



# 203(k)s Closing Cost Templates & Fees

## Correspondent Lending

### Overview

- ✓ Enables borrowers to finance both the purchase and refinance of a home and the cost of its rehabilitation through a single mortgage.
- ✓ A maximum of up to \$35,000 in repairs are allowed. The maximum allowable of \$35,000 includes a supplemental origination fee, inspection fee, a title update fee and a contingency reserve amount.
- ✓ Minimum requirement of \$1,000 in improvements.
- ✓ Standard FHA guidelines apply.
- ✓ Cash-out is not allowed. Loan proceeds not advanced must be applied to the loan principal at completion of the repair escrow.
- ✓ Loan term is 30 years with a fixed interest rate.
- ✓ The Streamline 203K program is *intended to facilitate uncomplicated rehabilitation* and/or improvements to a home for which plans, consultants, engineers and/or architects are not required.
- ✓ Due to the rehabilitation amount limitation of \$35,000, eligible improvements are limited and *cannot include any major rehabilitation or remodeling*, new construction such as a room addition, repairs to structural damage or site amenity improvements.

### Closing Cost Template Setup

Fee Type	Cost	GFE
Supplemental Origination Fee	1.5% or \$350, whichever is greater <i>(Weststar allows for any amount above \$350 to be retained by the Correspondent)</i>	Box 1, Line 814 <i>(see item A below)</i>
Inspection Fee	\$250	Box 3 <i>(see item B below)</i>
Title Update Fee	\$75	Box 4 <i>(see item C below)</i>
<i>Note: Contingency Reserve and Rehab Costs are not disclosed on the GFE.</i>		



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### 203(k)s Worksheet (HUD Form 92700)

A. Property Information	1. Contract Sales Price Or Existing Debt	2. 'As-is' Value (Note 1)	3. After-improved Value	4. 110% of A3 (Note 8)	5. Borrower Paid Closing Costs + Prepays (Refinance)	6. Allowable energy Improvements (Note 2)
	\$150,000.00	\$150,000.00	\$186,000.00	\$204,600.00	\$	
B. Rehabilitation and Other Allowable Costs	1. Total Cost of Repairs (Line 36, HUD-9746-A) includes the improvements in A6 and REO Lead Based Paint Stabilization					\$30,000.00
	2. Contingency Reserve on Repair Costs (10 %) (10 to 20% of B1)					\$3,000.00
	3. Inspection Fees ( 1 x \$ 250 per inspection)+ Title Update Fee ( 1 x \$ 75 per draw)					\$325.00
	4. Mortgage Payments Escrowed ( months x \$ ) if uninhabited (Note 7)					\$0.00
	5. Sub-Total for Rehabilitation Escrow Account (Total of B1 thru B4)					\$33,325.00
	6. Architectural and Engineering Fees (Exhibits) (Note 7)					\$0.00
	7. Consultant Fees (including mileage, if applicable) (\$ ____ + ____ miles@ ____/mile) (Note 7)					\$0.00
	8. Permits					\$0.00
	9. Other Fees (explain in Remarks)					\$0.00
	10. Sub-Total (Total of B5 thru B9)					\$33,325.00
	11. Supplemental Origination Fee for both 203k and Streamlined (k) (greater of \$350 or 1.5% of B10)					\$500.00
	12. Discount Points on Repair Costs and Fees (B10x %)					\$0.00
	13. Sub-Total for Release at Closing (Total of B6 thru B9 + B11 and B12 (Note 3)					\$500.00
	14. Total Rehabilitation Cost (Total of B5 and B13 minus A6) (Streamlined (k) cannot exceed \$35,000)					\$33,825.00
C. Mortgage Calculation for Purchase Transactions	1. Lesser of Sales Price (A1) or As-Is-Value (A2)					\$150,000.00
	2. Total Rehabilitation Cost (B14)					\$33,825.00
	3. Lesser of Sum of C1 + C2 (\$ 183,824 ) or 110% of After-Improved Value (A4)					\$183,825.00
	4. Base Mortgage Amount: Sum of C3 +(-) Required Adjustment (Note 4) (\$ ) x LTV Factor (96.5%) (Owner-Occupant) or Less Allowable Down payment/ HUD-Owned Property (\$ ) (Note 5)					\$177,391.13

**Note: Any amount over \$350 will be retained by Correspondent.**

**Line B14 cannot exceed \$35K. This includes supplemental origination fee, inspection fee and title update fee.**



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### GFE

The Supplemental Origination Fee should be reflected as a separate origination fee on the GFE. Closing cost templates should be created specifically for the 203(k)s loans. The closing cost template should have a separate line item on the GFE entitled "Supplemental Origination Fee".

