

**THE HUD CLOSING:  
PROCESS,  
SCHEDULE,  
REGULATIONS**

**PRESENTED BY:**

**FEARNLEY & CALIFF  
565 MARRIOTT DRIVE, STE 850  
NASHVILLE, TN 37214  
(615) 889-8306 PHONE  
(615) 889-8046 FAX**

## THE CLOSING PROCESS

### I. RECEIPT OF ACCEPTED CONTRACTS IN HUD OFFICE

Upon receipt of accepted contracts, our office will fax a letter congratulating your buyer on the award of the purchase contract. This letter will request information that we need to set up the file. You will also receive a letter that must be submitted to the buyer and returned to our office within 10 days. The additional letter will require the buyer to disclose whether or not they want title insurance. The letter also requests that the buyer inform us of their title agent of choice. In addition, we will call you and your buyer to let you know that we have received the contract and that we are here if you have any questions.

#### INFORMATION NEEDED FOR FILE:

- A. Mortgage Company and Contact Information
- B. Insurance Agent and Contact Information
- C. If a cash sale, whether or not the Buyer wants an Owner's Title Insurance Policy.

Once the contract has been accepted, call our office with any questions/concerns.

Attorney fees are not charged to the buyer if our office represents the buyer. Please make your client aware of this.

HUD closings are different and sometimes confusing, our office can walk you through the entire closing process.

The Internet is a perfect source of information. Visit Pyramid Real Estate's website, [www.pyramidrealestate.com](http://www.pyramidrealestate.com), First Preston's website, [www.firstpreston.com](http://www.firstpreston.com), or HUD's website, [www.hud.gov](http://www.hud.gov).

### II. TIME ALLOWED BY HUD FOR CLOSING

HUD allows the closing to take place up to 45 days from the date on the contract as accepted by HUD (30 days for a cash closing). This time includes weekends. If day 45 falls on Saturday, the expiration date will be the Friday before. If day 45 falls on Sunday, the expiration date will be Monday.

### III. EXTENSIONS

If you find the buyer(s) will not be able to close within the 45 day period, due to delays with the lender, it will be necessary to file an extension. HUD will not grant extensions after the expiration date.

#### PROCEDURE FOR FILING EXTENSIONS

- A. An Extension Request, provided by Fearnley & Califf HUD office should be completed, signed by the agent and returned to Fearnley & Califf with a cashier's check or money order in the amount of the extension fee required by HUD.

##### Extension Fees:

Contract Price over \$50,000	-	\$375.00
Contract Price, \$50,000 or less	-	\$225.00
Contract Price, \$10,000 or less	-	\$150.00

If the closing takes place before the 15 day extension period is up, the extension fee will be prorated for any days not used and applied to settlement fees as a credit to the buyer.

- B. Written notification from the mortgage lender stating the buyer is approved and will close within the extension period should accompany the extension request.
- C. You will be notified as soon as HUD grants or denies the extension request. At that time a closing can be scheduled.
- D. In the event the extension is denied or the extension fee has been waived, Fearnley & Califf will return the extension fee to you within one business day.

#### IV. SCHEDULING CLOSINGS

When the buyer is ready to close, the agent should call Fearnley & Califf at least five days prior to closing, to schedule the date and time of closing. This time is needed to order the Cash Deed from HUD. We are unable to conduct a closing without a Cash Deed. Any closing going through a lender must close by 2:00 P.M. Cash sales must close by 3:30 P.M. If Fearnley & Califf represents the Seller only, the closing can take place at any time before 3:30 P.M.

Settlement Statements must be approved 5 days prior to closing.

Lender's instructions must be received before the 5<sup>th</sup> day prior to closing.

The contract has to match the lender's instructions. Our office is not aware of any discrepancies until we receive the instructions from the lender. Please make sure the lender is abiding by the contract.

Advise our office of insurance premiums, homeowner's warranty fee and home inspection fees by the 5<sup>th</sup> day prior to closing.

A termite inspection is done at the time of foreclosure, if the inspection has expired, a new inspection must be done (if required by the lender). This is the buyer's agent's responsibility.

**EARNEST MONEY AND BUYER'S CLOSING COSTS MUST BE BROUGHT IN THE FORM OF A CASHIER'S CHECK. THIS IS NOT A FEARNLEY & CALIFF REQUIREMENT – THIS IS A HUD REQUIREMENT.**

All closings must be table funded. We are unable to conduct a dry closing. It is in violation of HUD rules. No wire – No closing.

#### V. FEARNLEY & CALIFF HUD CLOSING OFFICE

565 Marriott Drive, Suite 850  
Nashville, TN 37214  
Telephone (615) 889-8306  
Fax (615) 889-8046

Memorie White	Attorney
Cheri Mason	Title Department
Kaye Clark	Processor
Tina Taracksozy	Processor
Linda Watson	Post Closer/Scheduler

VI. COSTS AUTOMATICALLY PAID BY HUD

County and City Property Taxes (prorated to close date)  
HUD's Closing Agent Fee  
Well/Septic Certification (pre-approval required)  
Broad Listing Broker Commission  
Recording Fees for the Cash Deed

VII. COSTS PAID BY HUD IF SUFFICIENT AMOUNT ON LINE 5 OF THE SALES CONTRACT

Loan Origination Fee up to 1 percent  
Loan Discount up to 3 percent (only if used to buy down the rate – certification required)  
Credit Report up to \$20.00  
Flood Certification (if property is being offered FHA Insurable and if property is on a flood plain).  
Pre-paid Interest (Owner Occupant Only)  
Tax Escrows (A max of 15 months of county and city taxes. For example, if HUD is paying 8 months on page 1, then they will only pay 7 months on the back.)  
Hazard Insurance Escrows (HUD only pays a maximum of 3 months on the hazard insurance.)  
Lender's Title Insurance Coverage  
Owner's Title Insurance Coverage  
Recording Fees  
State, County or City Tax Stamps  
Survey (if required by lender)  
Home Warranty (up to \$400; must have an invoice)  
Pest Inspection (must have an invoice)  
Appraisal Fee (Conventional Only)

VIII. CLOSING COSTS NEVER PAID FOR BY HUD

Lender's Inspection Fee  
Mortgage Insurance Application Fee  
Assumption Fee  
Mortgage Insurance  
Abstract or Title Search  
Title Examination  
Title Insurance Binder  
Notary Fees

**IX. REAL ESTATE BROKER'S COMMISSION IS PAID BY HUD IF  
AMOUNT IS LISTED ON LINE 6A OF THE SALES CONTRACT\***

- For OND/TND sales, the discount will be reduced by any amounts listed on line 5 or 6A.