

H4P: Fees and Important Information

Closing Costs – Buyer/Seller Responsibilities

The seller **can** pay for some of the buyer's fees, including home warranties, inspections, transfer tax, etc. Title must verify that the seller-paid fees are reasonable and customary for that subject market area.

Allowable Fees

- Costs associate with the HECM loan (e.g., origination fee, IMIP, etc.) must be paid by buyer
- Taxes and HOA fees must be prorated
- There is no interim interest or escrow pad allowed. There are no impounds
- Seller and buyer can split the escrow costs
- Seller can pay the transactions costs (e.g., transfer tax, real estate commissions, title search, etc.), which are typically paid by the seller in a stable market
- Sellers can now pay for the Home Warranty
- Sellers can also pay for owner's title policy (not lender's policy) if the title company confirms that is a customary fee paid for by the seller in the subject market area

Certificate of Occupancy

The application can be signed and submitted prior to the issuance of the final CO. However, the appraisal **cannot be ordered** until the final CO is completed.

Lender concessions and buy downs are not allowed on H4P. These include but are not limited to:

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|------------------|----------------------|---------------------------|--|
| • Seller Credits | • Discounts | • Loan discount points | • Closing cost down payment assistance |
| • Lender Credits | • Builder Incentives | • Interest rate buy downs | |
| • Broker Credits | | | |

Important Information

FHA does not allow for 90-day flipping on a Reverse purchase transaction.

Any personal items beyond the "typical and customary" items may require a third (3rd) party estimate, and reduction from lenders accepted sales price. As an exception, the underwriter may allow the personal property transfer if all parties (buyer, seller, and listing/closing agents) state that the personal property had no bearing on the final negotiated sales price and is conveying solely out of convenience for both parties. Exceptions include fridge, oven, range, dishwasher or any item that would cause damage to remove.

Other Tips

- The FHA Amendatory Clause and the purchase contract should be executed and dated the same day
- Financing should reference **"FHA and Reverse Mortgage"**
- The borrower should not use a credit card for the EMD
- **Transfer Taxes are based on the face value of the Deed (1.5 x Max Claim Amount)**
- **The HECM does not abide by TRID rules, therefore a Closing Disclosure is not acceptable for H4P transactions; A HUD-1 must be provided at closing for all HECM loans**

Docs

- When loan documents are ordered, Lender's Instructions will be sent to Signing Agent. The HUD will need to be sent back to the doc dept. for approval. Once they have approved your HUD and released docs, NO fees can change at funding without creating a re-draw.
- Loan Documents are date sensitive and must be signed on the date printed on the docs. If for some reason the signing does not take place, new documents will have to be requested.
- Purchase Contracts where the seller is a Builder or Entity must provide documentation to show the signors on the contact have authorization to act on behalf of that Builder or Entity.

Wet Purchase State:

- All closing funds must be received by Escrow prior to release of Loan Documents
- Wire Instructions must be provided at time of Docs
- Closing Appointment preferred to be set for afternoon signings