

U. S. Department of Housing and Urban Development  
Office of Housing

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Special Attention of:  
Directors of Housing  
Directors, Single Family Homeownership Centers  
Directors, Multifamily Housing HUBs & Divisions  
Field Office Managers, Chiefs  
Area Coordinators, State Coordinators

Transmittal  
Handbook No. 4060.1REV 2  
Issued: August 14, 2006

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1. This transmits: Handbook 4060.1REV 2, FHA Title II Mortgagee Approval Handbook.
2. Explanation of changes: This handbook incorporates the Departments FHA Title II mortgagee approval and renewal requirements specified in 24CFR Parts 202, 203, 206, 241, and 266 in addition to all Mortgagee Letters issued since September 30, 1993 pertaining to the FHA mortgagee approval requirements. Other significant changes to this handbook include:
  - a. Principal activity for non-supervised mortgagees and non-supervised loan correspondents has been clarified to state that a non-supervised entity must have at least 50 percent of its gross revenues derived from mortgage lending activities [See paragraphs 2-27(D) and 2-29(C)].
  - b. All employees must be issued W-2s [see paragraph 2-9(A)].
  - c. Each traditional and nontraditional branch will no longer be required to have a separate branch manager [see paragraph 2 12(B)].
  - d. The use of satellite offices for taking single-family loan applications has been eliminated due to the expansion of the originating lending area of registered branch offices (see paragraph 2 19).
3. Cancellations:
  - a. Handbook 4060.1REV 1, dated September 30, 1993;
  - b. Mortgagee Letter 94 39, dated August 9, 1994;
  - c. Mortgagee Letter 94 46, dated October 5, 1994;
  - d. Mortgagee Letter 94 47, dated October 6, 1994;
  - e. Mortgagee Letter 95 6, dated January 25, 1995;
  - f. Mortgagee Letter 95 36, dated August 2, 1995, except for  
Item #5;
  - g. Mortgagee Letter 95 37, dated August 9, 1995;
  - h. Mortgagee Letter 96 12, dated February 29, 1996, except for  
Item #2;
  - i. Mortgagee Letter 96 64, dated November 21, 1996;
  - j. Mortgagee Letter 99-17, dated May 14, 1999;
  - k. Mortgagee Letter 00-15, dated May 1, 2000;
  - l. Mortgagee Letter 00-40, dated November 3, 2000;

- m. Mortgagee Letter 01-01, dated January 5, 2001, paragraph 6 only;
- n. Mortgagee Letter 03-03, dated February 25, 2003;
- o. Mortgagee Letter 04-06, Dated June 30, 2004;
- p. Mortgagee Letter 04-19, dated April 30, 2004;
- q. Mortgagee Letter 05-24, dated May 17, 2005;
- r. Mortgagee Letter 05-37, dated September 28, 2005;
- s. Mortgagee Letter 05-40, dated October 29, 2005;

4. Filing Requirements:

Remove:  
Insert:

Handbook 4060.1REV 1,  
dated September 30, 1993  
Handbook 4060.1REV 2,  
dated: August 14, 2006

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Brian D. Montgomery  
Assistant Secretary for Housing --  
Federal Housing Commissioner

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

H O U S I N G

Special Attention of: Transmittal for Handbook No: 4060.1 REV-1, CHG-1  
Directors of Housing  
Directors, Homeownership Centers Issued: November 24, 2003

1. This Transmits: Change 1 to Handbook 4060.1 REV-1, Mortgagee Approval Handbook, dated September 1993.

2. Summary: This handbook has been changed to revise and update the Department's requirements for maintaining and implementing a Quality Control Program for the origination and servicing of HUD/FHA insured mortgages. This issuance replaces and supersedes Chapter 6, HUD Handbook 4060.1 REV-1.

3. Cancellations:

- A. Mortgagee Letter 95-36, paragraph 7, dated August 2, 1995
- B. Mortgagee Letter 94-47, paragraph A-1, dated October 6, 1994
- C. Mortgagee Letter 83-2, dated January 31, 1983

4. Filing Instructions:

Remove: Insert:

HUD Handbook 4060.1 REV-1,  
Table of Contents, page iii

HUD Handbook 4060.1 REV-1, CHG-1,  
Table of Contents, page iii

HUD Handbook 4060.1 REV-1, pages 6-1  
through 6-14, Dated September, 1993

HUD Handbook 4060.1 REV-1, CHG-1  
pages 6-1 through 6-23,  
Dated November, 2003

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Assistant Secretary for Housing-  
Federal Housing Commissioner

Distribution: W-3-1  
HUD-23

U.S. Department of Housing and Urban Development  
HOUSING

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Special Attention of:

Directors of Housing  
Directors, Housing Development  
Divisions  
Directors, Housing Management  
Divisions  
Field Office Managers/Chiefs

Transmittal for Handbook No.:  
4060.1 REV-1

Issued: September 30, 1993

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1. This Transmits Handbook 4060.1 REV-1, Mortgagee Approval Handbook,  
dated September 1993.

2. Explanation of Changes:

This Handbook incorporates the provisions of the Department's revised mortgagee approval regulations that are set forth in 24 CFR Part 202 and became effective on January 8, 1993. The Handbook contains a comprehensive revision of the Department's mortgagee approval requirements, including changes that have occurred since October 1980.

3. Cancellations:

- A. Handbook 4060.1, Mortgagee Approval Handbook, dated October 1980.
- B. Mortgagee Letter 93-14, dated May 26, 1993
- C. Mortgagee Letter 93-2, dated January 7, 1993
- D. Mortgagee Letter 89-32, dated December 26, 1989
- E. Mortgagee Letter 84-24, dated November 26, 1989
- F. Mortgagee Letter 87-13, dated April 9, 1987
- G. Mortgagee Letter 83-17, dated June 24, 1983

4. Filing Requirements:

REMOVE

Handbook 4060.1  
Dated October 1980

INSERT

Handbook 4060.1 REV-1  
Dated September 1993

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Assistant Secretary for Housing  
- Federal Housing Commissioner

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Handbook 4060.01 REV-1

U.S. Department of Housing and Urban Development  
HOUSING

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Program Participants  
and Departmental  
Staff

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September 1993

Mortgagee Approval  
Handbook

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