



100% REAL ESTATE INC

Neighborhood Listing Broker



Successfully Selling HUD Homes

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(855) HUD - BIDS

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What Is A HUD Home?

A HUD Home is a 1 to 4 unit single family residence that has come into HUD's possession as a result of a default on a FHA (HUD) insured mortgage. It is not a low income house or rental, nor does HUD offer direct seller financing. HUD properties are offered as-is, without repair, and HUD makes no representations or warranties concerning the condition of the property, including but not limited to mechanical systems, dry basement foundation, structural, or compliance with code, zoning or building requirements and HUD will make no repairs to the property after execution of the sales contract. It is important for any purchaser to have a home inspection performed on the property in order to identify any possible defects. Buyers are allowed, at their own expense, a home inspection period of 15 days from contract ratification by Seller.

Who Can Buy A HUD Home?

Almost anyone may purchase a HUD owned property. Restrictions, such as providing proof of cash or a preapproval letter, owner occupant and non-profit bid periods, and other conditions will apply to each house.

- **Owner Occupants**
- Investors
- GNND – Good Neighbor Next Door
- Non-Profit/Government Agencies

Who Can Sell A HUD Home?

Any **ACTIVELY** HUD-registered real estate broker with a SAMS NAID number may show, sell, and receive a commission on a HUD owned property.

What Is A SAMS NAID Number?

A **SAMS NAID** number is a **Name and Address Identification (NAID)** number issued by the **Single Family Acquired Asset Management System (SAMS)** and used by HUD to track the payee of HUD's funds. Anyone who wants to show, sell, or

receive a commission on a HUD owned property MUST apply for a **SAMS NAID** number.

How Do I Get A SAMS NAID Number?

Only Real Estate Brokers (of record), Non-Profits, and Government Agencies may apply for a SAMS NAID number. Actively licensed real estate agents must be under the “umbrella” of their Broker’s SAMS NAID number but will be allowed to create their own user and id and password to place their own bids. Application forms can be found at www.HUDHomestore.com - click on “NAID Registration”. Applications and supporting documentation should be sent via CERTIFIED, OVERNIGHT delivery service to the corresponding HUD Homeownership Center for their state as outlined on the HUDHomestore website. Applicants are responsible for retrieving their HUD-issued SAMS NAID number from the website 2 to 4 weeks after application by clicking on “Check Current NAID Registration Status”. HUD requires annual re-registration by following the exact process for initial registration. As re-certification can take up to 4 weeks, it is recommended that you submit your re-certification paperwork at least 4 weeks BEFORE your annual expiration date.

Required Application Forms FOR ALL APPLICANTS:

- 1.) SAMS 1111 Bidder Application (Submit 1 original and 1 copy. Original signature required and must be in **BLUE** ink)

Required Supporting Documentation for REAL ESTATE BROKERS:

- 1.) SAMS 1111A Broker Certification Link (Original signature required and must be in **BLUE** ink)
- 2.) IRS Letter 147C (Call IRS at 800-829-0115 for faxed letter), **OR** *Official* IRS document reflecting the business name and EIN/FID, **OR** a copy of your Social Security Card if you are applying under your Social Security Number.
- 3.) Copy of State-Issued Real Estate Broker’s License with expiration date.
- 4.) Copy of State-Issued Driver’s License with expiration date.
- 5.) Recent utility bill **OR** bank statement that supports both the address and company or broker name entered on SAMS 1111 Form.

Required Supporting Documentation for NON-PROFITS:

- 1.) IRS Letter 147C (Call IRS at 800-829-0115 for faxed letter), **OR** *Official* IRS document reflecting the business name and EIN/FID.

- 2.) Non-profit approval letter from HUD.

Required Supporting Documentation for GOVERNMENT AGENCIES:

- 1.) IRS Letter 147C (Call IRS at 800-829-0115 for faxed letter), **OR** *Official* IRS document reflecting the business name and EIN/FID.

What Is HUD's New Website?

Effective March 30, 2011, HUD's new and only source for HUD owned properties is www.HUDHomestore.com. On this site, bids can be placed, NAID registration can be confirmed, you can find a full list of registered selling brokers nationwide, a property contact search is available for all properties even if they are not on the market, and HUD's official FAQ can be reviewed.

How Do I Register on HUD.GOV/HudHomes?

In order to register on HUD.GOV/HudHomes, you must have a current, SAMS NAID number. Registration is fast, easy, and completely FREE. Simply follow the steps below:

- 1.) Go to www.HUDHomestore.com. On the top right-hand corner of the main page, you will see the word, "Bidder", click on that link.
- 2.) The Bidder Registration page will come up. Here you will complete sections 1 through 4, click the "Privacy" box on the bottom in the light blue area, and click "submit".

Tips for Real Estate AGENTS: Section 3 asks for your NAID Type and Role. You need to select "Selling/Listing Broker" and "Selling Agent". You will see 3 columns come up. You only need to complete the FIRST column. You will enter your Broker's SAMS NAID number but then enter YOUR license number, date, state, and expiration. DO NOT use your BROKER'S license information.

Who Are The HUD Asset Managers?

HUD has divided the entire country into regions. In these regions there will be 2 to 3 Asset Managers. Florida is 8A, Georgia is 7A, and Alabama is 6A. The Asset Managers are responsible for the marketing and management of HUD's properties. They provide specific HUD sales contract packages, order the FHA appraisals, collect the certified escrow deposits, conduct training seminars and events, work with the FSMs to ensure all properties meet HUD's minimum property requirements, and regulate the NLBs. Once you receive bid acknowledgement, you have 48 hours to **OVERNIGHT** your original documents, proof of cash **OR** pre-qualification letter, and certified escrow deposit to the AM

assigned to the property your buyer has been preliminarily awarded. Name and phone numbers are listed below. Your reference should always be the case number and buyer's last name.

