

U.S. Department of Housing and Urban Development
H O U S I N G

Special Attention of: Transmittal Handbook No.: 4000.4
Directors of Housing REV-1
Directors, Housing Development Issued: 9/2/88
Divisions
Field Office Managers
Field Office Chiefs
Direct Endorsement Underwriters

1. This Transmits

Handbook 4000.4 REV-1, Single Family Direct Endorsement Program,
dated 9/88

2. Explanation of Changes:

Previously, separate handbooks were issued to mortgagees and HUD
staff. This handbook combines those separate instructions and
includes changes that have occurred since May 1983.

3. Cancellations:

- A. 4000.4 - Mortgagees' Guide to the Direct Endorsement
Program, dated May 1983.
- B. 4000.5 - Single Family Direct Endorsement Program, dated
May 1983.
- C. Mortgagee Direct Endorsement Program Updates 87-1 and 88-1.
Field Office D.E. Update memoranda 1 through 15.

4. Filing Instructions:

Remove	Insert
Handbook 4000.4 dated May 1983	Handbook 4000.4 REV-1 dated September 1988
Handbook 4000.5 dated May 1983	

Assistant Secretary for
Housing - Federal Housing Commissioner

W-3-1, W-2(H)(P)(OGC)(Z), W-3(A)(H)(ZAS)
(ZAOO), W-4 (H), R-1, R-2, R-3, R-3-1(H),

R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-8, R-8-1

R-7-2, R-8, R-8-1

HUD-23 (9-81)

W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)
W-4 Branch Chiefs, multiple copies for staff
R-1 Regional Administrators, Deputy Regional Administrators
R-2 Office Directors, Principal Assistants in Regional
Administrators' offices
R-3 Bulk shipment to Regional Offices
R-3-1 Bulk shipment to Regional Offices for selective
distribution by program area
R-3-2 Directors, Administrative Services Divisions and
Administrative and Management Services Divisions, and
Administrative staffs
R-3-3 Category D offices - bulk
R-6 Category A offices - Office Managers and Deputy Office
Managers
R-6-1 Category A offices - bulk
R-6-2 Category A offices - Division Directors
R-7 Category B offices - Office Managers and Deputy Office
Managers
R-7-1 Category B offices - bulk
R-7-2 Category B offices - Division Directors
R-8 Category C offices - Office Managers and Deputy Office
Managers
R-8-1 Category C offices - bulk
R-7-2 Category B offices - Division Directors
R-8 Category C offices - Office Managers and Deputy Office
Managers
R-8-1 Category C offices - bulk

U.S. Department of Housing and Urban Development

Special Attention of:

Directors of Housing
Directors, Housing
Development Division
Field Office Managers
Field Office Chiefs
All Approved Mortgagees

Transmittal for Handbook No.: 4000.4 REV-1
CHG-2
Issued: July 13, 1994

1. This Transmits:

Page changes to Handbook 4000.4 REV-1, Single Family Direct
Endorsement Program, dated September 1988. This handbook change is
CHANGE-2.
CHANGE-1 was issued on December 11, 1992.

2. Explanation of Material Transmitted:

These handbook changes incorporate policy and procedure changes adopted since December 1, 1992.

Highlights:

- o Removes references in Chapter 1 to subdivision approval.
- o Revises guidelines in Chapter 2 for underwriter approval.
- o Implements use of Direct Endorsement Post-Endorsement Technical Review Checklist in Chapter 4 and in Appendix 16 designed to assist technical reviewers in evaluating and assigning ratings of underwriters.
- o Implements an improved supervisory review process in Chapter 4 which requires review of a sample from each post-endorsement review rating category.
- o Strengthens program management by revising guidelines in Chapter 5 concerning available sanctions and the manner in which they are to be applied.
- o Incorporates a new mortgagee certification in Appendix 4 regarding legal restrictions on conveyance.
- o Implements use of Pre-Endorsement Review Checklist by HUD staff in Chapter 1 and Appendix 17.

3. File Instructions:

Remove:

Pages i to iv
Pages 1-1 to 1-4
Page 1-6a (CHG-1)
Pages 2-3 to 2-4 (CHG-1), 2-5 to 2-6
Pages 4-5 to 4-8
Pages 5-1 to 5-10
Appendix 4 (CHG-1)

Insert:

i to iv
1-1 to 1-4
Page 1-6a
Pages 2-3 to 2-6a
Pages 4-5 to 4-8b
Pages 5-1 to 5-14
Appendix 4
Appendix 16
Appendix 17

Nicolas P. Retsinas
Assistant Secretary for Housing
- Federal Housing Commissioner

W-3-1

W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)

U.S. Department of Housing and Urban Development

Special Attention of: Transmittal for Handbook No.: 4000.4 REV-1
Directors of Housing CHG-1
Directors, Housing Issued: December 11, 1992
Development Division
Field Office Managers
Field Office Chiefs
All Approved Mortgagees

1. This Transmits:

Page changes to Handbook 4000.4 REV-1, Single Family Direct Endorsement Program, dated 9/88.

2. Explanation of Material Transmitted:

These handbook changes incorporate policy and procedure changes adopted since September 1988. Further changes will be made in the near future.

