

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

H O U S I N G

4465.1 CHG

TRANSMITTAL NO.10

February 15, 1979

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1. This Transmits:
Changes to Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance, dated 2/79.
 2. Explanation of Changes:
Changes to paragraph 1-8e(1)(c) redesignates churches to religious centers.
Changes to paragraphs 2-1a and 8-2a(1) revise appraisal instructions to satisfy equal opportunity considerations.
 3. Filing Instructions:
Remove:
Handbook 4465.1 CHG
Pages 1-9 and 1-10, dated 9/72
Pages 2-1 and 2-2, dated 1/74
Pages 8-1 and 8-2, dated 9/72
Insert:
Handbook 4465.1 CHG
Page 1-9, dated 9/72
Page 1-10, dated 2/79
Pages 2-1 and 2-1.1, dated 2/79
Page 2-2, dated 1/74
Page 8-1, dated 9/72
Page 8-2, dated 2/79

Assistant Secretary for Housing
- Federal Housing Commissioner

W-1, W-2, W-3, W-3-1, W-4, R-1, R-2, R-3, R-3-1 (H),
R-3-2, R-4, R-4-1, R-4-2, R-5, R-5-1, R-5-2
W-1 Assistant Secretaries, Deputy Assistant Secretaries,
General Counsel, staff offices reporting to the Secretary
W-2 HQ Office Directors, Special Assistants,
those reporting directly to Assistant Secretaries
W-3 HQ Division Directors, those reporting directly to Office
Directors, multiple copies for staff
W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)
W-4 Branch Chiefs, multiple copies for staff
R-1 Regional Administrators, Deputy Regional Administrators
R-2 Office Directors, Principal Assistants in Regional
Administrators' offices
R-3 Bulk shipment to Regional Offices
R-3-1 Bulk shipment to Regional Offices for selective
distribution by program area
R-3-2 Directors, Administrative Services Divisions and
Administrative and Management Services Divisions, and

Administrative staffs

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

H O U S I N G

4465.1 CHG

TRANSMITTAL NO.9

August 17, 1978

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1. This Transmits:
Revision to Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance, dated 8/78.
 2. Explanation of Changes:
Paragraph 6-3 is changed to modify valuation instructions relating to the trending of operating and tax expense estimates. The new instruction will result in both the income and expense estimates being trended to the same date, which is the date of initial occupancy. Previously, the procedure was to reflect data for income to the date of initial occupancy and data for expenses to one year from initial occupancy.
 3. Filing Instructions:
Remove:
Handbook 4465.1 CHG
Page 6-1 and 6-2
dated 4/74
Insert:
Handbook 4465.1 CHG
Page 6-1 dated 4/74
Pages 6-2 and 6-2.1, dated 8/78

Assistant Secretary for Housing
- Federal Housing Commissioner

W-1, W-2, W-3, W-3-1, W-4, R-1, R-2, R-3, R-3-1(HM & HPMC)

R-3-2, R-4, R-4-1, R-4-2, R4FB, R-5, R-5-1, R-5-2

W-1 Assistant Secretaries, Deputy Assistant Secretaries,
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those reporting directly to Assistant Secretaries

W-3 HQ Division Directors, those reporting directly to Office
Directors, multiple copies for staff

W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)

W-4 Branch Chiefs, multiple copies for staff

R-1 Regional Administrators, Deputy Regional Administrators

R-2 Office Directors, Principal Assistants in Regional
Administrators' offices

R-3 Bulk shipment to Regional Offices

R-3-2 Directors, Administrative Services Divisions and
Administrative and Management Services Divisions, and
Administrative staffs

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

H O U S I N G

4465.1 CHG

TRANSMITTAL NO.8

May 5, 1978

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1. This Transmits:
Revision to Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance, dated 5/78.
 2. Explanation of Changes:
Paragraph 3-15 permits the use of the maximum HUD multifamily insured mortgage interest rate rather than the direct loan interest rate in testing the acceptability of ground lease payments for Section 202 projects. Paragraph 4-7 refers processors of air rights leaseholds to current instructions on leaseholds in Chapter 3, Handbook 4465.1.
 3. Filing Instructions:
Remove:
Handbook 4465.1 CHG
Table of Contents,
Page i, dated 12/76
Page ii, dated 8/76
Page 3-12A, dated 12/76
Page 4-5 (and 6),
dated 9/72
Insert:
Handbook 4465.1 CHG
Table of Contents,
Page i, dated 5/78
Page ii, dated 8/76
Page 3-12.1, dated 5/78
Page 4-5 (and 6)
dated 5/78

Assistant Secretary for Housing
- Federal Housing Commissioner

W-1, W-2, W-3, W-3-1, W-4, R-1, R-2, R-3, R-3-1(HM & HPMC)

