Para	aragraph Page	
	TABLE OF CONTENTS	
	CHAPTER 1. GENERAL	
1-1	Goal	1-1
	A. HUD's Role	1-1
	B. Housing's Role	1-1
	HUD Monitoring	1-1
	Servicing Objectives	1-1
1-4		1-2
	A. Servicing Of Account	1-2
	B. Loss Mitigation	1-2 1-2
	C. Quality Control Plan D. HUD Participation	1-2
	E. Retention Of Record	1-3
	F. Transferring Of Files	1-4
	1. Microfilming Documents	1-4
	2. Availability Of Records	1-5
1-5	Servicer Responsibility	1-5
	A. Location And Staffing	1-5
	B. Toll-free And/Or Collect Calling Telephone Service	1-6
	C. End-of-Year Statement	1-6
1-6	Mortgagor Education	1-6
1-7	Change Of Servicer	1-7
1-8	Differences In Mortgagors	1-7
1-9	Delinquency And Default Counseling	1-7
	CHAPTER 2. HUD ESCROW AND MORTGAGE INSURANCE PREMIUM (MIP)	
2-1	Escrow Account - General	2-1
	A. Escrow Authority	2-1
	B. Escrow Obligations	2-1
	C. Common Escrow Periods	2-1
	D. Items To Be Escrowed	2-1
2-2	Capitalized Accounting	2-1
2-3	Escrow Deposits	2-2
	A. Account Requirements	2-2
	B. Trust Clearing Account	2-2
	Commingling	2-3
2-5	Proper Use Of Escrow Funds	2-3
	A. Improper Application Of Escrow Funds	2-3
	B. Escrow Funds May Be Treated As One Entity C. Interest on Escrows	2-3 2-3
	C. INCELESC ON ESCIONS	∠ -3

Parag	graph	Page		
2-6	Initial Establishment Of Escrow Accounts			
	A. Estimating Future Escrow Requirements	2-4		
	1. Mortgage Insurance Premiums (MIP)	2-4		
	a. Mortgages Subject To "Up-Front MIP"	2-4		
	b. Periodic MIP (Monthly)	2-5		
	2. Taxes	2-7		
	3. Insurance	2-8		
	B. Additional Collections	2-8		
2-7	Maintenance Of Escrow Accounts - Analysis	2-8		
	A. Mortgagees That Capitalize	2-8		
	B. Time Of Analysis	2-8		
	C. Estimating Future Bills	2-8		
	D. Periodic MIP	2-9		
	E. Mortgages Insured Under Section 235	2-10		
2-8	Payment Of Bills And Taxes From Escrow Accounts	2-10		
	A. Remittance of the Risk-Based Periodic Premium			
	and Case Level Detail	2-11		
	1. Payment As Received	2-11		
	2. Payment When Due	2-11		
	3. Premium Remittance Summary, Form HUD-2748	2-11		
	4. Collection of Late Charges and Interest Due			
	on Periodic Payments	2-12		
	B. MIP	2-12		
	C. Taxes	2-13		
	D. Hazard Insurance	2-14		
	E. Flood Insurance	2-14		
	F. Homeowners Policies	2-14		
2-9	Surpluses And Shortages In Escrow Accounts	2-14		
	A. Methods Of Adjusting Surplus	2-15		
	B. Methods Of Adjusting Actual Or Accrual Shortages	2-16		
	C. Mortgages Insured Under Section 235	2-17		
2-10	Providing Loan Information	2-17		
	A. Statement Of Escrow Account	2-17		
	B. Statement For Income Tax Purposes	2-17		
2-11	Insurance Coverage	2-18		
	A. Mortgagor's Choice Of Insurance Carrier	2-18		
	B. Amount Of Coverage	2-19		
	C. Reasonable Rate	2-19		
	D. Mortgagee Option	2-19		
	E. Types Of Coverage	2-20		
	1. Dwelling Insurance	2-20		
	2. Flood Insurance	2-20		
	3. Homeowner's Policies	2-21		

V

4330.1 REV-5

Paragraph

	4. Long-Term Policies5. Life Or Disability Or Optional Coverage	2-21 2-22
	Income Policies a. Requirements b. Handling Payments c. Advancement of Funds d. Section 235 Mortgages 6. Insurance Protecting Only The Mortgagee	2-22 2-22 2-23 2-23 2-23
	CHAPTER 3. AMENDMENT AFTER THE MORTGAGE HAS BEEN INSURED	1
3-1	General A. Changes Not Requiring HUD Approval	3-1 3-1
	B. Changes Requiring HUD Approval	3-2
3-2	Recasting (Modifying) A Mortgage	3-2
_	A. Purpose	3-2
	B. Criteria - When Approval Is Not Required	3-3
	C. Criteria - When HUD Approval Is Required	3-3
	D. To Obtain HUD Approval	3-3
	E. How Recasting Can Be Accomplished	3-4
	F. Amount Of Recast Mortgage	3-4
	G. Recordation Of Lien	3-5
	H. Notification To HUD	3-5
	I. Documentation Required	3-5
	J. Submission Of Claim To HUD	3-5
3-3	Partial Release Of Security	3-6
	A. When HUD Approval Is Not Required	3-6
	B. When HUD Approval Is Required	3-6
	C. Notification To HUD	3-7
3-4	Changing The Location Of Existing Improvements (Structures)	3-8
	A. Situations Favorable For Relocation	3-8
	B. Relocation Changes Not Requiring HUD Approval	3-9
	C. Relocation Changes Requiring HUD Approval	3-11
3-5	Decrease In Mortgage Term And Increase In Monthly Payment	3-12
	A. When HUD Approval Is Required	3-12
	B. Reversion Is Permitted	3-12
	C. Mortgagor Certification	3-12
3-6	Reduction Of Interest Rate	3-12
3-7	Refinance Transactions	3-12
	vi	
		4330.1 REV-5
Para	graph	Page
	CHAPTER 4. FEES AND CHARGES AFTER ENDORSEMENT	
4-1	Acceptable Fees And Charges-General A. Fee Basis	4-1 4-1

	B. Fee Regulators	4-1
	C. Services For Which Charges May be Assessed	4-2
	D. Services For Which Charges May be Assessed	4-3
	After Established number of Times	
4-2	Late Charges	4-4
	A. Date Late Charge May Be Assessed	4-4
	B. Mortgagee's Option To Assess Late Charges	4-5
	C. Percentage That May Be Assessed	4-5
	1. Amount	4-5
	a. Mortgages Insured Before January 1, 1977	4-5
	b. HUD Regulations (24 CFR 203.25)	4-5
	D. Computing Late Charges	4-6
	E. Advance Demand Notice	4-6
	F. Content Of Advance Notice	4-6
	G. Application Of The Late Payment	4-7
	H. Application Of Subsequent Payments To Unpaid Late	4-7
	Charge(s)	
	I. Waiver Of Late Charges	4-7
	J. Default/Foreclosure Due To Unpaid Late	4-7
	Charge	
	K. Surplus Escrow Application To Delinquency	4-8
4-3	Uncollectible Checks	4-8
4-4	Assumptions	4-8
	A. Maximum Allowable Fees	4-8
	B. Allowable Charges Separate From Processing Fee	4-9
	C. Circumstances Governing Refund of Processing Fees	4-10
4-5	Substitution Of Hazard Insurance Policies	4-10
4-6	Modification (Recast) Of Mortgages	4-10
4-7	Partial Release Of Security	4-11
4-8		4-11
4-9	Annual Service Charges	4-12
	Trustee's And Recording Fees For Satisfactions	4-12
4-11	Property Inspections/Preservation	4-12
	A. If A Mortgage Is Reinstated	4-12
	B. If Claim Is Filed With HUD	4-13
4-12	Prohibited Fees And Charges	4-13
	A. Charges For Servicing Activities	4-13
	B. Fees For Tax Services	4-13

vii

Paragraph	Page
 C. Satisfaction, Reconveyance, or Termination Fees D. Attorney's Fees E. Trustee's Fees F. Fees Based On Fee Amount Or Unpaid Balance 4-13 Other Fees And Charges 	4-13 4-14 4-14 4-14 4-14

