

## TABLE OF CONTENTS

Paragraph .....

### **CHAPTER 1.....INTRODUCTION**

1-1	PURPOSE .....	1-1
1-2	MORTGAGE INSURANCE PROGRAMS.....	1-1
1-3	GENERAL PROCESSING STEPS .....	1-2
1-4	LENDER APPROVAL .....	1-2
1-5	THE CONTRACT OF MORTGAGE INSURANCE .....	1-2
1-6	INELIGIBLE PARTICIPANTS.....	1-3
1-7	PROHIBITION ON PROPERTY FLIPPING.....	1-4
1-8	MAXIMUM LOAN LIMITS AND MORTGAGE AMOUNTS .....	1-6
1-9	INTEREST RATE.....	1-7
1-10	MORTGAGE TERM .....	1-8
1-11	MORTGAGE INSURANCE PREMIUM (MIP) .....	1-8
1-12	MORTGAGE NOTE AND SECURITY INSTRUMENT .....	1-11
1-13	PREPAYMENT PRIVILEGE.....	1-11
1-14	SECONDARY FINANCING.....	1-12
1-15	ASSUMPTIONS .....	1-12
1-16	HUD HANDBOOKS, MORTGAGEE LETTERS, AND OTHER FORMS .....	1-13
1-17	ORGANIZATION OF HUD.....	1-13
1-18	CIVIL RIGHTS AND FAIR HOUSING .....	1-14
1-19	FAIR HOUSING MARKETING.....	1-15
1-20	REPORTING FRAUD AND ABUSE .....	1-16

### **CHAPTER 2 PROPERTY APPRAISAL AND VALUATION**

2-1	PURPOSE OF THE APPRAISAL.....	2-1
2-2	PROPERTY APPRAISAL AND UNDERWRITING PROCESS .....	2-1
2-3	APPRAISAL REQUIREMENTS .....	2-1
2-4	APPRAISAL REPORTING REQUIREMENTS .....	2-1
2-5	CONDOMINIUMS .....	2-2
2-6	GENERAL ACCEPTABILITY STANDARDS FOR PROPERTY .....	2-2
2-7	USE OF VA CERTIFICATE OF REASONABLE VALUE (VA-CRV) .....	2-6
2-8	REQUESTING AN FHA CASE NUMBER.....	2-6
2-9	TERM OF APPRAISAL .....	2-7
2-10	COMPLIANCE INSPECTIONS.....	2-7
2-11	SATISFYING REPAIR REQUIREMENTS.....	2-7
2-12	SECTION 223 (e).....	2-9
2-13	APPRAISAL AND INSPECTION FEES .....	2-9
2-14	DOCUMENTATION OF APPRAISED VALUE.....	2-9

### **CHAPTER 3 MORTGAGE CREDIT ANALYSIS AND BORROWER APPROVAL**

3-1	PURPOSE OF MORTGAGE CREDIT ANALYSIS.....	3-1
3-2	EQUAL CREDIT OPPORTUNITY .....	3-1
3-3	CONFIDENTIAL NATURE OF CREDIT INFORMATION .....	3-1

3-4	APPLICATION.....	3-1
3-5	CREDIT REPORT AND VERIFICATIONS.....	3-2
3-6	BORROWER APPROVAL OR REJECTION.....	3-2
3-7	INVESTMENT PROPERTIES AND DWELLINGS FOR TWO OR MORE FAMILIES .....	3-3

**CHAPTER 4.....CANCELLING CASES AND TRANSFERRING APPLICATIONS**

4-1	CANCELLING CASES .....	4-1
4-2	TRANSFERS OF CASE NUMBERS BETWEEN LENDERS .....	4-1

**CHAPTER 5..... LOAN CLOSING AND INSURANCE**

5-1	LOAN CLOSING .....	5-1
5-2	CLOSING COSTS AND OTHER FEES .....	5-1
5-3	PROHIBITED PAYMENTS.....	5-3
5-4	UNIFORM CASE BINDER .....	5-4
5-5	SUBMISSION OF CLOSING PACKAGE FOR ENDORSEMENT .....	5-4
5-6	INSURANCE ENDORSEMENT .....	5-4
5-7	DEFICIENT SUBMISSIONS.....	5-4
5-8	RETENTION OF LENDER’S ORIGINATION FEE.....	5-5
5-9	POST-ENDORSEMENT REVIEWS .....	5-5