R-3-2, R-4, R-4-1, R-4-2, R4FB, R-5, R-5-1, R-5-2

W-1 Assistant Secretaries, Deputy Assistant Secretaries,
General Counsel, staff offices reporting to the Secretary

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those reporting directly to Assistant Secretaries

W-3 HQ Division Directors, those reporting directly to Office
Directors, multiple copies for staff

W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)

W-4 Branch Chiefs, multiple copies for staff

R-1 Regional Administrators, Deputy Regional Administrators

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Administrators' offices

R-3 Bulk shipment to Regional Offices

R-3-2 Directors, Administrative Services Divisions and

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

H O U S I N G

TRANSMITTAL No. 5

4465.1 CHG 5

NOTICE

8/31/76

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1. This Transmittal Transmits:
Revised Chapter 3, Ground Leases, Handbook 4465.1, Valuation Analysis Handbook for Project Mortgage Insurance, dated 8/76.
 2. Explanation of Material Transmitted:
Chapter 3 has been rewritten to provide instructions for valuation processing of projects on leaseholds with variable ground rentals, in accord with the Regulations. It is believed that sliding scale ground rentals are more realistic in terms of contemporary economics.
 3. Applicability:
These instructions shall be applicable upon receipt to any project on a leasehold which has not yet received a conditional or firm commitment. Outstanding commitments will be honored. These instructions shall not be applied to reduce the amount of an outstanding commitment.
 4. Filing Instructions:
Remove:
Handbook 4465.1
Foreword, dated 9/72
Table of Contents (i and ii),
dated 9/72
Pages 3-1 thru 3-4,
dated 9/72
Insert:
Handbook 4465.1
Foreword, dated 8/76
Table of Contents (i and ii),
dated 8/76
Pages 3-1 thru 3-14,
dated 8/76

Assistant Secretary for Housing
- Federal Housing Commissioner

Tab 4, R-1, R-2, R-3, R-3-2, R-4, R-4-1, R4FB,

R-5, R-5-1, W-3-1

R-1 Regional Administrators, Deputy Regional Administrators

R-2 Office Directors, Principal Assistants in Regional Administrators' offices

R-3 Bulk shipment to Regional Offices

R-3-2 Directors, Administrative Services Divisions and Administrative and Management Services Divisions, and Administrative staffs

W-3-1 Directives Management Officers--Headquarters and Regions,

library, ACIR (Advisory Commission on Intergovernmental Relations)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PRODUCTION AND MORTGAGE CREDIT

4465.1 CHG 4

TRANSMITTAL

April 25, 1974

NOTICE

NO. 4
The Three Previous Changes Were
dated August 8, and November 11, 1973,
and January 9, 1974

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1. This Notice Transmits:
Page Changes to HUD Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance.
 2. Explanation of Material Transmitted:
This revision is to eliminate the individual expense estimates on the FHA Form 2264, as they are now included on the FHA Form 2274.
 3. Filing Instructions:

Remove: Pages 6-1 and 6-2 dated 8/73	Insert: Pages 6-1 and 6-2 dated 4/74
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Tab 4, R-1, R-2, R-3, R-3-2,

R-4, R-4-1, R-5, R-5-1, R4FB,

W-3-1

R-1 Regional Administrators, Deputy Regional Administrators

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R-3-2 Directors, Administrative Services Divisions and Administrative and Management Services Divisions, and Administrative staffs

W-3-1 Directives Management Officers--Headquarters and Regions, library, ACIR (Advisory Commission on Intergovernmental Relations)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

4465.1 CHG 3

CIRCULAR

January 9, 1974

SUBJECT: Valuation Analysis for Project Mortgage Insurance Handbook

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1. This Circular Transmits:
Revised pages to HUD Handbook 4465.1, Valuation Analysis for Project Mortgage insurance.
 2. Explanation of Material Transmitted:
In processing proposals where unusual land improvements exist, the appraiser shall subtract from the Value of the Site Fully Improved the sum of the dollar amounts of the Unusual Land Improvements (Line 36a of Form 2264), the prorated amount applicable to the Unusual Land Improvements included in General Requirements, Builder's General Overhead, Builder's Profit (if applicable), Architect's Fee - Design, Architect's Fee - Supervision, Bond Premium (Lines 42 through 47 of Section G, Form 2264), and, if applicable, the 10% BSPRA based on the sum of all of the above mentioned items. Reducing the Value of Land Fully Improved by not only the amount of the Unusual Land Improvements but also the properly prorated amounts of the applicable fees will provide for a more realistic replacement cost by precluding duplication of these fees in the Warranted Price of Land.
 3. Filing instructions:

Remove:	Insert:
Pages 2-1 thru 2-4 dated 9/72	Pages 2-1 thru 2-3, dated 1/74 Page 2-4, dated 9/72

Tab 4, R-1, R-2, R-3, R-3-2,

R-4, R-4-1, R-5, R-5-1, R4FB,

W-3-1

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

4465.1 CHG 2

CIRCULAR

November 1, 1973

SUBJECT: The Valuation Analysis for Project Mortgage Insurance Handbook

1. This Circular Transmits:
Page Changes to HUD Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance.
2. Explanation of Material Transmitted:
 - a. The revision to paragraph 6-5.d.(2) requires the inclusion of two conventional land sales in the land appraisal process.
 - b. To restore a provision for the possible use of unused contingency reserve to cover acquisition costs in excess of the HUD-FHA finding of "as is" value by the residual approach. This provision was inadvertently omitted from paragraph 10-5.c. in the previous issuance.
 - c. Paragraphs 10-7. and 10-8. have been amended to clarify the interest and inspection fee calculations.

3. Filing Instructions:

Remove:

Pages 6-3 and 6-4, dated 8/73
Pages 10-3 thru 10-5, dated 9/72

Insert:

Page 6-3, dated 8/73
Page 6-4, dated 11/73
Page 10-3, dated 9/72
Pages 10-4 and 10-5, dated 11/73

HUD-21A(12-70) Previous edition may be used

Tab 4, R-1, R-2, R-3,R-3-2, R-4

R-4-1, R-5, R-5-1, R4FB, W-3-1

R-1 Regional Administrators, Deputy Regional Administrators

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W-3-1 Directives Management Officers--Headquarters and Regions, library, ACIR (Advisory Commission on Intergovernmental Relations)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

4465.1 CHG 1

TRANSMITTAL

August 8, 1973

NOTICE

1. This Notice Transmits the following:

Revised Chapter 6, Paragraph 6-3, Handbook 4465.1, Valuation Analysis for Project Mortgage Insurance, dated September 1972.

2. Purpose:

Provides instructions to clarify the trend adjustment for operating

expenses, and to extend the time from initial occupancy, through the first year of operation.

3. Filing Instructions:

Remove Pages 6-1 through 6-4 dated 9/72.

Insert Pages 6-1 through 6-4 dated 8/73.

- R-1 Regional Administrators, Deputy Regional Administrators
- R-2 Office Directors, Principal Assistants in Regional Administrators' offices
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- R-3-2 Directors, Administrative Services Divisions and Administrative and Management Services Divisions, and Administrative staffs

U S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TRANSMITTAL
NOTICE

September 22, 1972

1. This Notice Transmits the Following:

The Validation Analysis Handbook for Project Mortgage Insurance on five or more rental units relating to HUD policies and procedures for multifamily mortgage insurance, Section 207.

2. Explanation of Materials Transmitted:

This Handbook provides HUD staff with basic instructions and procedures related to Valuation Analysis of multifamily project for project mortgage insurance purposes on five or more rental units. It incorporates instructions contained in portions of the FHA Underwriting Manual, as well as other miscellaneous Valuation instructions.

3. Applicability:

The basic contents of this Handbook are those Valuation policies and procedures that were in effect as of December 31, 1971. All Valuation issuance released subsequent to December 31, 1971, take precedence over the contents of this Handbook wherever applicable.

4. Cancellations:

The following issuances are cancelled:

FHA Manual - Volume VII, Book II, Section 29,
Paragraphs 72900 thru 72924.5 and
Paragraphs 72926 thru 72926.23

Circular - FHA 4205.9 - Inclusion of FNMA Fees in Unassisted
Multifamily Housing Mortgages
dated January 15, 1970

O-1,W-3-1,R-1,R-2,R-3,R-3-2,

R-4,R4FB,R-4-1,R-5,R-5-1

4465.1 CHG

FOREWORD

* This Handbook contains the instructions, standards and procedures prescribed by the Assistant Secretary for Housing - Federal Housing Commissioner governing Valuation Analysis of applications for the insurance of mortgage loans on multifamily properties.

References:

- (1) 4460.1 - Architectural Analysis and Inspection for Project Mortgage Insurance, Section 207
- (2) 4480.1 - Multifamily Reports and Forms Catalog
- (3) 1390.1 - Departmental Policies, Responsibilities and Procedures for Protection and Enhancement of Environmental Quality
- (4) 1390.2 - Noise Abatement and Control: Departmental Policy, Implementation, Responsibilities and Standards
- (5) 4010.1 - Definitions, Policy Statements, and General Rulings
- (6) 4150.1 - Valuation Analysis Handbook for Home Mortgage Insurance (Chapter 7)
- (7) 4445.1 - Underwriting Technical Direction for Project Mortgage Insurance *