5-1	General	5-1
	A. Prepayments	5-1
	B. Voluntary Termination Of Mortgage Insurance	5-1
	C. Disclosure Statement	5-1
5-2	Prepayment In Full	5-2
	A. Mortgages Insured Prior To August 2, 1985	5-2
	1. Mortgagee's Options	5-3
	2. Interest Calculations	5-3
	3. Non-disclosure Penalty	5-5
	B. Mortgages Insured On Or After August 2, 1985	5-5
	1. Mortgagee's Options	5-5
	2. Non-disclosure Penalty	5-6
	C. Disclosure	5-6
	D. Effective Dates Of The Notice Of Intent	5-6
	And The Prepayment Amount	
	E. When "Installment Due Date" Falls On A	5-7
	Non-work Day	
	F. Expiration Of Notice Of Intent	5-7
	G. Escrow Balance Returned To Mortgagor	5-7
	H. Section 235 Mortgages	5-7
5-3	Partial Prepayment	5-8
	A. Acceptable Methods Of Applying Partial Prepayments	5-8
	1. Making Advance Full Monthly Payments	5-8
	2. Applying Additional Payments Toward Reducing	5-8
	Principal And Future Monthly Payments	5-9
5-4	B. Effects On Mortgage Insurance Premiums Terminations	5-9 5-9
5- 4	A. Form HUD-27050-A	5-9
E E	MIP Refunds	5-9 5-10
-	Distributive Shares	5-10
2-0	A. Notification to Mortgagors	5-12
	B. Assumptions	5-13
	D. ABBUMPCIONS	2-13

viii

Para	graph	Page
5-7	C. Statue Of Limitations On Distributive SharesRecord keepingA. Portfolio ReconciliationsB. Payment of MIPC. Mortgagee Responsibility	5-13 5-13 5-13 5-14 5-14
	CHAPTER 6. ASSUMPTIONS	
6-1 6-2 6-3 6-4		6-1 6-1 6-1 6-3

	Α.	Investors and Secondary Residences	6-3
	В.	Investor Restrictions	6-3
	C.	Secondary Residences - Restrictions Of The	6-4
		Cranston-Gonzalez National Affordable Housing	
		Act of 1990	
	D.	Secondary Residences Means a Dwelling	6-5
	Ε.	Undue Hardship	6-5
	F.	Vacation Home	6-5
6-5	Enf	forcement Of Credit Review And Owner-Occupancy	6-5
		Requirements	
	A.	Due-On-Sale Clause	6-5
	В.	Mortgagee Shall Accelerate If Approval Is Granted	6-6
	C.	Acceleration Of The Mortgage	6-6
6-6	Rel	ease Of Liability	6-6
	A.	Mortgagee Must Release a Selling Mortgagor	6-6
	В.	Form HUD-92210/92210.1.	6-6
6-7	Not	ice To Homeowner	6-8
6-8	For	mer Mortgagors	6-9
	Α.	Credit Bureau Reporting	6-9
	В.	Notification of Former Mortgagor	6-9
	C.	1 2 2	6-9
6-9	Not	ification Of Changes	6-9
	Α.	Mortgagees Must Notify HUD Within 15 Days	6-9
	В.	Failure By Mortgagees To Submit Notification	6-10
	C.	Some Notification To HUD Will Require the	6-10
		Participation Of More Than One Party	
	D.	Notification Preparation Instructions	6-10
	Ε.	HUD Will Not Process Incomplete or Inaccurate	
		Forms	6-10

ix

Paragraph	Page
6-10 Change Of Servicer A. General B. Notifications To Mortgagors C. Responsibilities 6-11 Sale of The Mortgage A. Rights And Obligations B. Responsibilities/Penalties For Errors/Omissions C. Required Action By The Selling Mortgagee D. Magnetic Tape Notification E. MIP Reports F. Mergers, Consolidations, And Acquisitions CHAPTER 7. DELINQUENCIES, DEFAULTS, MORTGAGE COLLECTION ACTIVITIES, INITIATION OF FORECLOSURE	6-10 6-10 6-11 6-11 6-11 6-12 6-12 6-12 6-12 6-13 6-13
7-1 Collection Activities7-2 Definitions	7-1 7-1

	Α.	Payment Due Date	7-1
	В.	Number Of Days In A Month	7-1
	C.	Delinquent Account	7-1
	D.	Default	7-2
	Ε.	Date Of Default	7-2
7-3	Cau	ses Of Default	7-2
7-4	Mor	tgagee Collection Attitude	7-3
7-5	Del	inquency Control	7-4
7-6	Sta	ffing	7-4
7-7	Col	lection Techniques	7-5
	A.	Letters And Automatic Notices	7-5
	В.	Telephone Calls	7-5
	C.	Personal Interviews	7-7
		1. Purpose Of Interview	7-7
		2. Definition Of "Reasonable Effort"	7-7
		Interviewer's Authority	7-8
		4. When Face-To-Face Interviews Are Not Required	7-8
	D.	Use of Attorneys To Collect Past Due Accounts	7-8
	Ε.	Delinquency Counseling	7-9
	F.	Prevention Of Chronic Delinquency	7-9
	G.	Avoiding Foreclosure Pamphlet (426-H)	7-10
	н.	Housing Counseling	7-11

x

Para	grapl	h		Page
7-8	Defa	ault	Reporting-Single Family Default Monitoring	7-12
			m (SFDMS)	
	Α.	-	pose	7-12
	В.		To Submit Reports	7-12
			orting Requirements	7-13
			Content And Due Date Of Report	7-13
		2.	Instructions For Completing Form	7-14
		3.	Where to Submit Reports	7-14
	D.	Rep	orting Accuracy	7-15
		a.	Quality Control	7-15
		b.	Information To Be Checked	7-15
	Ε.	The	Monthly Error Report	7-15
		a.	Availability Of The Monthly Error Report	7-15
		b.	Where Will The Error Report Be Sent	7-16
		a.	If There Are No Errors, will the Mortgagee	7-16
			Receive Any Notification	
		d.	How Will The Reports Be Structured	7-16
		e.	What Will be Identified On The Error Reports	7-16
	F.	Ele	ctronic Data Interchange Update	7-16
7-9	Par	tial	Payments	7-17
	A.	Acc	eptance Of Partial Payments	7-17
	В.	Whe:	n Return Of Partial Payments Is Permitted	7-18
7-10	When	n Pa	rtial Payment Rules On A Defaulted Mortgage	7-18
	N	eed 1	Not Be Enforced	

	Α.	Mortgagor Demonstrates A Disregard For The	7-19
		Obligations Created By The Mortgage Contract	
	В.	Speculators Attempt To Take Advantage Of	7-19
		These Requirements	
7-11	For	eclosure Avoidance	7-19
	A.	Loss Mitigation	7-19
	В.	Break-Even Probability	7-20
	C.	Refinances of Delinquent Mortgages	7-20
7-12	Rev	iew Before Foreclosure Decision	7-20
	A.	Management Review	7-20
	В.	Notification of Other Parties to the Mortgage	7-22
	C.	Omitted Actions	7-22
	D.	Timing	7-22
		1. Maximum Times To Begin Foreclosure	7-22
		2. Minimum Time To Begin Foreclosure	7-23
7-13	Off	ers of Reinstatement	7-23
		vi	