**CHAPTER 6.....HOME MORTGAGE INSURANCE PROGRAMS**

6-1	GENERAL .....	6-1
6-2	SECTION 203(b) HOME MORTGAGE INSURANCE .....	6-1
6-3	SECTION 203(h) HOME MORTGAGE INSURANCE FOR DISASTER VICTIMS .....	6-2
6-4	SECTION 203(i) HOME MORTGAGE INSURANCE FOR OUTLYING AREAS.....	6-3
6-5	SECTION 203(k) REHABILITATION HOME MORTGAGE INSURANCE .....	6-4
6-6	SECTION 203(n) SINGLE-FAMILY COOPERATIVE PROGRAM.....	6-5
6-7	SECTION 220 (d)(3)(A) URBAN RENEWAL MORTGAGE INSURANCE.....	6-5
6-8	SECTION 220(h) INSURED IMPROVEMENT LOANS-URBAN RENEWAL AREAS.....	6-6
6-9	SECTION 223(e) MISCELLANEOUS HOUSING INSURANCE.....	6-7
6-10	SECTION 233 MORTGAGE INSURANCE FOR EXPERIMENTAL HOUSING.....	6-8
6-11	SECTION 234(c) MORTGAGE INSURANCE FOR CONDOMINIUM UNITS ..	6-8
6-12	SECTION 238 (c) MORTGAGE INSURANCE IN MILITARY IMPACTED AREAS (MIAs).....	6-9
6-13	SECTION 245 (a) GPMs AND GEMs .....	6-9
6-14	SECTION 247 SINGLE-FAMILY MORTGAGE INSURANCE ON HAWAIIAN HOMELANDS (HHL) .....	6-11
6-15	SECTION 248 SINGLE-FAMILY MORTGAGE INSURANCE ON INDIAN HOMELANDS (IL) .....	6-11
6-16	SECTION 251 ARMs .....	6-12
6-17	SECTION 255 HECM.....	6-13

## **APPENDICES**

I.	SINGLE FAMILY HOMEOWNERSHIP CENTER JURISDICTIONS .....	I-1
II.	CASE NUMBER PREFIXES .....	II-1
III.	HOME MORTGAGE AUTOMATED DATA PROCESSING (ADP) CODES....	III-1
IV.	STATES WITH LOW AND HIGH AVERAGE CLOSING COSTS.....	IV-1
V.	PROGRAM IDENTIFICATION CODES .....	V-1
VI.	EXTENDED LENDING AREAS FOR LOAN ORIGINATION .....	VI-1
VII.	SUGGESTED FORMAT FOR CORRECTION OF MIC.....	VII-1

**FORMS RELEVANT TO HANDBOOK 4000.2**

<b>Form #</b>	<b>Form Name</b>	<b>OMB Approval Number</b>
FEMA Form 81-31	Elevation Certificate	3067-0077
HUD 1	Settlement Statement	2502-0265
HUD 59100	Mortgage Insurance Certificate/Non-Endorsement Notice	N/A
HUD 91322.1	Master Appraisal Report	2502-0111
HUD 92051	Compliance Inspection Report	2502-0189
HUD 92300	Mortgagee Assurance of Completion	2502-0189
HUD 92561	Borrower's Contract with Respect to Hotel and Transient Use of Property	2502-0059
HUD 92577	Request for Acceptance of Changes in Approved Drawings and Specifications	2502-0117
HUD 92800.5B	Conditional Commitment-DE Statement of Appraised Value	2502-0494
HUD 92900-B	Interest Rate Disclosure Statement	N/A
HUD 92900-PUR	Mortgage Credit Analysis Worksheet Purchase Money Mortgage	2502-0059
HUD 92900-WS	Mortgage Credit Analysis Worksheet	2502-0059
URAR (FNMA 1004/FHLMC 70)	Uniform Residential Appraisal Report	N/A
HUD 92564-VC	Notice to the Lender	2502-0538
HUD 92564-HS	Notice to Homebuyer	2502-0538
VA 26-1843a	Master Certificate of Reasonable Value	
VA-NOV	Veterans Affairs- Notice of Value	2900-0045