<b>A</b>	<b>Your Adjusted Origination Charges</b>	
	<b>1 Our Origination Charge</b> This charge is for getting this loan for you.	<b>Supplemental Origination Fee should be included in this box.</b>

<b>B</b>	<b>Your Charges for All Other Settlement Services</b>																
	<b>3 Required services that we select</b> These charges are for services we require to complete your settlement.  We will choose the providers for these services.  <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Service</th> <th style="text-align: left;">Charge</th> </tr> </thead> <tbody> <tr> <td>Appraisal Fee</td> <td></td> </tr> <tr> <td>Credit Report Fee</td> <td></td> </tr> <tr> <td><b>Inspection Fee</b></td> <td style="text-align: right;"><b>\$250.00</b></td> </tr> <tr> <td>Tax Service Fee</td> <td></td> </tr> <tr> <td>Flood Cert</td> <td></td> </tr> <tr> <td>Appraisal Management Fee</td> <td></td> </tr> <tr> <td>Mortgage Insurance Premium</td> <td></td> </tr> </tbody> </table>	Service	Charge	Appraisal Fee		Credit Report Fee		<b>Inspection Fee</b>	<b>\$250.00</b>	Tax Service Fee		Flood Cert		Appraisal Management Fee		Mortgage Insurance Premium	
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<b>C</b>	<b>4 Title services and lender's title insurance</b>	
	This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.	<b>Should include title update fees.</b>

### Details of Transaction

VII. DETAILS OF TRANSACTION		
a.	Purchase Price	<b>\$150,000.00</b>
b.	Alterations, improvements and repairs	<b>\$33,000.00</b>
c.	Land (if acquired separately)	
d.	Refinance (incl. debts to be paid off)	
e.	Estimated prepaid items	
f.	Estimated Closing Costs	<b>\$825.00</b>
g.	PMI, MIP, Funding Fee	
h.	Discount (if borrower will pay)	
i.	Total costs (add items a through h)	

VII. DETAILS OF TRANSACTION		
j.	Subordinate financing	
k.	Borrower's closing costs paid by Seller	
l.	Other Credits (explain)	
m.	Loan amount (exclude PMI, MIP, Funding Fee Financed)	<b>\$177,391.13</b>
n.	PMI, MIP, Funding Fee financed	<b>\$3,104.34</b>
o.	Loan amount (add m & n)	<b>\$180,495.47</b>
p.	Cash from/to Borrower (subtract j, k, l, & o from i)	

**A1**

**B1+B2**

**C4**

Fees for the repair escrow will be included in your settlement charges.

Must be greater than or equal to the statutory investment requirement.



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**HUD-1**

<b>100. GROSS AMOUNT DUE FROM BORROWER</b>	
<b>101. Contract Sales Price</b>	<b>\$150,000.00</b>
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	
<b>104. 1/2 of improvements disbursed to ABC Contractor</b>	<b>\$15,000.00</b>
<b>105. Escrow holdback to Weststar Mortgage Corporation</b>	<b>\$18,000.00</b>

<b>800. Items Payable in connection with your loan</b>		
810.		
<b>811. Supplemental Origination Fee \$500</b>		
<b>812. Final Inspection Fee</b>	<b>\$250.00</b>	

<b>1100. TITLE CHARGES</b>		
1107. Agent's Portion of the Total Title Insurance Premium		
1108. Underwriter's Portion of the Total Title Insurance Premium		
<b>1109. Title Update Fee \$75</b>		

The remaining escrow holdback will equal the sum of:

50% of B1 (Total Cost of Repairs)	\$15,000.00
Contingency Reserve	\$3,000.00
Escrow Holdback Line 110 of HUD	\$18,000.00

**Purchase Advice**

Supplemental origination fee, inspection fee, title update fee and the improvements draw will be net funded from the Purchase Advice. See example below.

Amount	Fee
\$ 250.00	Correspondent Fee
\$ 350.00	Supplemental Origination Fee*
\$ 75.00	Title Update Fee
\$ 250.00	Inspect Fee
\$ 18,000.00	Improvement Draw (\$15,000 improvement draw + \$3,000 contingency reserve)
<b>\$ 18,925.00</b>	<b>Net Funded from Purchase Advice</b>

*\*If the supplemental origination fee exceeds \$350, Correspondent retains any amount over \$350.*