Para	Paragraph Page					
7-14	When Reinstatement Must Be Permitted After Foreclosure Begins	7-23				
7-15	When Reinstatement Does Not Have To Be Permitted Once Foreclosure Has Begun	7-24				
7-16	Inspection And Preservation Of Properties	7-24				
	Delinquency And Foreclosure Ratios	7-24				
	CHAPTER 8. HUD-APPROVED RELIEF PROVISIONS					
8-1	Forbearance Relief	8-1				
8-2	Delinquency And Default Counseling	8-1				
8-3	Forbearance Procedures					
	A. Withholding Of Foreclosure By Mortgagee	8-2				
	B. Types Of Forbearance	8-2				
	C. Payment Of Insurance Claims	8-3				
8 - 4	Special Forbearance Procedure	8-3				
	A. HUD Approval Not Required	8-3				
	B. HUD Approval Required	8-4				
	C. Content Of Written Forbearance Agreement	8-5				
	D. Payment Of Insurance Claims - Special Forbearance	8-6				
	Forbearance Relief Provisions For Military Personnel	8-7				
	Recasting A Mortgage	8-10				
8-7	Special Relief Provisions - Assignment of Defaulted	8-10				
	Mortgages To The Secretary					
	A. Eligibility Criteria	8-11				
	 The mortgagee must have indicated to the mortgagor its intention to foreclose the mortgage 	8-11				
	2. After any partial payments that may have been accepted from the mortgagor have been	8-14				

applied to the mortgage, at least 3 full	
monthly installments must remain due and	
unpaid on the mortgage	
a. Any partial payments accepted by the	8-15
mortgagee	
b. Partial payments accepted on a delinquent	8-15
account that is being reviewed by HUD	
for an assignment	
c. If the date of default has already been	8-15
established by the issuance of the HUD	
preliminary decision letter	

xii

Paragrap	oh	Page
	d. If a preliminary decision has not been issued and a partial payment is accepted	8-15
	3. The property is the mortgagor's principal residence	8-16
	4. The mortgagor does not own other property subject to a mortgage insured or held by HUD	8-16
	5. The default must have been caused by a circumstance or set of circumstances beyond the mortgagor's control which rendered the family unable to cure the delinquency within a reasonable time or make full mortgage payments	8-16
	a. Curtailment of family income	8-16
	b. Uninsured damage to the mortgaged property	8-17
	c. Expenses related to death or illness	8-17
	d. Unanticipated Increase In Payments To Mortgage Escrow Account	8-17
	6. There Is A Reasonable Prospect That The Mortgagor Will Be able To Resume Full Mortgage Payments After A Temporary Period Of Reduced Or Suspended Payments, Not Exceeding 36 Months	8-17
В.	Mortgagee Decisions	8-20
C.	Notice To Mortgagors And HUD	8-20
0.	1. When The Mortgagee Decides To Request That HUD Accept An Assignment	8-21
	2. When The Mortgagee Decides Not To Request That HUD Accept Assignment	8-22
	3. If A Mortgagee Initiates Foreclosure Without Sending The Mortgagor The Notices Required	8-23
	4. Spanish Language Warning	8-24
	a. HUD Letter #1 Warning	8-24
	b. HUD Letter #2 Warning	8-24
	c. HUD Letter #3 Warning	8-25
	5. Spanish Speaking Staff	8-25

	xiii	
	4330.1 REV-5	
Parag	graph	Page
	 Should The Mortgagor Fail To Complete Any Specified Action Within The Required Time Limit 	8-27
	F. General	8-28
	1. Return For Further Servicing	8-29
	2. Initiation Of Foreclosure	8-29
	G. Mortgagee Servicing	8-30
	H. Assigning Mortgages	8-33
8-8	Assignment Of Defaulted Mortgages On Properties	8-33
	Located In Indian Reservations	
8-9	Automatic Assignment Of Mortgages Pursuant To Section 221(g)(4)	8-35
8-10	Forbearance Relief Through Reapplication Of Prepayment S	8-38
8-11	Forbearance And Recasting - Mortgage Insurance Premiums (MIP)	8-38
	CHAPTER 9. FORECLOSURE AND ACQUISITION OF THE PR	OPERTY
9-1	A. General	9-1
	B. Defaulting Mortgagor Unable to Resume Payments	9-1
9-2	Actions Prior To Acquisition	9-1
	A. Management Review	9-1
	B. Quality Control	9-1
	C. Credit Bureau Reporting	9-2
	D. Single Family Default Monitoring System (SFDMS)	9-2
	E. Assignment Program	9-2
	F. Notification of Other Parties To The Mortgage	9-2
	G. Sale Of The Property	9-2
	H. Reinstatement	9-2
9-3	Foreclosure	9-2
	A. Time Limits	9-3
	B. Extension of Time	9-5
9-4	Deeds-In-Lieu Of Foreclosure	9-6
	A. Use of the Credit Alert Interactive Response System (CAIVRS)	9-6
	B. HUD Approval Not Required	9-7
	C. HUD Approval Required	9-7
	D. Time Limits	9-8
	E. Form Of Conveyance	9-8
	F. Secondary Liens	9-8
	G. Compensation	9-8

D. Time Limits

E. HUD Field Office Processing

Period

1. If The Mortgagor Responds Within This Time

8-26

8-26

8-26

xiv

Parag	Page	
	H. Monitoring	9-8
9-5	Pursuing Collection of Funds From Mortgagors	9-9
	Whose Mortgages Have Been Foreclosed	
9-6	Rental Of Properties	9-9
9-7	Claims Without Conveyance Of Title (CWCOT)	9-10
	A. Section 426 Of The Housing And Urban-Rural Recovery Act Of 1983	9-10
	B. Limited Application Of Selection Criteria	9-10
	C. Time Lines For Use Of CWCOT	9-10
	D. Mortgagee Responsibility	9-11
	E. Advertising	9-14
	F. Commissioner's Adjusted Fair Market Value (CAFMV)	9-14
	G. Foreclosure Sale Bidding	9-14
	H. Acquisition Of Title At Foreclosure Sale	9-17
	I. Deed-In-Lieu Of Foreclosure	9-20
	J. Claim Instructions	9-20
9-8	Deficiency Judgments	9-20
	A. Department-Wide Program	9-20
	B. Purpose For Pursuing Deficiency Judgments	9-20
	C. Initiating the Deficiency Judgment Process	9-20
	D. Use Of Claims Without Conveyance Of Title	9-20
	Procedure	
	E. Assignment of Judgments Required	9-20
	F. Collection And Post-Collection Activities	9-21
	G. Reporting Of Default And Foreclosure Status	9-21
	On The Single Family Default Monitoring	
0 0	System (SFDMS)	0.01
9-9	Inspection, Preservation And Protection Requirements	9-21
	A. Inspections	9-21
	B. Preservation And Protection Actions	9-27
	C. Preservation And Protection Reimbursement	9-28
	D. Swimming Pools	9-29
	E. Timing Of Protection And Preservation Action	9-29
9-10	Condition Of Properties	9-30
	A. Mortgagee Certification	9-30
	B. Conveyance Of Damaged Properties	9-30
	 Conveyance Of Damaged Properties With HUD Approval 	9-30
	2. Conveyance Of Fire Damaged Properties Approval	9-31
	C. Other Damage	9-32

Paragraph		
D. Notice Of Damage	9-33	
E. Hazard Insurance Recovery	9-33	
F. HUD Acceptance Of Responsibility	9-34	
G. Property Damage And Restoration	9-34	
9-11 Occupancy	9-35	
A. Notify Mortgagor And Occupants	9-36	
B. Form Of Notice	9-36	
C. Conveyance	9-36	
9-12 Claim For Insurance Benefits-With Conveyance Of Title	9-37	
A. Cancellation Of Hazard Insurance	9-37	
B. TaxesPrior To Conveyance	9-37	
C. TaxesAfter Conveyance	9-37	
D. Tax Penalties	9-37	
9-13 Title Requirements	9-38	
A. Secondary Liens	9-38	
B. Other Liens	9-38	
9-14 Reconveyance Of A Property To The Mortgagee	9-38	
9-15 Mortgagee's Withdrawal Of Application For Insurance	9-39	
Benefits		
9-16 Claim For Insurance Benefits Review File And Retention Of Claim Related Records	9-39	
9-17 Mortgagee Monitoring	9-40	
CHAPTER 10. SECTION 235 MORTGAGES		
10-1 General	10-1	
A. Mortgages Subject To Recapture	10-1	
B. Reactivation Of Section 235	10-1	
10-2 Contract For Monthly Assistance Payments	10-1	
A. What Constitutes Execution Of The Contract	10-1	
B. Date Contract Term Begins	10-2	
C. Date Contract Term Ends	10-2	
D. Definitions	10-2	
1. "Family" Or "Household"	10-2	
2. "Adjusted Annual Income"	10-2	
3. "Gross Annual Income"	10-2	
4. "Minor"	10-2	
	10-3	
5. "Cooperative Member" 6. "Active Contract"	10-3	
7. "Recertification Of Family Income And	10-3	
Composition	10-3	

