

HUD Terms

1. **HUD Exam Fee:** This is an application fee to HUD when everything is completely processed and the final package goes in for the application for mortgage insurance. It is 3/10 of 1% of the mortgage amount.
2. **Allowable FHA finance fee (the points):** It is the 2.00% finance fee HUD allows us. We can't charge more than this.
3. **Estimated 3rd party reports:** These are an appraisal, engineering review, feasibility study and a phase I. Except for the Phase I, the others are by HUD approved companies that act as if they are a HUD employees. They are awarded that status and have received some HUD training. We are doing the processing and HUD becomes a review agency.
4. **GNMA security fee of 1.5%:** This is like a bond fee we are allowed that covers the costs of placing the loan, also called a placement fee. We issue GNMA securities loan by loan which is what makes it all work. It turns the mortgage transaction into a triple a rated bond transaction or security.
5. **Est. Borrower organizational:** This is an estimate of your costs to set up the organization you are using as the borrower, i.e. LLC, trust, Corporation etc.
6. **Cost Cert./Constr. Audit:** At the end of construction you would hire a CPA to certify that all the costs went into the property. Once this is accepted is when it becomes a permanent mortgage and when the 40 years starts.
7. **What is BSPRA?:** This is like a "developers fee". It is approximately 10% of all the costs except the land or property value.
8. **The basic qualifiers for the underwriting process:** We look at mostly the feasibility study and then at the builder and borrower to make sure they are qualified. There is no minimum credit score or equity required.