

## Closing Cost Information for Lenders

### Allowable Fees

The following fees are always allowed regardless of the 1% origination fee being charged:

- Appraisal fee – per allowable maximum appraisal fee schedule for that state
- Compliance inspection – only if required by the NOV
- Credit report – in most cases it should not exceed \$50
- Recording fees, taxes and stamps
- Prorated tax and insurance escrow
- Hazard insurance – if it was not paid directly out of pocket by veteran outside closing
- Survey and plot plan
- Title insurance, title policy, title exam, title search, title endorsement and any fees required to prepare title work
- Environmental protection lien endorsement
- 1% origination fee
- V/A funding fee
- Discount points
- Closing protection letter – sometimes just listed as “CPL” (should not exceed \$35, except in Pennsylvania it is \$75)
- Interthinx DISSCO fraud protection report
- MERS fee
- Well and Septic inspection fees
- Express mail fees (only for cashout refinances and IRRRL's) – actual cost should be reasonable. If not question it (over \$50 should be questioned – ask for actual invoice)

### Unallowable Fees

The following fees are always un-allowed if the 1% origination fee is charged:

- Lender's appraisal – the veteran can only be charged for 1 appraisal unless VA deemed a second appraisal mandatory
- Lender's inspection – if it is not required on the appraisal/NOV, it can not be charged to the veteran
- Settlement fee, escrow fee, closing fee
- Document preparation fee
- Underwriting fee
- Processing fee
- Application fee – a veteran can be charged up front the cost of the appraisal and credit report to ensure the loan officer is not stuck with those fees if the veteran walks away from the deal.
- Pest inspection fee
- Attorney fees if for something other than title work
- Assignment fee
- Copying fee
- E-mail fee

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- Fax fee
- Photographs
- Postage fees if not a cashout refinance or IRRRL
- Amortization schedule
- Notary fee
- Commitment fee
- Trustee fee
- Truth in lending fee
- Mortgage broker fee
- Tax service fee

The above list is not all inclusive. You may find something other than those listed. These fees cannot be charged by the lender, title company or investor. Please refer those to the Loan Production Officer for review.

Unless a fee is mandated by a city, county or state, and it is not on the allowable fee list, it cannot be charged to the veteran if a 1% origination fee was charged.

If the 1% origination fee was not charged, the above list of unallowable fees can be charged to the veteran provided they do not exceed 1%. If the lender chose to charge the veteran a ½% origination fee, then items from the unallowable list can be charged provided they do not exceed ½% of the loan amount.

**Finally, there are some fees that can never be paid by the veteran regardless of whether the 1% origination fee was paid or not. Those are:**

- Termite/Pest Inspection
- Attorney Fee Charged as a Benefit to the Lender
- Mortgage Broker Fee
- Realtor Commission
- Prepayment penalties
- HUD/FHA Inspection Fees for Builders