Paragraph							
10-3	Contract For Monthly Assistance Payments Under The Housing And Urban Rural Recovery Act Of 1983	10-3					
10-4	Continuing Eligibility For Assistance						
	A. Requirements To Continue Receiving Assistance	10-4					
	1. Owner-occupancy Continues	10-4					
	a. Co-Mortgagors	10-4					
	b. Absentee Occupant	10-4					
	c. Appointed Trustee/Guardian	10-5					
	2. Contract Remains Active	10-5					
	3. Meets Income Requirements	10-5					
	4. Recertified As Required	10-5					
	B. Basis Of Assistance Calculation	10-5					
	C. Disclosure And Verification Of Social Security Number (SSN)	10-6					
	D. Verification Of The SSN Is A One-Time	10-6					
	Requirement	10 0					
	E. Documentation Requirements	10-6					
	F. Individuals Who Have Applied For Legalization	10-7					
	Under The Immigration Reform And Control Act						
	Of 1986 (IRCA)						
	G. Unacceptable Documentation	10-7					
	H. Invalid Or False Documents	10-8					
	I. Procedures For Rejecting SSNs Or Documentation	10-8					
	J. Certifications	10-9					
	K. Criminal Violations	10-10					
10-5	Recertification Of Income, Family Composition,	10-10					
	Occupancy And Employment						
	A. Recertification Requirements	10-10					
	B. Recertification Form To Be Used	10-11					
10-6	When Recertifications Are Required	10-12					
	A. Annual Recertifications	10-12					
	1. Date Recertification Must Be Performed	10-12					
	2. Events Which Permit Recertification	10-12					
	Anniversary Dates To Be Changed						
	B. Intermittent Recertifications	10-13					
	C. Recertifications At The Direction Of The	10-14					
	Secretary Of HUD						
	D. Optional Recertification At The Request Of The Mortgagor	10-14					

xvii

Paragraph			Page
5 1	1.	Acceptable Reasons For Performing Optional	10-14
		Recertifications	10 11
	2.	Time Frame For Making The Request	10-15
	3.	Time Frame For Mortgagee To Process Optional	10-15

		Recertification				
10-7	Annual Recertification Of Mortgagors					
	A.	Time Frame For Requesting Recertifications	10-15			
	В.	"Reasonable Effort" Action Required Of	10-16			
		Mortgagee				
10-8	Mort	gagor Fails To Recertify Within Time Frame	10-17			
	A.	Mortgagor Recertified After Suspension	10-18			
	В.	Contract Suspended Due To Mortgagee's Failure	10-18			
		to Meet "Reasonable Effort"				
10-9	Dete	ermining Income	10-20			
	A.	Gross Annual Income	10-20			
		1. Income Sources Included	10-20			
		2. Income Sources Excluded	10-20			
	В.	Income Requiring Special Consideration	10-21			
		1. Overtime Pay	10-21			
		2. Self-Employment	10-22			
		3. Special-Purpose Payments	10-22			
		a. Medical Expenses	10-23			
		b. Foster Children	10-23			
		c. VA Educational Benefits And/Or	10-23			
		Scholarships				
		d. Payments In Kind	10-23			
		e. Insurance Benefits	10-23			
		(1) Health/Accident/Disability	10-23			
		Insurance	10.00			
		(a) Premiums Paid By Mortgagor	10-23			
		(b) Premiums Not Paid By Mortgagor	10-24			
		(2) Other Types Of Insurance	10-24			
		f. Earnings Of Minors	10-24			
		g. Military Pay And Allowances	10-25			
10 10	770-0	h. Reimbursement For Expenses	10-25 10-26			
10-10	ver.	ifying Income Third-party Verification Required	10-26			
	в.	Verification Not Available	10-26			
		Unacceptable Forms Of Verification	10-26			
	D.	Acceptable Forms Of Verification	10-26			
	υ.	1. Earned Income	10-20			
		I. Ballica lifeome	10 27			

xviii

Paragraph			Page
	a.	Pay Stubs And Checks	10-27
		(1) Documentation For Preceding Six Months Is To Be Requested	10-27
		(2) Each Source Of Income Must Be Documented	10-27
	b.	Form HUD 92004-G, Request For Verification Of Employment	10-27
	c.	Telephone Verification	10-27
	d.	Use Of Standard Benefit Scales	10-28

		e. Use Of Public Housing Authority's	10-28		
		Standard Minimum Income Scales			
		2. Income From Self-Employment	10-29		
		a. Audited Profit And Loss Statements	10-29		
		b. Unaudited Profit And Loss Statements	10-29		
		c. Financial Statements	10-30		
		3. Unearned Income	10-30		
	Ε.	Verification Not Required	10-30		
		1. Minors	10-30		
		2. Latest Verification Performed Within Last	10-31		
		Six Months			
		3. Disqualifying Income	10-31		
10-11	Fami	ily Composition	10-31		
	A.	Separations	10-31		
	В.	Death	10-31		
10-12	Computing Assistance				
	A.	Formula One	10-33		
	В.	Formula Two	10-33		
10-13	Inte	erim Assistance Payments	10-34		
	A.	Basis For Computing Interim Assistance	10-34		
		Payments			
	В.	Affect On Payments	10-34		
	C.	HUD Assistance Requested	10-34		
	D.	Documentation Needed	10-35		
10-14	Firs	st Monthly Assistance Payment	10-35		
10-15	Assi	istance Payments Adjustments	10-36		
	A.	Adjustments	10-36		
		1. Retroactively	10-36		
		2. Prospectively	10-36		
	В.	Computation Changes	10-37		
	C.	Effective Dates Of Changes	10-37		

xix

Paragraph Page				
10-16 Advising Mortgagors Of Changes				
A. Required Advance Notice Not Given	10-38			
B. Written Notice To Mortgagor	10-38			
10-17 Retention Of Documentation	10-39			
10-18 Suspension Of Assistance Payments	10-39			
A. Events Which Require Suspension	10-39			
B. Suspension Notification Required	10-41			
C. Content Of Suspension Notice	10-41			
D. Reinstatement Effective Dates	10-41			
1. Suspension Due To Mortgagor's	10-41			
Non-occupancy				
2. Suspension Due To Over-Income Mortgagor	10-42			
3. Suspension Due To Mortgagor's Failure To	10-42			
Recertify				
4. Suspension Due To Mortgagor's Failure To	10-42			

		Disclose And Verify Social Security Numbers	
		5. Suspension Due To Initiation Of Foreclosure	10-42
		a. Negotiation Of Reinstatement Terms	10-42
		b. Reimbursement Of Foreclosure Costs	10-43
10-19	Teri	mination Of Assistance Payment Contract	10-43
	A.	Events Which Require Termination	10-43
	В.	Termination Effective Dates	10-43
	C.	Contracts Terminated In Error	10-43
10-20	Esc	row Accounts	10-44
	A.	Escrow Items Which May Be Included In	10-44
		Assistance Computations	
		1. Hazard Insurance	10-44
		2. Flood Insurance	10-45
		3. Taxes	10-45
	В.	Additional Disclosures Required Prior To	10-45
		Closing	
	C.	Adjustment Of "Excessive" Surpluses And Shortages	10-45
	D.	When Retroactive Adjustments Are Required	10-46
		 When The First Analysis Is Performed After Settlement 	10-46
		2. When The Escrow Analysis Reveals An "Excessive" Surplus Or Shortage Allowed	10-46