OFORI – (877-667-9022)

PEMCO - (800-881-9260)

HOMETELOS – (866-971-2214)

What Are NLBs?

NLBs are Neighborhood Listing Brokers that have been retained by the HUD AMs to assist in the marketing and management of properties using the local MLS systems, REALTOR® associations, community outreach, real estate agent/broker training, and social networks. NLBs are responsible for the placement of properties in the local MLS systems; installation of lockboxes; initial, routine, and closing inspections for each property; Broker or List Price Opinions; and real estate agent/broker and buyer customer service. NLBs are required to be knowledgeable in all of HUD's policies and procedures and should be your point of contact for questions regarding bidding, contract preparation, and closing procedures.

What Are FSMs?

HUD has also divided these same regions amongst Field Service Managers, more commonly known as, FSMs. The Florida FSM is C.W.I.S. The Georgia FSM is A2Z. The Alabama FSM is PK Management. The FSMs are responsible for the initial and routine maintenance (interior and exterior) and securing of HUD's properties. They also, at HUD's discretion, are responsible for the remediation of vandalism and/or theft issues. FSMs also work with the HUD closing agents to coordinate the payment of all outstanding HOA costs and are the exclusive point of contact for home inspection and/or utility activation requests from real estate agents/brokers. Buyers will subject to a re-winterization fee. Real estate professionals should contact the FSM assigned to their specific property to obtain the property forms, fees, required supporting documentation, and insurance requirements.

Property Listing Periods

Listing Periods are directly related to the FHA Insurability of the subject property. Properties are separated into 3 different categories – IN, IE, and UI (details regarding the 3 different categories are discussed in the next section). Below you will see the Listing Period Policy for all HUD-owned properties.

IN & IE (FHA INsurable and FHA Insurable w/a Repair Escrow) Properties:

10 day initial owner occupant sealed bid period. If there are no acceptable offers, the property will automatically switch to an additional 20 day DAILY owner-occupant, sealed bid period where bids will be reviewed on a DAILY basis. If there still are no acceptable offers, the property will automatically switch to a DAILY, ALL PURCHASERS, sealed bid period, which includes investors (Day 31). Bids will be reviewed on a daily basis.

UI (FHA UNinsurable) Properties:

5 Day initial owner occupant sealed bid period. If there are no acceptable offers, the property will automatically switch to a DAILY, ALL PURCHASERS, sealed bid period, which includes investors (Day 6). Bids will be reviewed on a daily basis.

FHA Eligibility & Special HUD Programs

FHA ELIGIBILITY - How does HUD determine FHA financing eligibility? HUD orders an FHA appraisal on all of their REO properties to determine their FHA financing eligibility. Appraisals are valid for a period of 120 days from the effective date of the appraisal and buyers, real estate professionals, and lenders are strictly prohibited from order a new appraisal unless a material deficiency has been revealed as outlined in HUD Mortgagee Letter 2010-08.

Properties meeting HUD's minimum property requirements (MPRs) are offered as FHA Insurable (IN), meaning the buyer may obtain FHA financing for the property in it's as-is condition and subject to conditions as mandated by the lender and/or FHA compliance inspector.

Properties meeting HUD's minimum property requirements (MPRs) with repairs LESS THAN \$5,000 are offered as FHA Insurable w/a Repair Escrow (IE), meaning the buyer may obtain FHA financing and finance the necessary repairs needed to meet FHA minimum MPR (The repair escrow is NOT a gift or seller credit). These properties have conditions which must be satisfied to fully meet FHA's MPR. The conditions will be outlined in the FHA appraisal. The property will be insurable subject to the conditions that the property was appraised without the benefit of the utilities being activated during the time of the appraisal, properties with flat roofs, and/or a property which appears to be insurable but a certification for a specific items(s) is required - the mortgage lender/purchaser must have a complete systems check, the flat roof inspected to assure a two year life, and any other certification needed to satisfy the appraiser's concerns listed on the VC form included in the FHA appraisal. If, and only if, the property requires no more than \$5,000 (including a 10% hold back) for repairs to meet these conditions as determined by the appraiser, is the property eligible to be FHA financed.

Properties that DO NOT meet HUD's minimum property requirements (MPRs) are offered as UNinsurable, meaning the buyer will need to obtain conventional, other financing not involving FHA, or an FHA 203k or Streamline loan.

SPECIAL HUD PROGRAMS – HUD offers 2 special programs to allow buyers more options for financing a HUD-owned property using FHA financing.

- 1.) **\$100 Down Payment** – Buyer's obtaining FHA financing will be eligible to use \$100 of their earnest money deposit for their total down payment. The balance of their earnest money deposit will be credited towards their closing costs. Participation in the program must be reflected on the HUD 9548 Sales Contract in Paragraph 4 ("*. . . with a cash down payment of \$100 due at closing*") and is subject to the terms, eligibility, and program participation of their lender. A lender providing FHA financing is NOT obligated to participate in the \$100 down payment program. Buyers and real estate professionals are advised to consult with their lender on their program requirements and willingness to participate in the \$100 down payment program before placing a bid.
- 2.) **FHA Streamlined (K) Limited Repair Program** (Mortgagee Letter 2005-50) – This program was created to augment FHA's 203(k) Rehabilitation Program for properties that require less extensive repairs and improvement. There is no minimum repair cost threshold and the FHA increased maximum mortgage amount for repair can be up to \$35,000. The 203(k) program has been the primary tool of the Federal Housing Administration (FHA) for providing insured mortgage financing for the

purchase of single-family properties in need of rehabilitation. The Streamline(K) program is a modification of the 203(k) program to facilitate purchase transactions in which the property needs minor rehabilitation work, as identified in a pre-purchase home inspection or the FHA appraisal. The Streamlined (k) program is intended to facilitate uncomplicated rehabilitation and/or improvements to a home for which plans, consultants, engineers and/or architects are not required. The Streamlined (k) program includes the discretionary improvements and/or repairs shown below:

