

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

SPECIAL ATTENTION OF:
Regional Housing Directors; Regional
and Chief Counsels; Field Office
Managers; Housing Development Directors;
Section Chiefs

TRANSMITTAL

Handbook No: 4430.01 REV-1
Issued: September 23, 1992

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.
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- 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 1-11c.(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.

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- s. New instructions for Management Information Systems updating.

3. Filing Instructions:

Remove:
Handbook 4430.1 dated 11/72
and CHG 1 thru 8.

Insert:
Handbook 4430.1 REV-1

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

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DIRECTORS,
HOUSING
DEVELOPMENT

September 1992

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