XX

Paragraph	Page
3. When The Mortgage Is Being Assumed Or Paid In Full	10-46
4. When The First Analysis Of A Suspended Or Terminated Contract Is Performed	10-47
5. When A Prospective Adjustment Would Reduce Assistance To Zero	10-47
E. Prospective Adjustments	10-47
F. Adjustment Procedure	10-47
1. Adjust The "Formula One" Assistance Payment	10-47
2. Verify Accuracy Of The "Formula Two" Assistance Payment	10-47
3. Compare The Two Results	10-48
10-21 Billing For Assistance/Handling Charges	10-48
A. Time Frame For Submitting Form HUD-93102	10-48
B. Submission/Completion Of HUD-93102	10-49
1. A Single Form HUD-93102 For The Total Of All Section 235 Program Assistance Payment Requests	10-49
2. Adjustments To The Regular Monthly Billing	10-49

		Amounts	
		3. Prior Month Billing Amounts, Adjustment Transaction Codes 2	10-50
	C.	Submission/Completion Of Form HUD-300	10-51
	D.	Review For Billing Accuracy	10-52
	Ε.	Mortgagee Liability	10-53
	F.	Receipt Of HUD's Payment	10-54
	G.	Monthly Billing	10-54
	Η.	Rounding Off Billing Amounts	10-56
	I.	Billing Of Handling Charges	10-56
10-22	Assı	umptions	10-56
	A.	Assistance Eligibility	10-56
	В.	Additional Underwriting Requirements For	10-57
		Section 235 Assumptions	
	C.	Mortgagee Responsibility	10-57
	D.	HUD Responsibility	10-58
	Ε.	Cut-off/Start-up Dates For Assistance	10-59
10-23	Del:	inquencies And Defaults	10-60
	A.	Partial Payments	10-60
	В.	Forbearance	10-61
	C.	Special Forbearance	10-61

xxi

Paragraph			
		10 61	
	D. Recasting	10-61	
	Assignment To HUD	10-61	
	Prepayments	10-62	
10-26	Transfer Of Servicing	10-62	
	A. Assistance Eligibility	10-62	
	B. Recertifications	10-62	
	C. Additional Recertification Required	10-62	
	D. Additional Notice To Mortgagor	10-62	
	E. Seller's/Purchaser's Servicing Responsibility	10-63	
10-27	Possible Violations Of Law Or Regulations	10-63	
	A. Mortgagee Responsibility	10-63	
	1. General	10-63	
	2. Report Clues/Evidence Of Mortgagor's	10-63	
	Possible Wrongdoing		
	3. Information Not To Be Reported	10-64	
	B. HUD Field Office Responsibility	10-65	
	C. Office Of The HUD Inspector General	10-65	
10-28	Causes Of Overpaid Assistance	10-66	
	A. Mortgagee's Failure To Meet Contractual	10-66	
	Obligations		
	B. Mortgagee Fraud Or Misrepresentation	10-66	
	C. Mortgagor Errors Or Omissions	10-67	
	D. Mortgagor Fraud Or Misrepresentation	10-67	
10-29	Repayment Of Overpaid Assistance	10-67	
	A Overnayments Caused By The Mortgagee	10-67	

	B. Overpayment Caused By Error	10-68
	C. Mortgagor No Longer Obligated Under The Mortgage	10-68
10-30	Causes Of Underpayments	10-68
10-31	Collecting Underpaid Assistance	10-69
10-32	Records Maintenance	10-69
10-33	Responsibility For Transferring Records	10-70
10-34	Reporting To HUD	10-71
	A. Reports of Recertifications	10-71
	B. Ad Hoc Reporting	10-71
10-35	Information To Mortgagors	10-71
10-36	Revised/Recapture/10 Program	10-71
	A. Documentation At Origination	10-72
	B. "Formula One" Assistance	10-72
	C. Recapture Of Assistance	10-72
	D. Mortgage Assumptions	10-72

xxii

Parag	raph	Page	
	-	J	
10-37	Alien Mortgagors	10-73	
	A. Citizenship/Permanent Alien Status Proof Required	10-73	
	B. Forms Of Acceptable Proof	10-73	
	C. Mortgagee Certification	10-73	
	D. Fraudulent Or Invalid Documentation	10-73	
	E. When Assistance May Be Reinstated	10-74	
	CHAPTER 11. RECAPTURE OF SECTION 235 ASSISTANCE PAYMENTS		
11-1	General	11-1	
11-2	Mortgages Affected By Recapture Provision	11-1	
	A. If the Firm Commitment Date Is On Or Before May 26, 1981	11-1	
	B. If the Firm Commitment Date Is On Or After	11-1	
	May 27, 1981		
	C. If the Firm Commitment Date Is On Or After	11-1	
	October 27, 1984		
11-3	Method Of Securing Repayment	11-1	
11-4	Mortgagee's Responsibility Prior To Insurance	11-2	
	Endorsement		
	A. Contents Of "Notice To Buyer"	11-2	
	B. Mortgagor's Written Acknowledgement Required	11-2	
	C. Position Of Lien	11-2	
	D. Preparation Of Closing Documents	11-3	
	1. Security Instruments	11-3	
	2. Information To Be Inserted	11-4	
	E. Title Insurance	11-4	
11 -	F. Hazard Insurance	11-4 11-4	
11-5	- 1		
	A. Execution Of Lien Documents	11-4	

	B. Identifying Costs	11-5
11-6	Recording The Liens	11-5
11-7	Insurance Endorsement	11-5
	A. Where it is not customary for recorders to	11-5
	provide receipts for documents accepted for recording	
	B. When the original documents have been recorded and returned	11-5

xxiii

Paragraph Pa						
11-8	General Servicing					
11-9	Events Triggering Recapture Provision	11-6				
	Formula For Calculating Recapture	11-6				
11-11	Mortgagee's Role In Recapture Process	11-7				
11-12	HUD's Role In The Recapture Process	11-9				
11-13	Determining The Recapture Amount	11-9				
11-14	Reasonable Costs Of Sale	11-10				
11-15	Reasonable Costs Of Refinancing The First Mortgage	11-11				
	A. Costs Allowed	11-11				
	B. Costs Not Allowed	11-12				
11-16	Reasonable Costs Of Improvements	11-12				
	A. To Qualify As An Improvement	11-12				
	B. Allowable Improvements	11-13				
	C. Miscellaneous Improvements Of Less Than \$100	11-15				
	Per Project					
	D. Group Improvements As Projects	11-16				
	E. "Sweat Equity"	11-16				
	F. Rental Equipment	11-16				
	1. Rental equipment which may quality	11-16				
	2. Equipment which does not quality	11-16				
	G. Where The Cost Of An Improvement Is Paid Using	11-16				
	A Monthly Installment Payment Plan					
	H. Receipts/Documentation of Improvements	11-17				
	I. Replacements	11-17				
	J. Items Not Allowed As Improvements	11-17				
11-17	Fraud And Abuse	11-17				
11-18	Calculating The Recapture Amount	11-18				
11-19	Disposition of The Recapture Check	11-18				
11-20	Releasing The Recapture Lien	11-18				
11-21	Satisfying The Lien Before Obtaining Recapture	11-18				
	Amount					
11-22	Assignment To HUD	11-19				
11-23	Foreclosures - HUD-Acquired Properties	11-19				
11-24	Deed-In-Lieu Of Foreclosure	11-19				
	Relocation Of Mortgagor By Employer	11-20				
	Dislocation Of Mortgagor (Eminent Domain)	11-20				
11-27	Subordination Of The HUD Lien	11-21				
11-28	Summary 11-21					

CHAPTER	12	ADTIICTARI.F	PATF	MORTCACES -	Δ NTNTT Δ T.	ADJUSTMENTS
CHAPIER	14.	ADUUSIADHE	KAIL	- CIDADIAON	AMMOAL	ADUUSIMENIS

