

TABLE OF CONTENTS

CHAPTER 1 INTRODUCTION

1-1	WHAT FHA INSURES	1-1
SECTION 1: OCCUPANCY STATUS		
1-2	PRINCIPAL RESIDENCES	1-1
1-3	SECONDARY RESIDENCES.....	1-1
1-4	INVESTMENT PROPERTIES	1-1
1-5	NONPROFIT ORGANIZATIONS AND GOVERNMENT AGENCIES	1-1
SECTION 2: MAXIMUM MORTGAGE AMOUNTS		
1-6	MAXIMUM MORTGAGE AMOUNT	1-1
1-7	MAXIMUM MORTGAGES FOR PURCHASE TRANSACTIONS.....	1-1
1-8	TRANSACTIONS THAT AFFECT MAXIMUM MORTGAGE CALCULATIONS	1-1
SECTION 3: SETTLEMENT REQUIREMENTS		
1-9	SETTLEMENT REQUIREMENTS.....	1-1
SECTION 4: REFINANCE TRANSACTIONS		
1-10	REFINANCING.....	1-1
1-11	CALCULATING THE MORTGAGE AMOUNT ON REFINANCES.....	1-1
1-12	STREAMLINE REFINANCES	1-1
SECTION 5: SECONDARY FINANCING		
1-13	SECONDARY FINANCING.....	1-1
CHAPTER 2 MORTGAGE CREDIT ANALYSIS		
2-1	OVERVIEW.....	2-1
2-2	MORTGAGE ELIGIBILITY (BORROWERS).....	2-1
2-3	ANALYZING THE BORROWER'S CREDIT	2-1
2-4	CREDIT REPORT REQUIREMENTS.....	2-1
2-5	CREDIT ELIGIBILITY REQUIREMENTS	2-1
SECTION 2: EFFECTIVE INCOME		
2-6	STABILITY OF INCOME.....	2-1
2-7	SALARIES, WAGES, AND OTHER FORMS OF INCOME.....	2-1
2-8	EMPLOYMENT BY FAMILY-OWNED BUSINESS.....	2-1
2-9	SELF-EMPLOYED BORROWERS	2-1
SECTION 3: BORROWER'S CASH INVESTMENT IN THE PROPERTY		
2-10	FUNDS TO CLOSE.....	2-1
SECTION 4: TYPES OF LIABILITIES		
2-11	LIABILITIES	2-1
SECTION 5: BORROWER QUALIFYING		
2-12	DEBT TO INCOME RATIOS	2-1
2-13	COMPENSATING FACTORS.....	2-1

SECTION 6: SPECIAL UNDERWRITING INSTRUCTIONS

2-14 TEMPORARY INTEREST RATE BUYDOWNS 2-1
2-15 ADJUSTABLE RATE MORTGAGES..... 2-1
2-16 CONDOMINIUM UNITS: UTILITY EXPENSES 2-1
2-17 CONSTRUCTION- PERMANENT MORTGAGE PROGRAM 2-1
2-18 MORTGAGE ASSISTANCE FOR DISASTER VICTIMS [Section 203(h)] 2-1
2-19 ENERGY EFFICIENT HOMES (EEH) 2-1
2-20 ENERGY EFFICIENT MORTGAGE (EEM) PROGRAM..... 2-1

CHAPTER 3 DOCUMENTATION AND OTHER PROCESSING REQUIREMENTS

SECTION 1: UNDERWRITING DOCUMENTATION

3-1 APPLICATION PACKAGE 3-1
3-2 DOCUMENTATION STANDARDS 3-1
3-3 REAL ESTATE CERTIFICATION..... 3-1
3-4 AMENDATORY CLAUSE 3-1

SECTION 2: PROCESSING REQUIREMENTS

3-5 POWER OF ATTORNEY 3-1
3-6 LOAN APPLICATION DOCUMENT PROCESSING..... 3-1
3-7 SEVEN-UNIT DOCUMENTATION 3-1
3-8 HOTEL AND TRANSIENT USE..... 3-1
3-9 SALES CONTRACT AND LOAN CLOSING 3-1
3-10 LENDER RESPONSIBILITY AT CLOSING..... 3-1

SECTION 3: FAIR HOUSING AND OTHER FEDERAL REQUIREMENTS

3-11 FEDERAL STATUTES AND REGULATIONS 3-1
3-12 FHA-PROCESSED HUD EMPLOYEE LOANS 3-1

CHAPTER 4 ASSUMPTIONS

4-1 GENERAL 4-1
4-2 RESTRICTIONS OF THE HUD REFORM ACT OF 1989 4-1
4-3 RELEASE FROM LIABILITY..... 4-1
4-4 CREDIT-WORTHINESS REVIEW PROCESSING..... 4-1
4-5 LTV REDUCTION REQUIREMENTS..... 4-1

APPENDICES

I. SINGLE FAMILY HOC JURISDICTIONS
II. CLOSING COSTS AVERAGES FOR STATES.....

FORMS RELEVANT TO HANDBOOK 4155.1

Form #	Form Name	OMB Approval Number
HUD 92564-VC	Valuation Condition-Notice to Lender	2502-0538
HUD 92564-HS	Homebuyers Summary	2502-0538
HUD 92900-A	Addendum to URLA	2502-0059
URLA (FNMA 1003 / FHLMC 65)	Uniform Residential Loan Application	N/A
HUD 92900-PUR	Mortgage Credit Analysis Worksheet Purchase Money Mortgage	2502-0059
HUD 92900-WS	Mortgage Credit Analysis Worksheet	2502-0059
HUD-1	Settlement Statement	2502-0265
GFE	Good Faith Estimate	
HUD 92300	Mortgagee Assurance of Completion	2502-0189
URAR (FNMA 1004 / FHLMC 70)	Uniform Residential Appraisal Report	N/A
HUD 92800.5B	Conditional Commitment-DE Statement of Appraised Value	2502-0494
VA-CRV	VA-Certificate of Reasonable Value	2900-0045
HUD 92210	Request for Credit Approval of Substitute Mortgagor	2502-0036
HUD 92210.1	Approval of Purchaser and Release of Seller	2502-0036
HUD 92561	Borrower's Contract with Respect to Hotel and Transient Use of Property	2502-0059