

CHAPTER 4

DIRECTIVES SYSTEM

SECTION 1

POLICY

1. REGULATORY AUTHORITY.

45 CFR 101-11.209. The HUD Directives System provides HUD program managers with the means to effectively convey Departmental instructions to users and to document agency policies and procedures within the framework of established laws and regulations.

2. HUD POLICY.

- A. The Department's primary vehicle for issuing policy, as further described in this Section is the Federal Register System, managed by the Office of General Counsel.

Section 552 of the Administrative Procedure Act (enacted as part of the Freedom of Information Act (FOIA)) requires agencies to publish certain items in the Federal Register. These items include rules or procedure; substantive rules of general applicability formulated and adopted by the agency; descriptions of agency organization; statements of the general course and method by which the agency's functions are channeled and determined (which may be categorized as rules) and changes in or repeals to agency rules and policies. Any document that prescribes a penalty or course of action, confer a right, privilege, authority or immunity, or imposes an obligation, when intended to bind the Department, must be published in the Federal Register. Although the Federal Register System must be used for the documents described above, HUD may use the Federal Register System for other documents when desired to inform the public.

- B. When statutes, regulations or other policy and requirements are clear, for example, HUD could proceed directly to directives for issuing procedures without intervening Federal Register System. Handbooks, supplements, notices and special directives (Mortgagee Letters, Title I Letters, Direct Endorsement Letters) clarify or elaborate on established policy, and are used to issue procedures and guidance. Although the Federal Register and Directives Systems are separate, directives must be consistent with regulations. Therefore, it is important that staff make appropriate changes to handbooks and clear them as promptly as possible following amendments of related rules.
- C. Memoranda are not an authorized directive type and must not be used for general communication of a policy clarification or for establishment of generally applicable procedures. Any policy or guidance on HUD programs issued outside the HUD Directives System must be rescinded and reissued in an authorized directive. This requirement, however, does not apply to legal memoranda issued by the Office of the

General Counsel, which do not generally deal with policy issues and clarifications, but may on occasion set forth guidance for HUD programs.

This must be done not later than 30 days after the DDMO informs the originator of its improper issuance. If an approved type of directive (handbook, notice, interim notice, etc.) does not meet an originator's needs, a special directive can be developed with the approval of the Departmental Directives Management Officer (DDMO).

3. OBJECTIVE. The HUD Directives System is designed to ensure that.

- A. People who carry out HUD programs have accurate, complete, and concise instructions on policies and procedures.
- B. The writing style, organization, and format of directives make information easy to locate, understand, and use.
- C. Directives are kept up-to-date, include all current information essential to program delivery, and are canceled when no longer useful.
- D. Directives do not contradict each other or serve cross-purposes.

4. RESPONSIBILITIES.

Overall responsibility for HUD's Directives System is assigned to the Assistant Secretary for Administration. This official, either directly or through a designee, exercises top management oversight of the Directives System and takes appropriate measures to ensure compliance with the policies and procedures of the system. The following officials have responsibilities as outlined below:

A. Secretary or Deputy Secretary.

- 1. Approves directives issued by the Secretary's office.
- 2. Issues major policy and/or procedural guidance that pertains to the Department's overall mission.
- 3. Resolves irreconcilable differences among Assistant Secretaries concerning proposed directives.

B. Assistant Secretaries (and their equivalents, such as: Inspector General, President of the Government National Mortgage Association, General Counsel, Chief, Procurement Officer, Chief Financial Officer, Chief, Information Officer, etc.).

- 1. Ensure compliance with this handbook, arranging for staff training as needed.

2. Appoint a Directives Management Officer (DMO) (and alternate), whose duties must include, but are not necessarily limited to, those in E. below.
3. Approve directives issued by their offices.
4. Ensure basic agreement within their own offices before a new directive affecting their areas enters clearance, including appropriate pre-clearance participation by Field staff.
5. Certify, by signing form HUD-22, Departmental Clearance and Approval Record, that.
 - a. A Front-End Risk Analysis (see Handbook, 1840.1, Departmental Management Control Program) was done, is in process, or is not needed for new or substantially revised activities;
 - b. Materials have been prepared for submission to the Office of Management and Budget concerning the directive, to comply with the Paperwork Reduction Act (see Handbook 2400.3, Reports Analysis and Clearance Process); and
 - c. The necessary environmental reviews and clearances, Finding of No Significant Impact (FONSI)/Environmental Impact Statement (EIS), either are or are not required.
6. Ensure that all proposed or revised directives are cleared with the Office of General Counsel (OGC), the Office of the Chief Information Officer (CIO) and the Office of Inspector General (IG).
7. Determine what additional concurrences are necessary for proposed directives (e.g., FHEO, PD&R) and obtain those concurrences. Elevate to the Deputy Secretary if a policy nonconcurrence cannot be resolved and to the General Counsel if a legal nonconcurrence cannot be resolved.

C. Office of Administrative and Management Services (OAMS) under the Assistant Secretary for Administration.

1. Assigns a Departmental Directives Management Officer (DDMO), who coordinates, monitors and reports on directives activities.
2. Advises program offices on requirements of the Directives System. Approves exceptions to requirements of the Directives System on a case-by-case basis.

