

(d) Amounts required to discharge any existing liens on the property;

(e) An annuity premium, if the premium was disclosed as part of the total cost of the mortgage under the disclosures required by 12 CFR part 226; and

(f) Funds required to pay contractors who performed repairs as a condition of closing, in accordance with standard FHA requirements for repairs required by appraisers.

[64 FR 2987, Jan. 19, 1999]

**§ 206.31 Allowable charges and fees.**

(a) *Fees at closing.* The mortgagee may collect, either in cash at the time of closing or through an initial payment under the mortgage, the following charges and fees incurred in connection with the origination of the mortgage loan:

(1) A charge to compensate the mortgagee for expenses incurred in originating and closing the mortgage loan: *Provided*, that the Secretary may establish limitations on the amount of any such charge which can be included in the mortgage loan.

(2) Reasonable and customary amounts, but not more than the amount actually paid by the mortgagee, for any of the following items:

- (i) Recording fees and recording taxes, or other charges incident to the recordation of the insured mortgage;
- (ii) Credit report;
- (iii) Survey, if required by the mortgagee or the mortgagor;
- (iv) Title examination;
- (v) Mortgagee's title insurance;
- (vi) Fees paid to an appraiser for the initial appraisal of the property; and
- (vii) Such other charges as may be authorized by the Secretary.

(b) *Repair administration fee.* If the property requires repairs after closing in order to meet HUD requirements, the mortgagee may collect a fee as compensation for administrative duties relating to repair work pursuant to §206.47(c), not to exceed the greater of one and one-half percent of the amount advanced for the repairs or fifty dollars. The mortgagee shall collect the repair fee by adding it to the mortgage balance.

[54 FR 24833, June 9, 1989; 54 FR 32060, Aug. 4, 1989]

EFFECTIVE DATE NOTE: At 69 FR 15590, Mar. 25, 2004, §206.31 was amended by revising paragraph (a)(1), effective Apr. 26, 2004. For the convenience of the user, the revised text is set forth as follows:

**§ 206.31 Allowable charges and fees.**

(a) \* \* \*

(1) A charge to compensate the mortgagee for expenses incurred in originating and closing the mortgage loan, which may be fully financed with the mortgage. The Secretary may establish limitations on the amount of any such charge. HUD will publish any such limit in the FEDERAL REGISTER at least 30 days before the limitation takes effect. The mortgagor is not permitted to pay any additional origination fee of any kind to a mortgage broker or loan correspondent. A mortgage broker's fee can be included as part of the origination fee only if the mortgage broker is engaged independently by the homeowner and if there is no financial interest between the mortgage broker and the mortgagee.

\* \* \* \* \*

**§ 206.32 No outstanding unpaid obligations.**

In order for a mortgage to be eligible under this part, a mortgagor must establish to the satisfaction of the mortgagee that:

(a) After the initial payment of loan proceeds under §206.25(a), there will be no outstanding or unpaid obligations incurred by the mortgagor in connection with the mortgage transaction, except for repairs to the property required under §206.47 and mortgage servicing charges permitted under §206.207(b); and

(b) The initial payment will not be used for any payment to or on behalf of an estate planning service firm.

[64 FR 2988, Jan. 19, 1999]

ELIGIBLE MORTGAGORS

**§ 206.33 Age of mortgagor.**

The youngest mortgagor shall be 62 years of age or older at the time the mortgagee submits the application for insurance.

[61 FR 49033, Sept. 17, 1996]

**§ 206.35 Title held by mortgagor.**

The mortgagor shall hold title to the entire property which is the security for the mortgage. If there are multiple