



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 09-17

Issued: October 8, 2009

Expires: October 31, 2010

Cross References: H 2009-04

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

This Notice supersedes Notice H 2009-04, which was issued on June 9, 2009. This Notice revises certain provisions related to closing costs allowable in the closing of FHA 203(k) rehabilitation loans. This Notice identifies allowable closing costs paid in connection with the sale of HUD-owned single family properties and 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, the purchaser's 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 of up to one (1%) of the purchase price. However, on an FHA 203(k) rehabilitation mortgage loan, HUD will reimburse loan origination fees of up to the following amount: one percent (1%) of the total 203(k) mortgage amount, plus the Supplemental Origination Fee calculated on line B11 of form HUD- 92700. (Line B11 is the greater of \$350 or 1.5% of the total of rehabilitation costs and allowable fees).

If you have any questions regarding this Notice, please contact the FHA 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).

David H. Stevens
Assistant Secretary for Housing –
Federal Housing Commissioner