- Repair/Replacement of roofs, gutters and downspouts
- Repair/Replacement/upgrade of existing HVAC systems
- Repair/Replacement/upgrade of plumbing and electrical systems
- Repair/Replacement of flooring
- Minor remodeling, such as kitchens, which does not involve structural repairs
- Painting, both exterior and interior
- Weatherization, including storm windows and doors, insulation, weather stripping, etc.
- Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwave ovens
- Accessibility improvements for persons with disabilities
- Lead-based paint stabilization or abatement of lead-based paint hazards
- Repair/replace/add exterior decks, patios, porches
- Basement finishing and remodeling, which does not involve structural repairs
- Basement waterproofing
- Window and door replacements and exterior wall re-siding
- Septic system and/or well repair or replacement

Important: All MPR and non-MPR items must be addressed in the form of bids from a state licensed and insured General Contractor (GC). GC will be required to complete and submit contractor documents as stipulated by FHA and the lender. Contractor compliance is the responsibility of the buyer and/or their real estate agent.

Good Neighborhood Next Door Program (GNND)

Some HUD owned properties are offered through a Good Neighborhood Next Door Program. Property eligibility will be indicated on each individual property if the property is located in a designated, revitalization area. You will need to call your regional HUD Homeownership Center to find out if the property your buyer is interested in is in a qualifying area. Qualified buyers will be EMTs, Law Enforcement Officers, Firefighters, and Teachers. HUD will not pay any closing costs or real estate commission, so you will need to discuss financing both of those things in the buyer's loan with your client before placing a bid for them. Buyers will be required to sign a second mortgage note for the 50% discount that will NOT

accrue interest or require any payment so long as the purchaser completes and complies with the 3 year owner occupant commitment to the subject property. Each year, the buyer(s) will receive a GNND recertification form that must be signed, dated, and returned in the required timeframe. Once the 3 year term is completed, the buyer(s) will receive a satisfaction of mortgage for the second mortgage/note and they will be deemed “compliant” of the program and will have no further obligation to the GNND program. Qualified buyers must meet the following criteria: They must bid 100% of the list price but will pay 50% of the list price upon closing; however, they must qualify for 100% of the list price; GNND participants are eligible for \$100 down payment when obtaining FHA financing, participants and their spouses may not have owned property in the last 12 months or many not have ever utilized the GNND program before; finally, participants must occupy the home, as their primary residence, for 36 consecutive months.

Non-Profit & Government Programs

Some HUD owned properties are offered to Non-Profit and Government Agencies through the \$1 Home Program, Lottery, or other special programs exclusively reserved for Non-Profit and Government Agencies. Property eligibility will be indicated on each individual property and in some cases, these agencies are given priority during certain cycles. Non-Profits and Government Agencies must apply for their own SAMS NAID number. At this time, real estate agents may not place bids on their behalf.

Owner Occupant Purchasers

Owner occupant purchasers are given priority during the initial, official general public listing period; excluding properties offered to the \$1, lottery, and any other special program offered to GNND, non-profits, or government agencies. Qualified participants must occupy the property as their primary resident for 12 consecutive months commencing upon closing. Additionally, participants are not eligible to purchase another HUD owned home for 24 months after their initial HUD home purchase.

Investor Purchasers

An investor is any entity who will not be using the property as their primary residence for 12 consecutive months commencing upon closing. Investors are prohibited from making an offer on any HUD property until the 30 day owner occupant period on IN and IE properties has passed or the 5 day owner occupant period on UI properties has passed. HUD makes no restrictions on the number of properties purchased by an investor.

Proof of Cash or Prequalification

Any purchaser of a HUD owned property must provide proof of cash and/or loan prequalification upon bid placement. Below you will find the required criteria for proof of cash and/or prequalification.

PROOF OF CASH

- Copy of a financial institution statement that clearly reflects the institution name, the buyer’s name, a date within 30 days of the offer date, and available balance that meets or exceeds the offer price. Please be sure to black out the account number.

Please Note: If your buyer is obtaining FHA financing and bid MORE THAN the current FHA appraised value reflected on the HUD.GOV/HudHomes website, they are REQUIRED to submit proof of cash for the difference between HUD’s appraised value and their offer price upon contract execution. Additionally, those funds will be a REQUIRED down payment upon closing. The lender may NOT order a new appraisal to support a higher loan value to include the difference.

PRE-QUALIFICATION LETTER

- Must be from a licensed mortgage broker or financial institution on their letterhead. The letter must be specific to and name each buyer, name the subject property, contain a date within 30 days of the offer date, list the specific type of financing, list the specific loan and down payment amount, list the maximum loan approval price, contain a lender’s signature w/their full contact information, and state that the buyer’s credit has been pulled and reviewed.

Escrow Deposit Requirements

Any purchaser of a HUD owned property must provide CERTIFIED funds upon bid placement. Below you will find the required escrow amount based on buyer’s offer price:

- **\$0 - \$50,000 \$500**
- **\$50,001 and over \$1,000**

Showing Instructions

Every HUD owned property must be on a lockbox and may be shown by any HUD registered licensed real estate agent, non-profit, or government agency. NLBs may ask to verify your current SAMS NAID status and/or your real estate license information. However, you are NOT required to be a MLS or REALTOR® member

to gain access to a HUD owned property. NLBs should be accommodating, courteous, and list showing instructions in their local MLS systems in the same fashion as any other MLS listing.

How to Prepare the HUD Sales Contract 9548

HUD does not use or allow any state promulgated sales contracts or addendums. HUD has their own specific federal sales contract that will require personal information about your buyer – such as their full legal name(s), social security number(s), current address, phone number, and how they will be taking title.

