



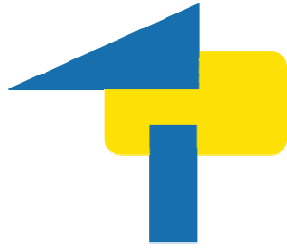
BULLETIN # 09-1207-WC

December 7, 2009

BULLETIN HIGHLIGHTS:

- **ALL FHA LOANS:**

- Effective with case numbers assigned on or after Monday, December 7, 2009, we will implement the new FHA condominium project approval processes for attached condominium projects, further defined below as the Direct Endorsement Lender Review and Approval Process (DELRAP) and HUD Review and Approval Process (HRAP). These new processes provide project approval on individual units under Section 203(b) of the National Housing Act and replace the existing FHA "Spot Loan" approval process for condominiums. Additional details and full requirements can be found in Mortgagee Letter 2009-46A and Mortgagee Letter 2009-46B located at <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee>.
 - Eligible property types for this new process are:
 - Condominiums in projects with two (2) or more units, and
 - Site (detached) condominiums
 - **Approval Processing Options:**
 - The two (2) condominium project approval processing options available for Lenders, DELRAP and HRAP, are only available for condominium developments that are: Proposed or Under Construction; Existing Construction; or Conversions.
- 1. Direct Endorsement Lender Review and Approval Process (DELRAP)** - This option, outlined in Mortgagee Letter 2009-46B, is only available to lenders who have unconditional Direct Endorsement (DE) authority and staff with knowledge and expertise in reviewing and approving condominium projects. Under DELRAP, lenders must provide their condominium approval or denial documents to FHA within five (5) business days of final disposition. These documents must be uploaded using .PDF format through FHA Connection.
- 2. HUD Review and Approval Process (HRAP)** - With the HRAP process, lenders have the option to submit condominium projects with relevant documentation directly to HUD for review and approval at their discretion, in lieu of using the DELRAP process. This enables HUD to make the determination as to the eligibility of a specific project rather than the DE.
- Florida Condominiums: As defined in ML 2009-46B, all requests for approval of condominium projects located in Florida will require submission to the Atlanta Homeownership Center for review, under the HUD Review and Approval Process (HRAP).



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BULLETIN # 09-1207-R (Cont'd)

- **Site Condominiums:**
 - Condominium project approval is not required for Site Condominiums. 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. Site Condominiums that do not meet this definition will require project approval. In addition, the previous guidance requiring the use of appraisal form 1073 is no longer required and form 1004 can also be used as an alternative.
- **"Spot Loan" Approval Extension:**
 - Mortgagee Letter 2009-19 eliminated the Spot Loan Approval Process as defined in Mortgagee Letter 1996-41 for all FHA case number assignments effective on or after Monday, December 7, 2009. Subsequently, HUD released Mortgagee Letter 2009-46A which extended the acceptability of the Spot Loan Approval Process for case number assignment prior to February 1, 2010.
- **HO-6 Coverage:**
 - In cases where the master policy does not include interior unit coverage, including replacement of interior improvements and betterment coverage to insure improvements that the borrower may have made to the unit, the borrower must obtain a "walls-in" coverage policy (HO-6).