorsement Lender Review &
Approval Process

D.E.L.R.A.P.

HUD Mortgagee Letter 46a & 46b

- Set new condo eligibility standards
- Effective Dec. 7, 2009
- Defined:
 - Eligible/Ineligible projects
 - Presale Requirements
 - Max Commercial Space
 - Budget Requirements
 - Insurance Requirements
 - Documentation
 - Lender Authority

Providing DELRAP Service

- Subject Matter Expert
 - Consult regarding project eligibility
 - Make recommendations
- Analyze
 - Review the documentation
 - Confirm compliance
- Decision & Warranty
 - Issue final Approved/Declined decisions
 - Represent & Warranty HUD Eligibility
- Facilitator
 - Verify & upload eligibility decisions to FHA Connection



HRAP-DELRAP COMPARISON

HRAP

- Lenders not participating in DELRAP
- Projects that meet ML 46b
 - HRAP is not an exception process
- HUD Withdrawn or rejected projects
- Deed Restrictions
- Ground Lease
- Recertification for HRAP or DELRAP expired projects →

DELRAP

- Projects that meet ML 46b
 - Projects that meet HUD requirements can be processed using DELRAP
- Projects not previously approved by HUD
- Recertification's
 - New HUD guidance anticipated to improve DELRAP participation for previously approved DELRAP/HRAP projects

Benefits

- Lender controls turn time
- Opportunity to build and leverage condominium expertise
- Consult with Developer/Sponsors & HOA's to resolve eligibility problems (insurance, budget, presale etc.)

Drawbacks

- Lender liability for accuracy and compliance requires focused effort and expertise to perform DELRAP
- Limitation on eligible condo types such as Deed Restrictions
- FHA Connection glitch – temporary issue for subsequent phases and recertification's



Best Practices for DELRAP LENDER

DELRAP Lender should:

- Have a centralized condominium group to review and oversee the DELRAP program
- Have clear policies that define the responsibilities of the centralized Condo group and the Direct Endorsement (DE) loan underwriter
- Develop policies about how and who should contact HUD
- Develop training to ensure consistent DELRAP practices
- Reach out to HUD for feedback to stay in sync with HUD policies and interpretations
- Ensure documentation and analysis is complete prior to FHA Connection uploading to avoid DELRAP rejections
- Frequently review the FAQs and Help links on FHA Connection for changes and updates to FHA Connection