



Assistant Secretary for Housing  
- Federal Housing Commissioner

Distribution: W-3-1,

Form HUD-23 (9/81)

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

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SPECIAL ATTENTION OF:

Secretary's Representatives;  
Regional Directors of Housing;  
Housing Development Directors;  
Development Section Chiefs;

TRANSMITTAL

Handbook No: 4435.01 REV-1  
Change 1  
Issued: September 9, 1994

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1. This Transmits Handbook 4435.01 REV-1, Project Construction and Servicing Before Final Closing, CHANGE 1.
  2. Summary. This change revises paragraph 1-33 to bring it into conformance with outstanding regulatory provisions, 24CFR Part 207.261(d) and (e).
    - a. Instructions regarding mortgagee assignment of the title to an insured mortgage after full disbursement, paragraph 1-33.B., have been changed to show that prior HUD approval is not required.
    - b. Instructions regarding mortgagee transfer and pledge of transfer of partial interest in an insured mortgage, paragraph 1-33.C., have been changed to show that transfers of 100 percent or less of beneficial interests may be made without prior HUD approval, subject to specified conditions.
    - c. Instructions regarding the pledge of title and/or beneficial interests have been expanded, paragraphs A., B., and C.
    - d. Instructions for unauthorized transfers, paragraph E., have been revised editorially to conform with terminology used in paragraphs A through D.
  3. Filing Instructions:

Remove:

Index Page v.  
Pages 1-59 through 1-62.  
Dated 6/93

Insert:

Index Page v.  
Pages 1-59 through 1-62.  
Dated 9/94

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Assistant Secretary For Housing

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W-3-1,W-2(H),W-3(A)(OGC)(ZAS),W-4(H),R-1,R-2,R-3-1,

R-3-2,R-3-3,R-6,R-6-2,R-7,R-8

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

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SPECIAL ATTENTION OF:

Regional Housing Directors; Field  
Office Managers; Housing Development  
Directors; Development Section Chiefs

TRANSMITTAL

Handbook No: 4435.01 REV-1  
Issued: June 4, 1993

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1. This Transmits Handbook 4435.01 REV-1, PROJECT CONSTRUCTION AND SERVICING BEFORE FINAL CLOSING.
2. Summary. This revision consolidates Handbook 4435.1, Construction Period To Final Closing For Project Mortgage Insurance, dated October 1972, and Handbook 4435.2, Project Servicing Procedures Prior to Final Endorsement, dated April 1975, into one handbook. It also incorporates Handbook 4440.1, Chapter 5, Cost Certification. The revised handbook has a new format and incorporates all Handbook changes, Notices and policy changes since the original issuance. The major changes and additions include, but are not limited to the following:
  - a. Instructions for conducting the preconstruction conference have been relocated from Handbook 4430.1, dated November 1972, and updated in paragraph 1-2.
  - b. Instructions for payment of Components Stored Offsite have been relocated from Handbook 4430.1, dated November 1972 to paragraph 1-6.
  - c. Instructions for the early partial release of the contractor's holdback have been updated in paragraph 1-27 and Appendix 5.
  - d. Instructions pertaining to the assignment of insured mortgages have been relocated from Handbook 4430.1, dated November 1972, and updated in paragraph 1-32.
  - e. Instructions have been added in paragraph 1-30 regarding the responsibilities of the technical disciplines for processing a mortgage increase.
  - f. Chapter 3 provides new instructions regarding the completion of repairs pursuant to Section 223(f).

- g. Chapter 5 consolidates cost certification instructions from Handbook 4440.1, dated December

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1972, and Handbook 4435.1, dated October 1972.

- h. Chapter 6 and Appendix 4 incorporate instructions previously in Handbook 4430.1, dated November 1972, relative to the termination of a supervisory architect's services when poor performance continues uncorrected.
- i. New instructions, Appendix 3, are included to calculate a blended interest rate when a mortgage increase is approved at an interest rate different from the original mortgage interest rate.

3. Cancellations:

Handbook 4435.1, Construction Period To Final Closing For Project Mortgage Insurance, dated October, 1972.

Handbook 4435.2, Project Servicing Procedures Prior to Final Endorsement, dated April 1975.

Handbook 4440.1, Chapter 5, Cost Certification.

4. Filing Instruction:

Remove:

Handbook 4435.1 dated  
October 1972

Insert:

Handbook 4435.01 REV-1  
dated June 1993.

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Nicolas P. Retsinas  
Assistant Secretary for Housing  
- Federal Housing Commissioner

HOUSING  
DEVELOPMENT

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June 1993

PROJECT  
CONSTRUCTION  
AND SERVICING  
BEFORE FINAL  
CLOSING

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W-3-1, W-2(H), W-3(A)(H)(OGC)(ZAS), W-4(H), R-1, R-2, R-3,  
R-3-1, R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-8