



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

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**Special Attention of:**

**NOTICE H 2011-33**

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

Issued: November 22, 2011  
Expires: November 30, 2012

Cross References:

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**Subject: Purchaser Financing and Closing Costs Payable by HUD in Connection with Competitive Sales of HUD-owned Single Family Properties**

This Notice identifies the amount of purchaser financing and closing costs that HUD may pay in connection with competitive sales of HUD-owned single family properties and will be in effect for sales contracts executed on or after the date of this Notice. The Notice supersedes guidance previously provided in Housing Notice H 2009-17 and removes the previously imposed origination fee cap in conformance with the policy changes announced in FHA Mortgagee Letters 2009-53 and 2011-18.

Upon closing of a competitive bid sale of a HUD-owned single family property, the Department will allow actual purchaser financing and closing costs (considered to be reasonable and customary in the jurisdiction where the property is located) to be deducted from its proceeds. The actual financing and closing costs to be paid by HUD (on behalf of the buyer) shall not exceed three percent of the property's gross purchase price. The gross purchase price is the bid price before any subtractions requested by the purchaser for financing and loan closing costs and the broker's sales commission.

While the total dollar amount HUD anticipates paying towards a purchaser's financing and closing costs will be indicated on form HUD-9548, Sales Contract, Property Disposition Program, the actual amount credited by the Department will be calculated based on the financing and closing costs shown on the HUD-1, Settlement Statement. If the total financing and closing costs reflected on the form HUD-1, Settlement Statement, are less than 3% of the purchase price, HUD will only pay the actual costs charged, and will not credit the purchaser any difference in cash or a reduced purchase price.

This financing and closing cost policy for competitive sales of individual properties does not apply to purchases under the Good Neighbor Next Door (GNND) Sales Program. As provided in 24 CFR § 291.545(c), HUD will not pay any buyer's closing costs or a selling broker's commission on the purchase of a property through the GNND Sales Program.

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 reach this number via TTY by calling the Federal Information Relay Service at 1-800-877-3339.

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Carol J. Galante  
Acting Assistant Secretary for Housing –  
Federal Housing Commissioner