

U.S. Department of Housing and Urban Development

Special Attention of: Transmittal for Handbook No.: 4150.2, CHG-1
Directors, Home Ownership Centers
Directors, Processing and Underwriting Issued: July 1, 1999
Division, Home Ownership Centers
Direct Endorsement Lenders

1. This Transmits

Changes to Handbook 4150.2, Valuation Analysis for Single Family One- to Four-Unit Dwellings, dated July 1999

2. Explanation of Changes:

This handbook has been revised to correct several minor errors in this new handbook. Specifically, the word "location" has been changed to "site" on several pages noted below under Filing Instructions. On pages 2-12 and D-25, the size of stationary storage tanks in determining the eligibility of a site has been changed from 100 gallons to 1000 gallons. (The change has also been made to the Notice to Lender, HUD form 92564-VC, referenced in Handbook 4150.2.) The ownership information requirements of the appraisal protocol on page D-1 have been revised to account for refinance transactions. In addition, in Section B-1, the percentage floor area used for commercial purposes follows these standards:

- One story building 25%
- Two story building 49%
- Three story building 33%

This change corrects the reversal of the percentages for two- and three-story buildings.

3. Handbook Cancellations: None

4. Filing Instructions:

Remove:

Pages i and ii, dated 5/99
Pages v and vi, dated 5/99
Pages 2-1 through 2-12, dated 5/99
Pages 4-11 and 4-12, dated 5/99
Pages 5-1 and 5-2, dated 5/99
Pages 7-3 and 7-4, dated 5/99
Pages 8-1 through 8-3, dated 5/99

Page 9-3, dated 5/99
Pages A-9 and A-10, dated 5/99

Pages B-1 and B-2, dated 5/99
Pages D-1 and D-2, dated 5/99

Pages D-23 through D-26, dated 5/99

Insert:

Pages i and ii, dated 6/99
Pages v and vi, dated 6/99
Pages 2-1 through 2-12, dated 6/99
Pages 4-11 and 4-12, dated 6/99
Pages 5-1 and 5-2, dated 6/99
Pages 7-3 and 7-4, dated 6/99
Pages B-1 through 8-3, dated 6/99

Page 9-3, dated 6/99
Pages A-9 and A-10, dated 6/99

Pages B-1 and B-2, dated 6/99
Pages D-1 and D-2, dated 6/99

Pages D-23 through D-26,

dated 6/99

Pages D-33 through D-35, dated 5/99

Pages D-33 through D-35,
dated 6/99

Distribution: W-3-1, R-1,R-2,R-3-1(H) (RC),R-3-2,R-3-3,R-6, R-6-
2,R-7,R-7-2,R-8,ASC

[Click Here to Download Complete Handbook](#)

U.S. Department of Housing and Urban Development

Special Attention of: TRANSMITTAL Handbook No. 4150.2

Directors, Home Ownership Centers
Directors, Processing and Underwriting Issued: June 24, 1999
Divisions, Home Ownership Centers
Direct Endorsement Lenders

1. This Transmits:
Changes to Handbook 4150.2, Valuation Analysis for Single
Family One- to Four- Unit Dwellings, dated July 1999

2. Explanation of Changes:
This handbook has been revised to correct several minor
errors in this new handbook. Specifically, the word
"location" has been changed to "site" on several pages noted
below under Filing Instructions. In addition, in Section B-
1, the percentage floor area used for commercial purposes
follows these standards:

- One story building 25 %
- Two story building 49 %
- Three story building 33 %

This change corrects the reversal of the percentages for two
and three story buildings.

3. Handbook Cancellations:
None

4. Filing Instructions:

Change "location" to "site" on the following pages:

Page i	Page 5-2
Page v	Page 7-4
Page 2-1	Page 8-2
Page 2-2	Page 8-3
Page 2-4	Page 9-3
Page 2-5	Page A-9
Page 2-7	Page D-2
Page 2-8	Page D-24
Page 2-9	Page D-25
Page 2-12	Page D-34
Page 4-11	Page D-35

U.S. Department of Housing and Urban Development

Special Attention of:
Handbook No.: 4150.2

Transmittal for

Directors, Homeownership Centers
Directors, Processing and Underwriting
Divisions, Home Ownership Centers
Direct Endorsement Lenders

Issued: May 20, 1999

1. This Transmits

A new Handbook, 4150.2, Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four- Unit Dwellings. This handbook replaces and supercedes most of the provisions of Handbook 4150.1 REV-1, identified below under the heading of "HANDBOOKS".

2. Explanation of Materials Transmitted:

This handbook reflects policy clarifications and improvements since March 15, 1990 on valuation requirements for existing, proposed and new construction of one- to four-family units for mortgage insurance purposes. The new Handbook incorporates and updates the sections of Mortgagee Letters and other HUD Handbooks that are relevant to appraisals. The following section identifies those Mortgagee Letters and Handbooks.