	General Annual Interest Rate Adjustment Adjustment	12-1 12-1
	xxiv	
		4330.1 REV-5
Parag	graph	Page
	A. Computing The Adjustment	12-2
	B. Effective Date	12-4
10 0		12-4
12-3 12-4	1 1 3	
12-4	Annual Adjustment (Or Disclosure) Notice To The Mortgagor	12-5
	A. Time Frame For Sending Required Notice	12-5
	B. Type Of Mailing Recommended	12-5
	C. Required Content Of Notice	12-5
12-5	Failure To Provide Timely And Accurate Notice	12-6
12 3	A. Recomputing Required	12-6
	B. Increased Payments	12-6
	C. Reduced Payments	12-7
	D. Inaccurate Notice	12-7
12-6	Assumptions	12-7
		ra V
	CHAPTER 13. HOME EQUITY CONVERSION MORTGAGES - (HECM	15)
13-1	General	13-1
13-2	Purpose of the Program	13-1
	Characteristics of the Mortgage	13-1
	A. Loan Proceeds	13-1
	B. Repayment of the Mortgage	13-1
	C. Maturity Date	13-1
	D. Mortgagee Unable To Make Payments	13-1
	E. Mortgage Proceeds Paid By Mortgagee and/or HUD	13-1
	F. Eligibility Requirements	13-2
13-4	Mortgagee Contact Person	13-2
13-5		13-2
13-6	1 1	13-2
	A. Tenure	13-2
	B. Term	13-2
	C. Line of Credit	13-2
	D. Modified Tenure	13-2
	E. Modified Term	13-3
13-7	Line of Credit Payments	13-3
10 /	A. Mortgagor Has Established A Line Of Credit	13-3
	B. Payment Received By Mortgagor	13-3
	C. Mortgagor Must Be Sent A Statement	13-3
13-8	Method Of Payment	13-3
T2-0		13-3
	A. Electronic Funds Transfer (EFT) B. Check By Mail	13-3
	D. CHECK BY MAIL	T2-4

xxv

Paragraph					
13-9 Late Charges On Payments					
13)		Due Dates	13-4 13-4		
		1. Mortgagee obligated to make monthly payments	13-4		
		2. Mortgagee obligated to make line of credit	13-4		
		payments	13-4		
	В.	Late Charges	13-4		
		1. Late charge can not be added	13-4		
		2. Mortgagee should notify the HUD Field Office	13-4		
		regarding a problem			
13-10		ging The Payment Plan	13-5		
		Changing Payment Plan at Mortgagor's Request	13-5		
		Mortgagee Is Required To Change Payment Plan	13-5		
		Payment Plan Must Be Restarted	13-6		
13-11		letion of Repairs	13-6		
		The Mortgagee's Responsibility	13-6		
		Upon Completion of the Required Repairs	13-6		
		Required Repairs Are Not Completed	13-6		
	D.	Mortgagor May Receive More Than Designated	13-7		
		Payment from Line of Credit			
	Ε.	Funds Designated For Repairs In Excess Of The	13-7		
	_	Cost Of Repairs	10 =		
13-12		ents For Taxes, Insurance, Special	13-7		
		Assessments, Or Ground Rents (Taxes and Insurance)	10 =		
	Α.	Mortgagee Makes Payments For Taxes and Insurance	13-7		
		1. Mortgagee Maintains Escrow Account	13-7		
		2. Mortgagee Set Aside Sufficient Funds to	13-7		
		Meet First Year's Tax and Insurance	10 6		
		3. Mortgagor is Receiving Monthly Payments	13-7		
		4. The Actual Payments For Taxes and Hazard Insurance	13-8		
		5. Withholding Analysis Performed Annually	13-8		
		- Monthly Payment Plans			
		a. Insufficiency Monthly Amount Withheld	13-8		
		b. Mortgagor Adds Difference to Outstanding	13-8		
		Balance			
		c. Amount Withheld is More Than Required	13-9		
		6. Mortgagee Discontinues Withholding for Taxes and Insurance			
		7. Mortgagor Established A Line of Credit	13-9		
	В.	Mortgagor Makes Payments For Taxes and Insurance	13-9		
		1. Provide Proof of Payment	13-9		
		2. If Proof Is Not Provided By Due Date	13-9		
		2. II IIOOI IS NOT FIOVINED BY DUE DATE	10)		

Paragraph Pa		
	 If Mortgagor Does Not Respond Mortgagor Does Not Have A Line of Credit Mortgagor's Principal Limit Insufficient Mortgagee Withholds Monthly Amounts 	13-10 13-10 13-10 13-10
13-13	C. Tax Deferral Programs For Senior Citizens Insurance Coverage A. Covers 100% of Insurable Value of Property Improvements	13-10 13-10 13-10
	B. HUD and Mortgagee May Determine Hazards C. Mortgagor Provides Copy of Insurance Policy D. Property Located In Area Identified By FEMA	13-10 13-10 13-11
	Monthly MIP A. Assignment Insurance Option B. Shared Premium Insurance Option	13-11 13-11 13-11
13-15	Servicing Fee A. Mortgagee Assess A Servicing Fee B. Servicing Fee Added To The Mortgagor's	13-11 13-11 13-12
13-16	Out standing Balance Monthly C. Amount Of Servicing Fee Fees and Charges After Endorsement A. Changing The Payment Plan	13-12 13-12 13-12
	B. Substitution of Hazard Insurance Policy C. Attorney and Trustee Fees D. Trustee and Recording Fees	13-12 13-12 13-12
10 15	E. Property Inspections and Preservation Expenses F. Attorney Fees and Expenses	13-12 13-12
13-17	Capitalization of Payments and Interest A. Payments B. Interest	13-12 13-13 13-13
13-18	Statements to the Mortgagor A. Annual Statement B. Truth-in-Lending Act Requirements	13-13 13-13 13-14
13-19	C. Statement After Each Line of Credit Interest Rate Changes For Adjustable Rate Mortgages A. Selecting A Calendar Date	13-14 13-14 13-14
	B. Mortgagee Selects A Calendar Date C. Adjusting The Interest Rate D. Notice Of Interest Rate Change	13-14 13-15 13-15
	E. Notice Of Interest Rate Change Must Be Provided The Mortgagor	13-15 13-15

xxvii

Paragr	caph	Page
12 00		10 15
13-20	Prepayments	13-15
	A. Disclosure Statements	13-15
	1. At Closing Disclosure Statement	13-15
	a. Term or Tenure Payments	13-15
	b. Line of Credit Payments	13-15
	2. Annual Disclosure Statement	13-16
	B. Tenure or Term Option	13-16
	C. Line of Credit Option	13-17
	D. Prepayment In Full	13-17
13-21	Partial Prepayments	13-18
	A. Increase Monthly Payments	13-18
	B. Establish Or Increase A Line of Credit	13-18
	C. Refinance The Mortgage	13-18
	D. Application Of Partial Prepayment	13-18
13-22	Mortgagor's Occupancy and Maintenance of the	13-19
	Property	10 10
	A. Principal Residence	13-19
	1. Mortgagor Certification	13-19
	2. Mortgagee Provides Written Certification	13-19
	3. Notify Mortgagee of Absences from Property	13-19
	B. Must Not Sell Property	13-19
	C. Not Out of Occupancy More Than 12 Months	13-20
	D. Maintains The Condition of the Property	13-20
	1. Notify Mortgagor of Deficient Condition	13-20
	2. If Mortgagor Fails To Comply	13-20
	E. Mortgagor Complies With Terms of Mortgage	13-20
	Use of Counseling Agencies	13-20
13-24	Assignment Insurance Option	13-20
	A. Mortgage Assigned To HUD	13-20
	B. Conditions Must Be Met Upon Assignment	13-21
	C. Notifies HUD and Mortgagor of Assignment	13-21
	Notice of Field Office of Intent to Assign	13-22
13-26	Payments Before Mortgage Is Voluntarily Assigned	13-23
	A. Line of Credit Payment	13-23
	B. Unscheduled Payment	13-23
13-27	Demand Assignment of the Mortgage	13-23
	A. Mortgagor Contacts HUD Field Office	13-23
	B. Mortgagee Cannot Make Required Payment	13-24
	C. HUD Issues a Demand Letter	13-24
13-28	Payoffs and Due and Payable Mortgages	13-24
13-29	Payoffs	13-24
	A. Sale of Property	13-24
	B. Contract For Sale Executed	13-25

