



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Special Attention of:

All Homeownership Center Directors
All Real Estate Owned (REO) Directors
All Management and Marketing Contractors

Notice: H 09-04

Issued: June 9, 2009
Expires: June 30, 2010
Cross References: H 2006-12

Subject: Closing Costs Paid by the U.S. Department of Housing and Urban Development

This Notice supersedes Notice H 2006-12, which identified allowable closing costs paid in connection with the sale of a HUD-owned single family property. The allowable closing costs identified below will be in effect for sales contracts executed on or after the effective date of this Notice.

Upon closing of a HUD-owned single family property, the Department will allow to be deducted from its proceeds, purchaser financing and closing costs considered to be reasonable and customary in the jurisdiction where the property is located. Form HUD-9548 (Sales Contract – Property Disposition Program), shall be used to reflect the total dollar amount HUD is expected to pay towards a purchaser’s financing and closing costs. However, in no event may the costs exceed three percent (3%) of the property’s gross purchase price. If the total closing costs reflected on the HUD-1 settlement statement are less than the amount indicated on the sales contract, HUD will reimburse only the actual costs charged and will not credit the purchaser with any difference either in cash or through a reduced purchase price.

Within the three percent (3%) of the Allowable Closing Cost allowance, HUD will reimburse loan origination fees up to one (1%) percent of the mortgage. However, on an FHA 203(k) rehabilitation mortgage loan, HUD will reimburse one and a half percent (1.5%) of the mortgage. On the **Supplemental** loan to the 203(k), the Supplement Origination Fee will be payable by HUD at 2.5% of B10 on form HUD-92700 (203(k) and Streamline K Maximum Mortgage Worksheet), not to exceed \$875.

If you have any questions regarding this Notice, please contact HUD’s Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Brian D. Montgomery
Assistant Secretary for Housing –
Federal Housing Commissioner