Before you start preparing your documents, a very important rule to remember is that all HUD documents must be signed in **BLUE INK**. HUD always requires original documents and signatures. Faxed, scanned, or electronic documents are not permitted. Additionally, your online bid must match your original documents. You may not make modifications after the bid has already been confirmed as the preliminary bid winner, so please carefully review your bid online before you click “confirm”. Each of HUD’s properties has a unique identification code called a HUD case number which can be easily located on each property on the HUD.GOV/HudHomes website. This number will go on the on the top right hand corner of the 9548 sales contract in the box that says “HUD Case No.”

- Item 1 asks for the full legal names of every buyer to be included in the contract as well as the full property address which needs to also include the county the property is located in.
- Item 2 is asking for full legal names of every buyer to be included in the contract and how title will be taken. All names must reflect exactly as was written on Item 1.

An important point to remember is that the names must be written and signed consistent throughout the contract. If you write Timothy L. Light on Item 1, you cannot start writing Timothy Lee Light on later areas or documents. **Lines 1, 2, 13, and SIGNATURES must match - always.**

- Item 3 requires 3 things - offering price, escrow amount, and the escrow holder. The first item is the price your buyer is offering. The second item is the amount of the escrow you have collected in certified funds. Remember, at this point, you should already have this in your possession. Lastly, you need to **write HUD as the escrow**

holder. Title companies, attorneys, or real estate brokers may NOT hold escrow funds.

- Item 4 requires a selection of FHA, Cash, or Conventional financing. You will notice that cash, conventional, or other financing not involving FHA are the same checkbox. FHA financing will require the selection of at least 2 boxes. The first box states your buyer's intention of using FHA. The next checkbox should be the type of FHA financing the buyer intends on using. This selection is limited by the type of FHA insurability HUD offered it with. You will need to reference the HUD.GOV/HudHomes website for the exact types of FHA financing available to purchasers of the particular property. You will need to check the appropriate box that corresponds with the appropriate type of FHA financing HUD offered the property with. If the property is offered with a repair escrow, you will need to also check that box and fill in the repair escrow amount that will be added to your buyer's mortgage.

It's important to remember that HUD is not "gifting" or "crediting" the buyer these funds to repair the property. The lender is simply financing the repair escrow on top of the sales price. The buyer will be given time after closing to have the repairs made. Once the repairs are complete, the buyer will need to call an FHA compliance inspector to inspect the quality of the work. If the work meets minimum FHA guidelines, the compliance inspector will submit their report to the lender. The lender will also approve and sign the compliance inspection form. Then the HUD closing agent will release the funds to the buyer.

- Item 5 – Here you will need to enter the amount of closing costs your buyer is asking HUD to pay. Keep in mind that HUD's maximum contribution to all closing costs is limited to a maximum of 3%. (*See HUD Closing Policy & Procedures Section for full details*).
- Item 6 – 6a is the commission that will be paid to your brokerage upon closing. You may enter any amount up to 3% at your broker's discretion. HUD is currently offering a minimum commission of \$1250 to both the listing and selling agent on certain properties. However, this can be withdrawn at any time by HUD. You must verify the commission when entering your bid on HUD.GOV/HudHomes to determine current eligibility. 6b is the listing broker commission,

which is automatically populated by the HUD.GOV/HudHomes website, and may never be altered.

- **Item 7** – is the net amount due seller after the closing costs and commissions. You simply take the offering price you entered on line 3 and deduct the closing costs and commissions from lines 5, 6a, and 6b.
- **Item 8** – Here you will check the type of purchaser your buyer is. Remember, owner occupants are individuals who will be residing at the property, as their primary residence for 12 consecutive months; nonprofit organizations; public housing agencies; and any other qualifying government agency.
- **Item 9** – the HUD closing deadline varies by asset manager and type of purchase. Below you will find the closing deadlines by AM. The HUD designated closing agent for your area can be found at the HUD.GOV/HudHomes website and you should fill their name in on the provided space immediately following the clause: *“Closing shall be held at the office of Seller’s designated closing or . . . ”* if you intend on closing with the designated HUD Closing Agent. If your buyer elects to pay for a 3rd party closing agent, you will write their name on that line.

Asset Manager	FHA 203b	FHA 203b Repair Escrow	FHA 203k or Streamline	Cash	Conventional or Other Financing Not Involving FHA
Pemco	45	45	60	45	45
Ofori	45	45	60	45	45
Hometelos	45	45	45	30	45

- **Item 10** – Your buyer may elect to be held as a back up offer during the bid acceptance period. You simply need to check the yes or no box.
- **Item 11** – If the house was built before 1978, you must check that the appropriate addendum is attached. The second part of the sentence requests confirmation that other addendums are attached to the contract. The answer is always yes so you will need to check the box that says other addendum is attached hereto.

- Item 12 – Requires the buyer’s initials. Remember, **BLUE INK** and be careful not to initial the seller’s line.
- Item 13 – Here you will type the buyer’s names, social security numbers, current address, phone number, and the date they actually signed the contract. It is in this section that your buyer will sign their name EXACTLY as it is printed on the contract on lines 1, 2, and 13. Again, **BLUE INK**.
- The final section of the contract is the Certification of Broker. Here you will type your real estate company name, address, federal tax id, SAMS NAID, phone number, and your name and phone number. It is important to remember that brokers, not agents, sign HUD sales contracts. Their signature must also be in **BLUE INK**.

HUD'S Home Inspection Policies

It is important for the buyer to have a home inspection performed on the property in order to identify any possible defects; evaluate the physical condition of items such as the structure, construction, or mechanical systems; and estimate the remaining useful life of the major systems, equipment, and finishes. If FHA insured financing is used, a portion of the cost to perform the inspection may be financed into the mortgage, subject to the lender's conditions.

At this time, each AM is allowing a 15 day, due diligence period from seller contract execution in which your buyer is encourage to get a home inspection. If your buyer elects to have an inspection, they must have approval to activate utilities from the FSM responsible for the property. The buyer must activate all utilities in their own name. They have 48 hours to complete the home inspection after receipt of authorization from FSM. After 48 hours, the buyer must turn off all utilities. They may NOT leave them on for any reason, nor may the buyer perform, or instruct any other party, to remediate anything. Buyer is responsible for leaving the property in the same condition before the inspection.

