



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

---

**Special Attention of:**

All Homeownership Center  
Directors  
All REO Division Directors  
All Real Estate Owned Branch  
Chiefs  
All Management and Marketing  
Contractors  
All HUD Contract Closing Agents

## Notice H 2001-13 (HUD)

Issued: 11/20/01

Expires: 11/30/02

---

Cross References:

---

**Subject: Allowable Closing Costs Paid by HUD  
Single Family Property Disposition**

HUD will automatically pay certain closing costs at settlement. Other closing costs may be paid by HUD in accordance with the terms of the form HUD-9548, Sales Contract. In an effort to ensure that purchasers, real estate brokers and/or sales agents, HUD's management and marketing contractors, and HUD's contracted closing agents are provided with consistent information, the following list distinguishes closing costs that are automatically paid by HUD and those which may be paid if amounts are indicated on Lines 5 and/or 6a of the Sales Contract.

**Closing costs automatically paid by HUD**

- Broker's Sales Commission For Broad Listing Broker: Amount stated on Line 6B of the Sales Contract
- Proration of property taxes and any special assessments such as HOA fees, utility bills Paid by HUD automatically
- Settlement or Closing Fee: HUD will pay HUD's closing agent; if another agent is used, this is the purchaser's cost
- Transfer Charges and Recording Fees For the deed only, paid by HUD automatically

---

**HSIP Distribution:** W-3-1, W-2(OGC)(H)(Z), W-3(A)(H)(ZAOO), W-4(H), R-1, R-2, R-3, R-3-1(H)(RC), R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-8, R-8-1

Closing costs which may be paid by HUD

- Broker's Sales Commission                   **Only paid if indicated on**  
  For Selling Broker                           **Line 6A of the Sales Contract**

Additional Allowable Closing Costs to be paid if sufficient funds are indicated on Line 5 of the Sales Contract.

Purchasers may specify a dollar amount on Line 5 of the form HUD-9548, Sales Contract, that they expect the Department to pay towards their financing and closing costs. HUD will not pay more than the actual cost of an item, and will not pay a total amount greater than that requested in Line 5. As HUD will only pay the actual closing costs, not to exceed the amount requested on Line 5 of the form HUD-9548, Sales Contract, any monies remaining after the allowable closing costs have been paid **will not** be credited to the purchaser(s) at sales closing.

Effective immediately, the following list represents the complete list of additional allowable closing costs that may be paid by the Department at sales closing:

- Appraisal Fee:                               If there are sufficient funds on Line 5, HUD will pay for the Appraisal on an FHA 203(k) loan that is necessary to determine the "after rehab" value  
  
                                                      HUD will pay for appraisals that expired prior to Sales Contract execution if there are sufficient funds on Line 5
- Credit report:                               Up to \$20 will be paid if there are sufficient funds on Line 5
- Flood Certification:                        If the property is being offered with FHA insurance, is on a Flood Plain, and there are sufficient funds on Line 5, HUD will pay for Flood Certification
- Home Inspection:                            If there are sufficient funds on Line 5, Inspection fee of up to \$250 will be paid

- Homeowner's Warranty:

The following table represents the amounts that will be paid, provided there are funds available from Line 5

<i>State</i>	<i>Maximum Cost Paid by HUD</i>	<i>State</i>	<i>Maximum Cost Paid by HUD</i>
Alabama	\$375	Montana	\$350
Alaska	\$400	Nebraska	\$415
Arizona	\$300	Nevada	\$300
Arkansas	\$385	New Hampshire	\$350
California	\$300	New Jersey	\$425
Colorado	\$350	New Mexico	\$325
Connecticut	\$650	New York	Not Paid by HUD
Delaware	\$300	North Carolina	\$225
District of Columbia	\$350	North Dakota	\$360
Florida	\$325	Ohio	\$250
Georgia	\$399	Oklahoma	\$399
Hawaii	\$300	Oregon	\$350
Idaho	\$400	Pennsylvania	\$385
Illinois	\$400	Puerto Rico	\$325
Indiana	\$400	Rhode Island	\$225
Iowa	\$350	South Carolina	\$225
Kansas	\$385	South Dakota	\$400
Kentucky	\$400	Tennessee	\$400
Louisiana	\$399	Texas	\$325
Maine	\$375	Utah	\$250
Maryland	\$200	Vermont	\$300
Massachusetts	\$600	Virginia	\$360
Michigan	\$250	West Virginia	\$255
Minnesota	\$400	Washington	\$350
Mississippi	\$445	Wisconsin	\$345
Missouri	\$385	Wyoming	\$350

- Loan Discount Points:

If there are sufficient funds on Line 5, up to 3 percent to buy down the rate, with certification from lender

- Loan Origination Fee:

If there are sufficient funds on Line 5, up to 1 percent will be paid on Conventional/FHA loans; up to 1.5 percent will be paid on FHA 203(k) loans

- Recording fees and Transfer Charges for Mortgage:

If sufficient funds are on Line 5, fees will be paid; otherwise, these are the purchaser's costs.

In situations where the purchaser is prohibited from paying all or any part of such fees, such fees should not be paid by either HUD or the purchaser since HUD is exempt from paying it and the purchaser is prohibited.

- Survey:

If required by Lender and sufficient funds on Line 5

- Title Insurance Coverage for Lender:

If sufficient funds are on Line 5, coverage will be paid

- Title Insurance Coverage for Owner:

If sufficient funds are on Line 5, coverage will be paid

The above represents the complete listing of allowable closing costs in conjunction with the sale of properties owned by the Department. If you have any questions, please contact Wanda Sampedro of the Asset Management and Disposition Division at (202) 708-1672.

---

John C. Weicher  
Assistant Secretary for Housing-  
Federal Housing Commissioner