

FOREWORD

This Handbook describes the general policies and procedures to be used by lenders to prepare and submit home mortgage insurance applications to the Federal Housing Administration (FHA) and provides a general description of all of FHA's active single-family home mortgage insurance programs. When applicable, references are made to US Department of Housing and Urban Development (HUD) Handbooks where specific policy and procedural information may be obtained about the subject.

Questions not addressed in the text should be directed to the appropriate Home Ownership Center (HOC) or the Director, Office of Single-Family Program Development, HUD Headquarters, 451 Seventh St., SW, Washington, DC 20410-8000.

The following are highlights and major changes to the previous edition of this handbook.

Chapter 1: Paragraph 1-5 explains that FHA may reject a mortgage for insurance if FHA determines that any certification or required document is false, misleading or constitutes fraud or misrepresentation on the part of any party. Paragraph 1-7 updates information about FHA maximum loan limits. Paragraph 1-11 updates information about mortgage insurance premiums (MIP) and includes the new upfront MIP (UFMIP) refund schedules. Paragraph 1-17 describes HUD's new organizational structure and Home Ownership Centers (HOCs).

Chapter 2: Outdated information about FHA Subdivision Approval Processing and FHA Conditional and Firm Commitment processing have been removed. Also, detailed information about appraisal processing has been removed because it duplicates information found in other HUD Handbooks.

Chapter 3: Detailed information about mortgage credit processing has been removed because it duplicates information in other HUD Handbooks.

Chapter 4: Outdated information related to FHA Conditional and Firm Commitment processing has been removed.

Chapter 5: Paragraph 5-3 has been expanded to allow lenders to collect any Automated Underwriting System (AUS) fee, notary fee and to clarify the buyer broker fee (when the buyer independently engages a real estate broker). Paragraph 5-9 clarifies that loan origination documents may be stored in electronic form.

Chapter 6: The information for each active single-family mortgage insurance program has been updated entirely. Terminated or inactive programs have been deleted.

Appendix I: Single-Family HOC Jurisdictions

Appendix II: Case Number Prefixes

Appendix III: Home Mortgage Automated Data Processing (ADP) Codes

Appendix IV: States with Low and High Average Closing Costs

Appendix V: Program Identification Codes

Appendix VI: Extended Lending Areas for Loan Origination

Appendix VII: Suggested Format for Request for Mortgage Insurance Certificate (MIC) Correction

References:

1. 4000.4 Single-Family Direct Endorsement Program
2. 4060.1 Mortgagee Approval Handbook
3. 4135.1 Procedures for Approval of Single-Family Proposed Construction Applications in New Subdivisions
4. 4140.1 Land Planning Principles for Home Mortgage Insurance
5. 4145.1 Architectural Processing and Inspections for Home Mortgage Insurance
6. 4150.1 Valuation Analysis for Home Mortgage Insurance
7. 4150.2 Valuation Analysis for Single-Family One- to Four- Unit Dwellings
8. 4155.1 Mortgage Credit Analysis for Mortgage Insurance, One- to Four-Family Properties
9. 4165.1 Endorsement for Insurance for Home Mortgage Programs (Single-Family)
10. 4235.1 Home Equity Conversion Mortgages
11. 4240.1 Section 203(h), Home Mortgage Insurance for Disaster Victims
12. 4240.2 The Graduated Payment Mortgage Program
13. 4240.3 Application Through Insurance (Single-Family) Section 203(n)
14. 4240.4 203(k), Rehabilitation Home Mortgage Insurance
15. 4245.1 Section 220(d)(3)(A) and Section 220(h) Rehabilitation and Neighborhood Conservation Housing Insurance Program
16. 4260.1 Section 223(a), (e), and (d), Miscellaneous Type Home Mortgage Insurance
17. 4265.1 Section 234(c), Home Mortgage Insurance Condominium Units
18. 4290.1 Section 233, Mortgages Involving Experimental Housing for Home Mortgage Insurance
19. 4905.1 Requirements for Existing Housing One- to Four-Family Living Units
20. 4910.1 Minimum Property Standards for Housing, 1994 Edition
21. CFR Code of Federal Regulations, Title 24 (24 CFR). Codifies the general and permanent rules of the Department.