



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

January 31, 2011

TI-440 S2

TO: ALL TITLE I LENDING INSTITUTIONS  
Attention: Installment Loan Department

SUBJECT: INSPECTION FEES

Section 201.25 of the Title I regulations relates to fees and charges for property improvement loans and manufactured home loans that (a) may be financed in property improvement loans and manufactured home loans, (b) that may be charged to borrowers but not financed, and (c) that may not be paid. Fees and charges that may be financed and those that may not be financed are specified in TI-440, issued on May 2, 1996. Included in such fees and charges that may be financed is a charge for inspection of the property by the lender or its agent for either a property improvement loan or a manufactured home loan. TI-440 limits this fee to \$75.00.

In light of the passage of time since this allowable fee was set, the Department has determined that \$75.00 is no longer sufficient to cover the costs of these inspections. Therefore, effective on the date of this Title I Letter, the lender may charge the borrower a “reasonable and customary” inspection fee, but no more than \$125.00 of this fee may be financed in the loan. The inspection fees must be documented with invoices and submitted with the loan package for pre-endorsement and/or claim review.

Both §201.25 of the regulations and TI-440 are silent with regard to charges for state or local government imposed fees for required inspections during the site placements of manufactured homes. As of the date of this letter the lender may charge the borrower a “reasonable and customary” state or local government imposed inspection fees, as required during the site placement of the manufactured home, but no more than \$500.00 of such a fee may be financed in the loan. The lender must include the invoice(s) for the inspection fee, together with documentation supporting the government requirement for the inspection in the loan package for both any pre-endorsement review that may be required and any insurance claim submission.

If you have questions regarding this Title I Letter, 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).

Sincerely,

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