Buyer should be made aware that some municipalities require specific inspections to be performed in order to active utilities. The cost of such shall be borne entirely by the buyer. Other municipalities may have prior balances attached to the property or a previous individual who resided in the property in the past that will prohibit the activation of utilities until payment for such balance is made. In these cases, the utility activation request will be denied and the buyer will have the option of proceeding with their home inspection WITHOUT the mechanical systems. HUD will not pay these fees before closing for the purpose of conducting a home inspection.

Each FSM has an application, fee, and procedure for the buyer's real estate agent to request utility activation for a home inspection. Specific forms can be requested from us at CustomerService@100REO.com.

WDO Reports

HUD will provide a WDO report to the buyer if it is state/zone mandated and the buyer is seeking FHA financing. In these instances, HUD will fund treatment and

repairs of WDO, if needed, per findings of WDO. Buyer's seeking conventional, VA, other financing not involving FHA, or paying cash are responsible for their own WDO inspections and reports and will be entirely responsible for treatment and/or repairs. WDO reports may only be forwarded to you as a part of your accepted contract package. If it is missing from your accepted package, please email the HUD AM and request it.

Lead-Based Paint Stabilization

HUD will provide a Lead-Based Paint Stabilization (LBP) assessment report to the buyer if the dwelling is built before 1978, the buyer is an owner-occupant, and they are seeking FHA financing. If stabilization is required, HUD will pay for stabilization up to \$4,000. If the stabilization exceeds \$4,000, HUD, at their discretion will cancel the sales contract and release the escrow funds back to the buyer; or, the buyer may elect to change to a type of financing that will allow LBP remediation to be financed into the loan, such as the FHA 203k or Streamline programs.

HUD's FHA Appraisals

HUD utilizes FHA appraisals to establish the listing price on their properties. These FHA appraisals are valid for a period of 120 days from the effective date of the appraisal. If the buyer is financing the property with a FHA insured mortgage, a valid contract must be ratified within 120 days of the appraisal effective date; or the buyer must pay for a new appraisal or an appraisal update. However, be clear, a second appraisal may NOT be ordered simply to support a purchase price that is higher than the value of the current appraisal. A second appraisal can only be ordered by the Direct Endorsement (DE) underwriter if there are material deficiencies with the current appraisal or the current FHA appraisal will not meet HUD's 120 day appraisal effective date.

FHA Amendatory Clause & Real Estate Certification

The FHA Amendatory Clause and Real Estate Certification are intended to ensure that prospective home buyers with FHA-backed loans receive important information in a timely manner about the house to be purchased. In particular, the Amendatory Clause stipulates that if buyers have not received information about the appraised value of the home they intend to buy, the buyers are not obligated to purchase the home. Real estate agents should make their buyer and their buyer's lender aware that these addendums will not be executed on any HUD owned property as HUD is exempt from the clause and certification.

Lenders may read this regulation in its entirety in the FHA Handbook 4155.1 REV-5: Chapter 3: October 2003 3-1 through 3-5 paying special attention to Section 5.

Further lender assistance should be acquired by the lender from the FHA Hotline.

Mortgagee Letters

- 2010-17 - Lead-Based Paint
- 2010-08 (as an updated to 2000-27) – HUD REO Appraisals
- FHA Form 1004D – Extending the life of an FHA Appraisal
- 2009-51 – FHA Appraisal Updates
- 2005-50 – FHA Streamlined (K) Program
- H09-17- Closing Costs
- HUD -92300-Mortgagee Assurance of Completion
- 2010-13 - Compliance Inspection Report
- 4145.1 FHA Handbook- HUD's exemption from FHA Amendatory & Real Estate Certification forms.
- Link to all of HUD's Mortgagee Letters:
<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee>
- Further Assistance for Your Lender:

1-800- CALL-FHA

www.fhaoutreach.gov/FHAFAQ

info@fhaoutreach.gov

Purchaser's Responsibilities

Buyers should be made aware that at no time will any repairs, placement of personal possessions, or occupation of the property before closing be allowed. You are required to accompany your buyer, inspectors, appraisers, etc. at every visit to the property, sign in on the sign in sheet, and ensure that the property is properly secured when you leave.

Some properties are located in subdivisions or developments that require a buyer application, interview, and/or approval/certification before closing. Upon contract execution your buyer is responsible for the compliance and payment of such fees. Approvals and/or certifications are to be forwarded to the designated HUD closing agent upon receipt by the buyer.

If your buyer is obtaining financing, the lender may require a well, septic, and/or structural (if a mobile home) certification as a condition of the loan. In these instances, the buyer is entirely responsible for ordering and payment of such inspections. Any deficiencies discovered through these inspections are the sole responsibility of the buyer. If obtaining FHA financing, the buyer may be required to add or increase a repair escrow and/or convert to another type of FHA financing to address the deficiencies.

VA, USDA, and other types of financing are allowed on HUD homes. However, HUD will not make any repairs or allow a seller credit for any deficiencies noted in an inspection or appraisal; nor will HUD allow the purchaser or real estate agent to make any repair. Real estate agents should make their buyers aware of VA, USDA, and other financial institution's lending requirements before electing to use their loan programs on a HUD owned property.

If contract revisions or corrections become necessary, the buyer is required to submit new documents, as mandated by each individual AM, within 24 to 48 hours. Failure to submit contract revisions or corrections will deem the buyer "non-responsive" and their contract will then be subject to cancellation and the property may be awarded to the next highest bidder. The same policy applies to corrections that have been submitted in the appropriate timeframe, but are still incorrect or incomplete.

Additions, stipulations, and/or any handwritten statements on any HUD sales contract documents are strictly prohibited. This includes the use of white-out, copies, crossing out, writing over, etc.