xxviii

4330	. 1	REV-5

Paragraph							Page
C.	Notify	HUD	of	Termination	of	Insurance	13-25

		ed Appreciation Mortgages	13-25
		canding Balance To Be Paid	13-25
13-30		ns Making The Mortgage Due And Payable	13-25
		gage Due and Payable Without HUD Approval	13-25
		gage Due and Payable With HUD Approval	13-26
13-31	Procedure Payab	es For Declaring The Mortgage Due And ole	13-26
		cessary Approval From HUD	13-26
	B. Neces	ssary Approval From HUD	13-26
	C. Viola	ations Should Be Rectified	13-26
13-32	HUD Field	d Office Evaluation	13-26
	A. Writt	ten Response to Mortgagee	13-26
	B. Field	d Office Determination	13-26
13-33	Dispositi	on of Due and Payable Mortgages	13-28
	A. Issue	e A Repayment Notice	13-28
	B. Payme	ents Discontinued	13-29
13-34	Foreclosu	are	13-29
	A. Notif	ication To HUD	13-29
	B. Order	An Appraisal	13-29
	C. Sale	of Property	13-29
		are To Repay The Mortgage Debt	13-30
		closure Sale	13-30
	CH	HAPTER 14. FEDERAL NATIONAL DISASTERS	
14-1	General		14-1
	A. The R	Robert T. Stafford Disaster Relief and	14-1
	Em∈	ergency Assistance Act	
	B. Presi	dent Declares Area A National Disaster	14-1
14-2	Moratorio	um On Foreclosures	14-1
	A. Effec	ctive Date of Moratorium	14-1
	B. Forec	closures Affected By The Moratorium	14-2
	C. Morat	corium Affects Initiation of Foreclosure	14-2
14-3	Servicing	g Actions	14-2
	A. Speci	al Forbearance	14-2
	_	nancing	14-2
		ing Late Charges	14-2
		ension of Reporting Delinquencies	14-3
		ptance of Deeds-in-Lieu of Foreclosure	14-3
14-4		With Property Damage	14-3
		rd Insurance Claims	14-3

xxix

Paragraph		Page
В.	Insurance Proceeds Payable Jointly	14-3
С.	Providing Mortgagor With Insurance Proceeds	14-3
D.	Mortgage Delinquency Preceding the Disaster Date	14-4
Ε.	Preventing Undue Hardship	14-4
F.	List of FHA-Approved Fee Appraisers	14-4

	G. Premises Totally Destroyed Processing Assignment Applications Mortgage Assistance Payments A. FEMA's Program Guidance For Mortgagees B. HUD Assignment Letter No. 1	14-4 14-4 14-5 14-5
	CHAPTER 15. SECTION 222 MORTGAGES	
15-1	General	15-1
	A. Military Branch's Responsibility	15-1
	B. Establishing Eligibility	15-1
15-2	Transfers To Section 222	15-1
	A. Serviceman Requests Transfer	15-1
	B. Mortgagee Forwards Documents	15-1
15-3	Payment Of Premiums By Service Branch Or By	
	Mortgagee	15-2
	A. FHA Notified	15-2
	B. Notice Of Termination	15-2
	C. Mortgagee Responsible For Payment Of MIP	15-2
15-4	Sale Of A Property Covered By A Section 222 Mortgage	15-2
	A. Property Sold To Another Eligible Serviceman	15-2
	B. Failure To Submit Form HUD-92080	15-2
	C. Responsibility For Payment Of MIP	15-3
15-5	Assumption Of Insured Mortgages By Servicemen	15-3
15-6	Continued Payment Of MIP By Service Branch	
	When Serviceman Dies On Active Duty	15-4

XXX

4330.1 REV-5

LIST OF APPENDICES

Appendix Number	Name	Paragraph Reference(s)
1	Form HUD-92080, Mortgage Record Change	2-7, 6-10, 6-11A, 6-12, 10-21
2	Form HUD-2748, MIP Remittance Summary	2-8
2A	Form HUD-27001, Transmittal for Payment Up-Front Mortgage Insurance Premium (UFMIP)	2-6A
2В	Form HUD 2752, Risk-Based Annual Premiums: Monthly Remittance Summary	2-8A
3	Sample Recasting Agreement	3-2
4	Calculation of Recast Principal Amount and New Monthly Payment	3-2

5	Sample Modification Agreement, Extension of Term	3-2
6	Form <u>HUD-27011</u> , Single Family Application for Insurance Benefits	3-2, 8-7H, 8-9, 9-7, 9-10, 9-11, 9-12
7	Form HUD-92210.1, Approval of Purchaser and Release of Seller	4-4, 6-6B
8	Disclosure Statement - HECMS Notice To Mortgagor at Loan Closing Regarding Prepayment Line of Credit	
8(A)	Disclosure Statement - Loan Closing	5-1C
8(B)	Disclosure Statement - Annually	5-1C
8(C)	Sample Notice to Mortgagor, Mortgagee Disclosure of Policy Regarding Prepayment in Full	5-2

xxxi

Appendix Number	Name	Paragraph Reference(s)
9	Form HUD-27050-A, Mortgage Insurance Termination	5-4,
10	Homeowner's Fact Sheet - One-Time Mortgage Insurance Premium (OMIP) Refunds and Distributive Shares	5-5, 5-6
10A	Revised MIP Refund Factors	5-5B3
11	Application for Premium Refund or Distributive Share Payment, (Form HUD-27050-B)	5-5, 5-6
12	Assumption Requirements	6-1, 6-2
13(A)	Notice to Homeowner - Assumption of HUD/FHA Insured Mortgages - Release of Personal Liability	6-7A
13(B)	Notice to Homeowner - Assumption of HUD/FHA Insured Mortgages - Release of Personal Liability	6-7A
14	Notice to Homeowner - Assumption of	6-7A

	HUD/FHA Insured Mortgages (Revised)	
15	Form HUD-92210, Request for Credit Approval of Substitute Mortgagor	6-6B
16	Specification (Form HUD-92080) Tape Characteristics Mortgage Record Damage (See Paragraph 6-11C, Bulk Transfers)	6-11C
17	Flow Chart on Collection Activities	7-1
18	Delinquent and Default Counseling	7-7E
19	HUD-426-H, Avoiding Foreclosure	7-7G
19A	HUD Letter #1A	

xxxii

Appendix Number	Name	Paragraph Reference(s)
20	Form HUD-92068-A, 90 or More Days Delinquent Loan Report - Single Family Default Monitoring System	7-8B, 7-8C, 9-8G
20A	Single Family Statistical System Keypunch/verify Instructions	7-8C
20B	Form HUD 92068A, Transaction Error Report For Database Update Cycle	7-8Ed, 7-8Ee
20C	Error Code, Form HUD 92068A	7-8Ee
20D	Key Items For Review Prior to Submission of Format HUD-92068A	7-8Db
21	Section of the Act Codes Incorporated in FHA/HUD Case Numbers	7-8
22	Repair Rider to Loan Agreement Jurisdiction	13-11
23	Forbearance Checklist	8-3B
24	Sample Repayment Plan (Formal Forbearance Agreement) HUD Approval Not Required	8-3, 8-3C, 8-5

24	Example 1-Sample Repayment Plan (Formal Forbearance Agreement) HUD Approval Not Required	8-4
24	Example 2-Sample Special Forbearance Agreement Pursuant to 24 CFR 203.614(a) (HUD Approval Required)	8-4
24	Example 3-Sample Special Forbearance Agreement Pursuant to 24 CFR 203.614(b) (HUD Approval Required)	8-4

xxxiii

Appendix Number	Name	Paragraph Reference(s)
24(A)	Reduction of Mortgage Interest Rate Provided by the Soldiers' and Sailors' Civil Relief Act of 1940	8-5
25	Assignment Program Schedule	8-7
26	HUD Letter # 1	8-7
27	HUD Letter # 2	8-7
28	HUD Letter # 3	8-7
29	Form HUD-92068F, Request for Financial Information	8-7A6, 8-7C
30	Form HUD-92206, Assignment Request - Background Data for HUD Assignment of Mortgage	8-7C
31	Form HUD-93101, Recertification of Family Income and Composition, Section 235(b)	8-7C, 10-5B, 10-7, 10-8, 10-10, 10-13, 10-15, 10-18, 10-21, 10-28, 10-31, 10-32
32	Form HUD-93101-A, Recertification of Family Income and Composition, Statistical Report Section 235(b) (j) and (i)	8-7C, 10-6, 10-7A, 10-8, 10-12, 10-15, 10-21, 10-28, 10-31, 10-32, 10-34
33	Form HUD-93114, Notice of (1) Termination, (2) Suspension, or (3) Reinstatement of Assistance Payment Contract (Section 235 (b)(j) and (i))	8-7C, 10-7A, 10-8, 10-17, 10-18, 10-19, 10-21, 10-28, 10-31, 10-32