Highlights:

- o Includes an updated list of FHA mortgage insurance programs which are eligible for Direct Endorsement processing based on additions under the mortgagee Approval and Direct Endorsement Expansion Rule.
 - o Clarifies HUD policy on review and approval of subdivisions, condominiums, or PUDs when the community has received approval from the Veteran's Administration (now Department of Veteran's Affairs).
 - o Provides new instructions to mortgagees concerning applicants who are HUD employees or members of an employee's household. As a result of a recent investigation, the IG recommended that HUD instruct Direct Endorsement lenders that these applications must be referred to HUD for processing. Similar instructions were provided to HUD employees on June 26, 1990.
 - o Clarifies HUD policy on lender approval in additional Field office jurisdictions as outlined in Mortgagee Letter 92-15.
 - o In accordance with Mortgagee Letter 92-24, incorporates requirements concerning notice to the buyer on Lead-Based Paint hazards.
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- o Clarifies the resources to be used by HUD personnel when reviewing the eligibility of mortgagee staff

personnel to participate in the Direct Endorsement program.

- o Clarifies for HUD personnel how to treat nominations for mortgagee staff personnel to provide for nationwide consistency in accordance with Mortgagee Letter 92-15, dated May 12, 1992.
- o Modifies handbook instructions concerning comments or corrections to appraisal reports by Direct Endorsement underwriters. These changes are based on the new instructions contained in Mortgagee Letter 91-43, dated September 16, 1991.
- o Corrects references to the application forms required for FHA insured loans to reflect new instructions provided in Mortgagee Letters 91-24 and 92-7.
- o Incorporates changes in certifications required by the mortgagee and underwriter under the Mortgagee Approval and Direct Endorsement Expansion Rule.
- o Incorporates a reference to simultaneous appraisal and mortgage credit review by the underwriter as provided in Handbook 4155.1, Rev. 4.
- o Incorporates changes in HUD policy regarding investor applications as a result of the HUD Reform Act of 1989.

3. File Instructions:

Remove:

Pages iii to vi
Pages 1-5 to 1-6
Pages 1-9 to 1-10
Pages 2-3 to 2-4
Pages 2-11 to 2-12
Pages 2-15 to 2-16
Pages 3-3 to 3-4
Pages 3-7 to 3-12
Appendices 2 to 4

Insert:

Pages iii to vi
Pages 1-5 to 1-6a
Pages 1-9 to 1-10a
Pages 2-3 to 2-4
Pages 2-11 to 2-12a
Pages 2-15 to 2-16a
Pages 3-3 to 3-4a
Pages 3-7 to 3-12b
Appendices 2 to 4
Appendix 15

Assistant Secretary for Housing
-Federal Housing Commissioner

Handbook

4000.4 REV-1 CHG-1

U.S. Department of Housing and Urban Development
Washington, D.C. 20410

- 1) 4000.2 Mortgagees Handbook - Application Through Insurance (Single Family)
- 2) 4020.1 HUD-FHA Underwriting Analysis
- 3) 4060.1 Mortgagee Approval Handbook
- 4) 4060.2 Mortgagee Review Board Handbook
- 5) 4070.1 Construction Complaints and Section 518(a) and (b)
- 6) 4080.1 Compliance Handbook
- 7) 4115.1 Administrative Instructions and Procedures for Home Mortgage Insurance
- 8) 4115.3 Master Conditional Commitment Procedure
- 9) 4125.1 Underwriting-Technical Directions for Home Mortgage Insurance
- 10) 4135.1 Procedures for Approval of Single Family Proposed Construction Applications in New Subdivisions
- 11) 4145.1 Architectural Processing and Inspections for Home Mortgage Insurance
- 12) 4150.1 Valuation Analysis for Home Mortgage Insurance
- 13) 4155.1 Mortgage Credit Analysis for Mortgage Insurance on One- to Four-Family Properties
- 14) 4190.1 Single Family Underwriting Reports and Forms Catalog
- 15) 4240.1 Home Mortgage Insurance--203(h) Disaster Victims; 203(i) Outlying Area Properties

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i

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- 16) 4240.2 Graduated Payment Mortgage Program, Section 245
 - 17) 4240.4 Rehabilitation Home Mortgage Insurance, Section 203(k)
 - 18) 4245.1 Section 220(d)(3)(A) and Section 220(h) -- Rehabilitation and Neighborhood Conservation and Housing Insurance Program
 - 19) 4255.1 Home Mortgage Insurance for Servicemen, Section 222
 - 20) 4265.1 Home Mortgage Insurance - Condominium Units

Section 234(c)

- 21) 4270.1 Processing Instructions for Home Mortgage Insurance Under Section 240, Purchase of Fee Simple Title for Lessors
- 22) 4905.1 Requirements for Existing Housing, One- to Four-Family Living Units
- 23) 4910.1 Minimum Property Standards for Housing
- 24) 24 CFR Part 24 - Debarment, Suspension and Ineligibility of Contractors and Grantees; Administrative Sanctions
- 25) 24 CFR 200.926 - Minimum Property Standard for One- and Two-Family Dwellings
- 26) 24 CFR 3280.8 - Federal Manufactured Home Construction and Safety Standards

9/88