Filing a Contract Extension

Each AM has a Contract Extension form that is required a minimum of 5 (business) days in advance of the contract expiration date. Extensions, at the discretion of the AM, are awarded in 15 day increments. Contract extensions must be accompanied by certified extension funds and a letter from the lender outlining the current status of the loan, any outstanding conditions, when those conditions will be remediated with an estimated closing date, and a statement similar to the following: “apart from the current outstanding conditions, the buyer is fully approved for the loan”. If paying cash, the buyer must provide a detailed letter explaining why an extension is needed. Extensions, letters, and funds must be submitted to the Designated HUD closing agent – not the AM.

Extensions will not be considered “received” until the funds have been deposited by the HUD closing agent. HUD will retain the extension fee if the sale fails to close. In the event that the buyer closes prior to the end of the extension period, the unused, prorated portion of the extension fee will be credited to the purchaser at closing on the settlement statement. However, if the extension fee is waived, the buyer will receive a check from the HUD closing agent within 48 hours after closing has occurred.

The submission of an extension request does not automatically, or in any way obligate, HUD to accept or extend the contract expiration date. Contract extension approval is entirely at the discretion of the HUD AM after they review all documentation. The approval of one extension does not mean blanket approval for any further extensions. Each extension must be submitted with a new letter and additional funds. Below you will find a table that outlines the proper extension funds amounts based on contract price:

Sales Price	\$25,000 or Less	\$25,001 to \$50,000	\$50,001 and Over
Extension Fee	\$150 (\$10 per day)	\$225 (\$15 per day)	\$375 (\$25 per day)

HUD Closing Policy & Procedures

HUD retains designated closing agents for all closings on HUD owned properties. All closings, even if your buyer elects to hire a 3rd party closing agent, must be coordinated through the HUD closing agent following their closing guidelines.

HUD does not allow mail-away closings for any reason. Your buyer may elect a power of attorney (POA) that must be submitted to the HUD closing agent for HUD's approval. If your buyer is obtaining financing, the POA must also be approved by the lender and should be prepared and submitted for approval immediately following contract acceptance.

HUD requires 7 (business) days advance notice of a closing. This includes the receipt of closing instructions if your buyer is obtaining financing. No exceptions can be made. Closing funds must be wired to be in receipt in time or before closing. Certified funds on the day of closing are not permitted.

HUD does not pay any closing costs other than the real estate commissions, recording of the deed, and the HUD closing agent fee. However, if you include closing costs up to 3% on line 5 of the sales contract, HUD will use those funds to also pay the doc stamps on the deed, owner's title insurance, and additional (lender/FHA approved) buyer's closings costs. Your buyer should be aware that there are additional closing and lender fees that they will be entirely responsible for at closing. Further, HUD does not have a previous survey. This will be a required expense that must be paid for by any buyer obtaining a loan where the lender will require an endorsement that addresses encroachments.

Buyers must ensure that insurance policies are in force on or before the date of closing. Insurance premiums will be collected on the HUD settlement statement.

HUD's Designated Closing Agents

Below you will find the current list of Designated HUD Closing Agents in the 2A region. The HUD AM will send your assigned HUD closing agent information with your ratified contract.

Alabama	Redmond Law LLC 404-237-3700	Battaglia Law Firm 334-244-2983	
Georgia	Fearnley, Califf & Price 678-392-1333	O'Brien Law Firm 706-885-0596	O'Brien Law Firm 912-920-0711
Florida	Island Title Services 813-269-7276	Lawyer's Advantage 407-622-6300	Deval LLC 904-471-0161

Filing a Contract Release

Each AM has a Contract Release and Earnest Money Disposition Request Form that must be submitted before the contract expiration date. Any buyer of a HUD owned property must complete, sign, and submit a release form to the Designated HUD Closing Agent with (proper) supporting written documentation as outlined below before the actual contract expiration date.

- Lender declination.
- Home inspection from a licensed home inspector.
- Verification that there has been a death or serious illness of an immediate family member living in the household, or loss of a job by a (primary financially) contributing member living in the household.

Submission of the release form and supporting documentation does not mean that the buyer will receive any portion of the escrow deposit back. In fact, investors are not eligible to receive any portion of the escrow deposit if they do not close – regardless of the reasons. Owner occupant purchasers are eligible to receive 100% of the escrow deposit back at the AM’s discretion. Specific details can be fully reviewed in each AM’s contract package.

Failure to submit the contract release form with the proper supporting documentation, before the contract expires, may result in automatic forfeiture of the entire escrow deposit at the AMs discretion – regardless of owner occupant or investor status.

Ready to Close Inspection & Questionnaire

It is recommended that you walk your buyer through the property several days prior to, or the day of, the scheduled closing. NLBs should have already performed a Ready to Close (RTC) inspection - removing all signs, lockboxes, and ensuring that the property is in the same condition as when initially offered for sale. If there are any issues that include theft or vandalism, you will need to contact the HUD Closing Agent and the HUD AM immediately for further instruction.

Part of your closing documents will be a brief survey asking both you and your buyer about their level of satisfaction with the entire HUD process. You should be handed a pre-addressed envelope to ensure that your remarks remain confidential. If you are not provided with the survey in your package, please make sure to ask the HUD closing agent for it.

Advertising HUD Properties

Registered HUD brokers may advertise HUD properties within very specific guidelines. Non-compliance can result in suspension of the entire brokerage's NAID number. Further, Article 12 of the REALTOR® Code of Ethics clearly prohibits you from advertising another broker's listing without permission. IDX gives you the right to display other's listings, but not unilateral permission to use any wording that would suggest you are the only source, or that you are the actual listing broker, for any property. The listings belong to the Neighborhood Listing Brokers (NLB) and therefore they reserve the right, as mandated by each AM, to determine how the HUD properties are advertised. Below you will find a list of advertising regulations that are currently in place. If you are unclear or unsure of any advertising guidelines, you should seek the advice of the NLB assigned to the property you wish to advertise.