MORTGAGEE LETTERS

These Mortgagee Letters have been incorporated in part or in full into the Handbook:

97-46	Appraisal Management Firms
97-41	Clarification of 97-22 Regarding New Construction in Flood Plains
97-22	FHA New Construction, Inspection and Appraisal Requirements Sections: Cost Approach, Valuation Conditions, Appraisal Form
96-29	Paperwork Reduction, Lead-Based Paint Disclosure Section: Lead-based Paint
96-26	Appraiser Standards
96-5	Elimination of the Fee Panel and Mortgagee Staff Appraiser Designations
95-40	Revisions to the 203(k) Rehabilitation Mortgagee Insurance Program
95-34	Testing of and On-Site Well/Septic System Inspections (Web)
94-54	Procedures for Lenders to Use to Select Their Own Appraisers Sections III and IV
94-36	Clarification of ML 92-18: Testing of Individual Wells
94-26	HUD Reorganization
94-11	Revisions to the 203k Rehabilitation Insurance Program Item 18
94-6	Processing Sec 248 - Indian Reservations Item 1-10
94-3	Revised Appraisal Report Forms,
92-18	Single Family Loan Production - Acceptance of Individual Residential Water Purification Equipment; Section

3.6.1.6

91-1 Implementation of Certain Provisions of the 1990 Housing
Legislation Section X

HANDBOOKS

The following chapters/paragraphs for the handbook identified below have been incorporated into the new Handbook 4150.2. The information has been updated to reflect the newest policies and procedures. Because these Handbooks were written primarily for lenders, builders or HUD staff, the instruction relevant to the appraiser has been extracted. The portions of these documents relevant to lender requirements have not been superceded.

Distribution: W-3-1, R-1, R-2, R-3-1 (H) (RC), R-3-2, R-3-3, R-6. R-6-2, R-7, R-7-2, R-8, ASC

4000.2 REV-2 Mortgagees' Handbook Application through Insurance
(Single Family)

Paragraph 2--General Acceptability Standards for Property
Paragraph 2-12--The Appraisal Package
Paragraph 2-15--Review of the Appraisal
Paragraph 2-18--Compliance Inspection
Paragraph 2-19--Satisfying Repair Requirements
Paragraph 2-20--Section 223(e)
Paragraph 2-23--Delivery of Statement of Appraised Value
Paragraph 4-3--Reconsideration: Changes Involving Property
Paragraph 6-5--Section 203(k)

4000.4 REV-1 Single Family Direct Endorsement Program

Paragraph 1-6--Minimum Property Standards
Paragraph 1-7--Eligibility of Condominium Projects
Paragraph 3-3--Property Valuation Procedures
Paragraph 3-14--Lead-Based Paint Hazard
Paragraph 4-9 D--Post-Endorsement Technical Review

4020.1 HUD-FHA Underwriting Analysis

Paragraph 1-8--Instruction for the Selection and Approval of
Fee Personnel
Paragraph 1-11--Training
Paragraph 3-6--Differentiation between Valuation and
Mortgage Risk Analysis
Chapter 4--Eligibility Requirements

4125.1 Underwriting - Technical Direction for Home Mortgage
Insurance

Paragraph 1-13--Field Review

4150.1 Valuation Analysis for Home Mortgage Insurance

All Chapters have been incorporated except for the following; they are to remain in place for lender instructions as outstanding policy and procedures for valuation

analysis.

Paragraph 4-12--Study Of Future Utility Of Property
Chapter 6, Section 4--Modified Cost
Chapter 6, Section 5--Leaseholds
Paragraph 8-4--Reconsideration Of Appraised Value
Paragraph 10-5--Processing Individual Lot Applications
Paragraph 10-6--Undeveloped Lot
Paragraph 10-9--Processing Foreclosed Manufactured Home

Sites

Chapter 11--Condominiums And Planned Unit Developments
Paragraph 12-3--Claims Without Conveyance Of Title (CWCOT)
Paragraph 12-5--Mortgage Credit Requests For Appraisal
Paragraph 12-6--Existing Houses Being Moved To New

Foundations

Paragraph 12-7--HUD Acceptance Of VA Certification Of Reasonable Value (CRV)

Paragraph 12-8--Application For Operative-Builder

Commitments

Paragraph 12-11--Soil Treatment With Individual Water

Systems

Paragraph 12-12--Estimate Of Value Of Fragmental Properties

Paragraph 12-16--Water And Sewage Systems

Paragraph 12-17--Shared Wells

Paragraph 12-18--Earth Sheltered Housing

Paragraph 12-19--Dome Homes

4240.4 Rehabilitation Home Mortgage Insurance, Section 203(k)

Paragraph 3-2--Step-by-step Procedures: Appraiser

Responsibilities

Chapter 2--Valuation Procedures

4260.1 Miscellaneous Type Home Mortgage Insurance, Sec. 223
(a), (e), and (d)

Paragraph 3-1 e--Administrative Instructions

Paragraph 4-4--Insurance in Older Declining Urban Areas

4265.1 Home Mortgage Insurance Condominium Units

Paragraph 10-2 a--Data Needed for Valuation

Paragraph 10-2 b--Approach to Value

Paragraph 12-12 d--Processing the Unit

4910.1 Minimum Property Standards for Housing, 1994 Edition

Appendix K--Minimum Property Standards for property which is not multifamily or care-type

3. Effective Date:

July 1, 1999

4. Filing Instructions:

5. Insert

Handbook 4150.2, dated
May 20, 1999

William C. Apgar

Assistant Secretary for
Housing-Federal Housing

Commissioner

U. S. Department of Housing and Urban Development

HANDBOOK 4150.2

Valuation Analysis for
Home Mortgage Insurance

for Single Family
One- to Four- Unit Dwellings

July 1, 1999