1. This Transmits Handbook 4430.01 REV-1, INITIAL CLOSING FOR PROJECT MORTGAGES.

2. Summary. This is a complete revision of Handbook 4430.1 and incorporates all Handbook changes, Notices, and policy changes since the original issuance. Major changes include but are not limited to:

a. New review check sheets for each discipline to assist the Director of Housing Development (DHD) in the review of draft closing documents.

b. New criteria (from Mtg Ltr 87-9) concerning prepayment lockouts and charges.

c. New instructions concerning deed covenants pursuant to rent restrictions imposed by a municipality.

d. New instructions concerning deed covenant provisions relating to tax exempt bonds pursuant to the Internal Revenue Code, Section 142(d).

e. New instructions concerning deed covenants pursuant to Low Income Housing Tax Credits.

f. Detailed instructions for conducting the preconstruction conference, old paragraph 1-4, are now in Handbook 4435.1 REV-1.

g. Instructions pertaining to architectural supervision, including reasons for contract termination, Field Office action debarment and denial of participation, and the guide letter for terminating the supervisory architect's contract, old paragraphs 1-11.d. and 1-11.e., are now in Handbook 4435.1, REV-1.

h. A new appendix for use as an addendum to the construction contract to add the contractor's additional
requirements, where advances are to be made for components stored offsite.

i. Instructions for processing a request for payment of components stored offsite, old paragraphs 2-8. and 2-9., are now in Handbook 4435.1, REV-1.

j. Considerations that must be given during conditional/firm processing regarding storage of components offsite, old paragraphs 2-1 through 2-5, are deleted and will be located in Handbook 4425.1, REV-1.

k. New requirements for use of the Owner-Architect Agreement, AIA Document B181, are substituted for the instructions for use of the obsolete Owner-Architect Agreements, Forms FHA-2719A, B and C.

l. A new appendix for adding the definition of an identity of interest as an addendum to the Owner-Architect Agreement.

m. A new appendix for adding the definition of an identity of interest as an addendum to the construction contract.

n. A new appendix to identify unpaid architectural, engineering and related fees, including that provided by persons/firms replaced by the architect(s) of record. It addresses requirements from old paragraph 1-1lc.(1).

o. Alternate surveyor's certification language for surveys where certifying "to all parties" poses problems. The language comes from previous individual case approvals.

p. Guidance for air rights (project) maps and for maintenance agreements where there are common use facilities.

q. Instructions concerning assignment of insured mortgages are now relocated to 4435.1 REV-1.

r. New instructions requiring the visit of substantial rehabilitation projects within 1 week before initial closing to determine that significant damage has not occurred since underwriting was completed.

s. New instructions for Management Information Systems updating.
3. Filing Instructions:


Insert: Handbook 4430.1 REV-1

_________________________________
Arthur J. Hill
Assistant Secretary for Housing
- Federal Housing Commissioner

3                            9/92

Handbook                 4430.01 REV-1
U.S. Department of Housing and Urban Development
Office of Housing

DIRECTORS,
HOUSING
DEVELOPMENT

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FOR PROJECT MORTGAGES