- Do not remove, damage, or move any NLB sign.
- Do not state or imply that you are the only source for any particular property.
- Do not state or imply any other price other than what is listed in the MLS and the HUD.GOV/HudHomes website.
- Refrain from using the words, or those similar to: distressed, foreclosed, government, bank, must sell, reposessed, or any negative connotation.
- Do not place any sign on or anywhere near the subject property.
- Properties should be referred to as "HUD owned" or "HUD home" or "For Sale".
- Advertisements must contain the Equal Housing Opportunity Logo and a link to www.HUD.GOV/HudHomes.
- Advertisements must be in compliance with federal, state, and local real estate requirements.
- Websites, including Craigslist, and Newspapers, per IDX and REALTOR® Code of Ethics stipulate that you must list the brokerage that is the actual listing office somewhere in your advertisement.

HUD Sales Contract Package Checklists

HomeTelos

Fillable Contract Packages Can Be Generated At: www.HomeTelosFirst.com

Instructions: Click on **"My Account"** (if you don't have an account, please set one up. It's free!), log in, click on **"My Contracts"**, click on **"Create New Contract"**, enter **HUD Case #** (must be actively listed w/HomeTelos AND on HUD.GOV/HudHomes), click **"Save"**, an option to "edit", "print", or "delete" will appear, click on **"print"**.

- HUD Sales Contract HUD 9548
- HUD Conditions of Sales HUD 9548
- Prequalification Letter AND/OR Proof of Cash
- Electronic Filing of 9548 Contract Addendum
- For Your Protection Get A Home Inspection (Buyer must initial page)
- Addendum to the Sales Contract HUD 9548 D (owner occupants only)
- Forfeiture of Earnest Money Policy
- Closing Date Extension Policy
- Purchaser's Rights and Responsibilities (2 Pages)
- Radon Gas and Mold Notice and Release Agreement
- Lead Based Paint Disclosure Addendum (3 PAGES. Submit with properties built before 1978)
- ATTACH** Money Order or Cashier's Check made **PAYABLE TO HUD**
- Selling Broker Commission Addendum
- Broker Bonus Sales Initiative FY 2012 (NON-minimum commission properties ONLY.)

Package is due within 2 business days (NO EXCEPTIONS). Package must be sent via overnight delivery service to:

HomeTelos
1283 Murfreesboro Pike, Suite 200
Nashville, TN 37217
866-971-2214
ATTN: 2A CONTRACT REVIEW
Reference: HUD Case # {Use Property Case Number}

HUD Sales Contract Package Checklists

Ofori

Sales contract package needs to be generated at www.Oforireo.com, click on “Brokers”, click on “Forms”, and print all General Forms. HUD 9548 can be generated by auto-email instructions from Ofori.

- HUD Sales Contract HUD 9548
- HUD Conditions of Sales HUD 9548
- Prequalification Letter AND/OR Proof of Cash
- Addendum to the Sales Contract HUD 9548 D (owner occupants only)
- For Your Protection: Get A Home Inspection FHA Form
- OFORI – Notice to Purchaser and Acknowledgement (4 pages)
- Radon Gas and Mold Notice and Release Agreement
- Notice to Purchaser Addendum to Sales Contract (Submit if buyer bid over appraised value)
- Lead Based Paint Disclosure Addendum (3 PAGES. Submit with properties built before 1978)
- ATTACH** Money Order or Cashier’s Check made **PAYABLE TO HUD**
- Selling Broker Commission Addendum
- Broker Bonus Sales Initiative FY 2012 (NON-minimum commission properties ONLY).
- 203K Property Disposition Program (only submit with FHA 203k contracts.)

Package is due within 2 business days (NO EXCEPTIONS). Package must be sent via overnight delivery service to:

OFORI

**ATTN: Pre-acceptance Dept.
2000 RiverEdge Parkway, Suite 300
Atlanta, GA 30328
877-667-9022**

Reference: HUD Case # {Use Property Case Number}

HUD Sales Contract Package Checklists

Pemco

Sales contract package needs to be generated at www.HUDPemco.com, click on "Forms", click on "1A & 2A Region", click on the appropriate contract package that applies to your buyer. Enter all fields. Print.

- HUD Sales Contract HUD 9548
- COPY** of the HUD Sales Contract HUD 9548
- HUD Conditions of Sales HUD 9548
- Electronic Filing of 9548 Contract Addendum
- PEMCO – Notice to Purchaser Addendum to Sales Contract (FHA CONTRACTS ONLY)
- Addendum to the Sales Contract HUD 9548 D (OWNER OCCUPANTS ONLY)
- Prequalification Letter AND/OR Proof of Cash (READ PEMCO REQUIREMENTS)
- PEMCO – Earnest Money Guidelines Acknowledgement
- PEMCO – Forfeiture and Extension Policy (3 PAGES)
- Radon Gas and Mold Notice and Release Agreement
- For Your Protection Get A Home Inspection (BUYER MUST INITIAL PAGE)
- Property Disposition Program – 203(k) Rehabilitation Financing Lead Agreement HUD 9548 G (ONLY SUBMIT WITH FHA 203K CONTRACTS)
- Lead Based Paint Disclosure Addendum
(3 PAGES. ONLY SUBMIT WITH PROPERTIES BUILT BEFORE 1978)
- ATTACH** Money Order or Cashier's Check **MADE PAYABLE TO HUD.**
- Selling Broker Commission Addendum
- Broker Bonus Sales Initiative FY 2012 (NON-minimum commission properties ONLY. Financed sales must have full LOAN COMMITMENT for selling broker to qualify.)

Package is due within 48 hours (NO EXCEPTIONS). Package must be sent via overnight delivery.

Pemco, Ltd.