3. Prepares periodic reports to the Secretary and Principal Staff on the age of directives; office's performance in updating directives; timeliness of clearance; and use of interim notices, etc.
4. Controls and maintains distribution lists and subject classification numbers, assigning the latter in blocks to programs.
5. Keeps reference file and index of all Departmental Directives.
6. Coordinates graphics, printing, reproduction and distribution of directives.
7. Approves all special directives series.
8. Maintains the automated Departmental Directives System.
9. Produces and distributes an annual index (updated quarterly) of Departmental Directives.

The Index will include the following information:

- Headquarters Directives Management Officers;
 - Field Office Directives Management Officers;
 - Subject categories for HUD directives;
 - Inventory of current directives;
 - Expired directives; and
 - Delegations of Authority.
10. Advises the Assistant Secretary for Administration of system violations, and serious and consistent patterns of noncompliance by the program offices, for appropriate action at the Principal Staff Meetings and/or referral to the Secretary and Deputy Secretary.

D. Administrative Service Centers.

Directors, Administrative Service Centers (ASCs) serve Field as OAMS serves Headquarters. ASC Directors appoint Field Directives Management Officers, whose responsibilities are similar to those of Headquarters Directives Management Officers. (See E. below.) ASC Directors are responsible for informing the DDMO within the Office of Administration when policy and procedural guidance is issued outside the Department's Directives System.

E. Directives Management Officers (DMOs) designated by Assistant Secretaries (or equivalents) and ASC Directors.

1. Serve as the principal point of contact within their organizations on all matters relating to directives.
2. Develop and operate internal clearance procedures to ensure adequate and timely clearance of directives originating within their organizations or received for review from other organizations.
3. Review their organizations' directives to ensure conformity with system requirements, including currency, format, plain English and the appropriateness of the material.
4. Use existing mailing lists for the distribution of directives originated by their organizations and work with OAMS in the Office of Administration to develop and maintain appropriate new mailing lists.
5. Provide technical leadership and assistance within their organizations on directives activities, including:
 - a. Interpreting the application of the Directives System's requirements;
 - b. Assisting and instructing directives originators within their organizations in the planning, development, and coordination of their directives;
 - c. Determining, in consultation with directives originators within their organizations, appropriate clearance points and the final distribution to be made for each directive; and
 - d. Resolving nonconcurrences or elevating them to the next level of authority for resolution.
6. Control and assign subject classification numbers for directives originated by their organizations.
7. Maintain the official historical record files on all directives originated by their organizations.
8. Maintain a master file of all current directives originated by their organizations as well as directives of other organizations as deemed appropriate.
9. Provide data to the Office of Administration concerning problem areas, including violations or non-use of the system, clearance and other data.

SECTION 2

TYPES OF DIRECTIVES

5. **OBJECTIVE.** To provide managers with an organized, uniform way of clarifying policy and issuing procedures and guidance.
- A. **Handbooks** communicate information of a permanent nature (including clarification of policies, instructions, guidance, procedures, forms and reports) for HUD staff and/or program participants. A handbook covering several aspects of a single general subject is divided into chapters covering each aspect. Handbooks are issued in loose-leaf form, for standard three-ring binders, so that changes can easily be inserted.
 - B. **Changes** are new or revised pages for existing handbooks. These substitute pages are used to issue new or revised material in a handbook when less than half of the existing number of pages must be replaced.
 - C. **Revisions** are complete handbooks that cancel and supersede those previously issued. Revisions must be issued when more than half of the handbook pages need to be reprinted to incorporate new or revised material. In addition, after eight "changes" have been made to the handbook, the originator must assure the Departmental Directives Management Officer, in writing, that a complete revision is in process or why it is not needed.
 - D. **Supplements** are directives created by State Offices to amplify the contents of Headquarters handbooks and to provide additional policy and procedural information for application solely within those organizations. Supplements cannot contain policy or procedures that conflict with the original handbooks.
 - E. **Notices** are used to give HUD staff or program participants temporary instructions involving HUD programs or to amend previous instructions until a handbook revision or change is issued. They must carry an expiration date not to exceed one year and can be extended.
 - F. **Interim Notices** are issued at the discretion of Assistant Secretaries, with expedited clearance by IG, CIO and OGC. Interim notices are for true emergencies when there is no time to clear and issue a regular notice or handbook change. True emergencies are situations such as those involving potential or actual financial loss; fraud, waste, or mismanagement; legislative deadlines or mandates; or items coming out of litigation. Interim Notices must carry an expiration date not to exceed 120 days and cannot be extended.

- G. **Special directives** have formats and contents tailored to needs that cannot be met by handbooks or notices. They include such items as Mortgagee Letters, Title I Letters, and Direct Endorsement Letters. A special directive series must be approved case-by-case by the DDMO and must be cleared in accordance with the Directives System Handbook, 000.2. The DDMO must be advised when a special directive series is canceled.
- H. **Transmittals** are used to issue handbooks, revisions, changes, cancellations, and supplements. They summarize the significant matters covered in the directive. Transmittals are also used to cancel handbooks and supplements.