34	Assignment Acceptance Letter to Mortgagee	8-7H
35	Sample 221(g)(4) Assignment Letter	8-9

xxxiv

Appendix Number	Name	Paragraph Reference(s)
36	Sample 221(g)(4) Second Notice Letter With Instructions and Notice	8-9
37	Foreclosure Time Frames	9-3, 9-5
38	Form HUD-91022, Mortgagee Notice of Foreclosure Sale	9-7
38(A)	Diagrammed "Time Lines" Showing Dates of CWCOT and Deficiency Judgments	9-7
39	Form HUD-92051, Compliance - Inspection Report	9-10
40	Sample Notice to Occupant of Pending Acquisition	9-11
41	Form HUD-428, Home Mortgage ADP Code Chart	10-1
42	Form HUD-59100, Non-Endorsement Notice/ Mortgage Insurance Certificate	10-2
43	Form HUD-92300, Mortgagee's Assurance of Completion	10-2
44	"Notice to Buyer" - This Section 235 Mortgage May Be Subject To Recapture	10-3, 11-4
45	Annual Recertification Dates, Section 235	10-6
46	Form HUD-93102, Mortgagee's Certification and Application for Assistance or Interest Reduction Payments	10-6A, 10-8, 10-16, 10-20D3, 10-20, 10-21, 10-23, 10-28, 10-29, 10-31, 10-32
47	Examples of Establishing Dates for Required Recertifications (Section 235)	10-6A, 10-7A

xxxv

4330.1 REV-5

Appendix Number	Name	Paragraph Reference(s)
48	Form HUD-300, Monthly Summary of Assistance Payment Due Under Sections 235(b), 235(j), or 235(i) or of Interest Reductions Payments Due Under Section 235	10-8, 10-20D3, 10-20, 10-21, 10-29, 10-31
49	Form HUD-6223/92004g, Request for Verification of Employment	10-10D
50	Illustrations of Liquidating Section 235 Escrow Surpluses and Shortages	10-20
51	Illustrations of Assistance Payments Computations (Section 235)	10-14, 10-20
52	Section 235 Factor Tables - Amortization Year - Formula Two	10-20
53	Form HUD-93100-4, Application For Homeownership Assistance Under Section 235 of the National Housing Act	10-22, 10-32, 11-4
54	Sample Deed of Trust	11-4
55	Sample Deed of Trust Addendum	11-4
56	Sample Note	11-4
57	Model Mortgage Form (HECM)	13-3E
58	H-15, Sample Federal Reserve Statistical Release	12-1
59	Suggested Form of Annual Disclosure ARM Notice	12-3
60	Manual Checks of Social Security Numbers	10-4E1

xxxvi

Appendix Number	Name	Paragraph Reference(s)
61	States Use of Social Security Numbers for Drivers' Licenses	10-4E2
62	Invalid Social Security Numbers	10-4H1
63	Contacts for Regional Inspector General for Investigation	10-4K2
64	Federal Emergency Management Agency - Mortgage and Rental Assistance Program	(See Chapter 14)
65	Home Equity Conversion Mortgage (Borrower's Payment Plan)	(See Chapter 13)
66	Factors for Determining Borrowers Principal Limit (Factor-Shared Premium Points)	(See Chapter 13)
67	Suggested Form of Periodic Disclosure ARM Notice for a Reverse Mortgage	(See Chapter 13)
68	Home Equity Conversion Loan Agreement	(See Chapter 13)

xxxvii

4330.1 REV-5

Forms Required by Handbook 4330.1 REV-5

Form Number	Title	OMB Approval Number
HUD-300	Monthly Summary of Assistance Payment Due Under Sections 235(b), 235(j), or 235(i) or of Interest Reductions Payments Due Under Section 235	2502-0081
HUD-92210.1	Approval of Purchaser and Release of Seller	N/A
HUD-27050-A	Mortgage Insurance Termination	2502-0414
HUD-27050-B	Application for Premium Refund or Distributive Share Payment	2502-0414

HUD-2748	MIP Remittance Summary	2502-0421
HUD-92004-G	Request for Verification of Employment	2502-0059
<u>HUD-27011</u>	Single Family Application for Insurance Benefits	2535-0093
HUD-59100	Non-Endorsement Notice/Mortgage Insurance Certificate	N/A
HUD-91022	Mortgagee Notice of Foreclosure Sale	2502-0347
HUD-92051	Compliance - Inspection Report	2502-0189
HUD-92068-A	90 or More Days Delinquent Loan Report - Single Family Default Monitoring System	2502-0060
HUD-92068F	Request for Financial Information	2502-0159

xxxviii

Form Number	Title	OMB Approval Number
HUD-92080	Mortgage Record Change	2535-0087
HUD-92206	Assignment Request - Background Data for HUD Assignment of Mortgage	2502-0169
HUD-92210	Request for Credit Approval of Substitute Mortgagor	2502-0036
HUD-92300	Mortgagee's Assurance of Completion	2502-0189
HUD-93100-4	Application For Homeownership Assistance Under Section 235 of the National Housing Act	2502-0190
HUD-93101	Recertification of Family Income and Composition, Statistical Report Section 235(b), (j) and (i)	2502-0082
HUD-93101-A	Recertification of Income and Family Composition, Section 235(b) Statistical Report	2502-0082
HUD-93102	Mortgagee's Certification and Application for Assistance or Interest Reduction Payments	2502-0081

HUD-93114 Notice of (1) Termination, (2) Suspension, 2502-0094 or (3) Reinstatement of Assistance

Payment Contract (Section 235 (b)(j)

and (i)

HUD-9539 Request for Occupied Conveyance 2502-0268

xxxix

4330.1 REV-5

DEFINITIONS.

IRCA

Unless otherwise noted, the following definitions are applicable throughout this ${\tt Handbook}$

EXPRESSION		DEFINITION
ARM	-	Adjustable Rate Mortgage
CAFMV	-	Commissioner's Adjusted Fair Market Value
CAIVRS	-	Credit Alert Interactive Voice Response System
CWCOT	-	Claims Without Conveyance of Title
DVA	-	Department of Veterans Affairs
EFT	-	Electronic Funds Transfer
FAIR	-	Fair Access to Insurance Requirements
FEMA	-	Federal Emergency Management Agency
FHA	-	Federal Housing Administration
FNMA	-	Federal National Mortgage Association
GNMA	-	Government National Mortgage Association
GPO	-	Government Printing Office
HECM	-	Home Equity Conversion Mortgage
HUD	-	Department of Housing and Urban Development
HURRA	-	Housing and Urban Rural Recovery Act
INS	-	Immigration Naturalization Service
IPA	-	Independent Public Accountant

- Immigration Reform and Control Act

IRS	-	Internal Revenue Service	
LTV	_	Loan-to-Value	
MIC	-	Mortgage Insurance Certificate	
MIP	-	Mortgage Insurance Premium	
		xxxx	9/94
4330.1	REV-5		
OFA	-	Office of Finance and Accounting	
PITI	-	Principal, Interest, Taxes and Insurance	
SAB	-	Subsidy Accounting Branch	
SFDMS	-	Single Family Default Monitoring System	
SSA	_	Social Security Administration	
URAR	_	Uniform Residential Appraisal Report	

9/94 xxxxi