Attn: Pre-Acceptance Department

7000 Central Park, Suite 800

Atlanta, GA 30328

800-881-9260

Reference: HUD Case# {Use appropriate case number for your file}

Field Service Manager - Quick Reference

CWIS, LLC—(Florida Properties)

Attn: Utility Activation – 111 S. Tejon Street, Suite 206, Colorado Springs, CO 80903, 719-579-7582

notifications@cwis-llc.com

RULE: \$100 certified deposit payable to CWIS, LLC. The deposit is required to cover CWIS' costs for re-winterizing the property, providing inspection maintenance support, and any other incidental fees that may arise from utility activation.

PK Management Group—(Alabama Properties)

PKMG c/o Prescient, Inc., Attn: Utility Activation Dept., 2600 Douglas Rd, Suite 800, Coral Gables, FL 33134, 888-653-8357

Inspections@4prescient.net

RULE: \$150 certified deposit payable to PKMG. Deposit will be returned if buyer re-winterizes the property on their own and PKMG determines that it has been re-winterized properly. Otherwise, the \$150 will non-refundable and they will retain the fee to cover the cost of re-winterization.

AMS, Inc.*

AMS c/o Prescient, Inc., Attn: Utility Activation Dept., 2600 Douglas Rd, Suite 800, Coral Gables, FL 33134, 888-653-8357

Utilities@4prescient.net

RULE: \$150 certified deposit payable to AMS, Inc. Deposit will be returned if buyer re-winterizes the property on their own and AMS, Inc. determines that it has been re-winterized properly. Otherwise, the \$150 will non-refundable and they will retain the fee to cover the cost of re-winterization.

* AMS is NOT an official HUD FSM, but rather, a subcontractor of PK Management Group.

A2Z Field Services – (Georgia Properties)

A2Z Field Services, Attn: HUD Accounts Receivable, 5747 Perimeter Drive, Suite 250, Dublin, OH 43017

7AUAD@a2zfieldservices.com

RULE: No winterization fees April 1st-September 30th. \$90 de-winterization & rush fee, \$100 re-winterization & rush fee, and a \$100 deposit to be refunded AFTER receipt of signed Utility Deactivation Form or no re-winterization acknowledgement, final utility bills are received and usage & charges are confirmed by A2Z's Utility Specialist.

Alabama HUD Closing Contacts – An In Depth Look

Battaglia Law Office LLC _____

7088 Sydney Curve, Montgomery, AL 36117 | 334.244.2983 | 334.244.7421 fax

Counties: Coosa, Shelby, Chilton, Bib, Perry, Hale, Greene, Sumter, Pickens, Tuscaloosa, Jefferson, St. Clair, Talladega, Clay, Randolph, Chambers, Tallapoosa, Lauderdale, Colbert, Limestone, Madison, Jackson, DeKalb, Marshall, Morgan, Lawrence, Franklin, Marion, Winston, Cullman, Blount, Etowah, Cherokee, Cleburne, Calhoun, Walker, Fayette, Lamar

OFORI

Amendment Request: 2aclosing@oforireo.com (FORMS ON THEIR WEBSITE)

Extension Request: HUD Designated Closing Attorney

Cancellation Request: HUD Closing Attorney & 2acan@oforireo.com

WDO (Termite) Report/Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): 2ATer@oforireo.com (WDO/Appraisal requires a **form** that can be found on Ofori's website.)

PEMCO

Amendment Request: amendmentsatl@pemco-limited.com (FORMS ON THEIR WEBSITE)

Extension Request: HUD Designated Closing Attorney

Cancellation Request: Cancellations@Pemco-limited.com & HUD Closing Attorney

Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): Click “Reply” to the party that emailed you the accepted sales contract and request all of the applicable reports.

WDO (Termite) Report Request (FHA loans ONLY): wdoatlanta@Pemco-limited.com

HOMETELOS

Amendment Request: 2AClosing@Hometelos.com (HOMETELOS PREPARES ADDENDUM)

Extension Request: HUD Closing Attorney & 2AClosing@Hometelos.com

Cancellation Request: HUD Closing Attorney & 2AClosing@Hometelos.com

WDO (Termite) Report/Appraisal Request (FHA loans ONLY): These come as a link with your accepted contract email from HomeTelos.

Redmond Law LLC

3938 Government Blvd., Bldg. A, Suite 101, Mobile, AL 36693 | 404.237-3700 | 404.247.3770 fax

Counties: Barbour, Bullock, Coffee, Crenshaw, Dale, Elmore, Geneva, Henry, Houston, Lee, Macon, Montgomery, Pike, Russell

OFORI

Amendment Request: 2aclosing@oforireo.com (FORMS ON THEIR WEBSITE)

Extension Request: HUD Closing Attorney

Cancellation Request: HUD Closing Attorney & 2acan@oforireo.com

WDO (Termite) Report/Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): 2ATer@oforireo.com (WDO/Appraisal requires a **form** that can be found on Ofori’s website.)

PEMCO

Amendment Request: amendmentsatl@pemco-limited.com (FORMS ON THEIR WEBSITE)

Extension Request: HUD Closing Attorney

Cancellation Request: Cancellations@Pemco-limited.com & HUD Closing Attorney

Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): Click “Reply” to the party that emailed you the accepted sales contract and request all of the applicable reports.

WDO (Termite) Report Request (FHA loans ONLY): wdoatlanta@Pemco-limited.com

HOMETELOS

Amendment Request: 2AClosing@Hometelos.com (HOMETELOS PREPARES ADDENDUM)

Extension Request: HUD Closing Attorney

Cancellation Request: HUD Closing Attorney & 2AClosing@Hometelos.com

WDO (Termite) Report/Appraisal Request (FHA loans ONLY): These come as a link with your accepted contract email from HomeTelos.

Redmond Law LLC

3938 Government Blvd., Bldg. A, Suite 101, Mobile, AL 36693 | 404.237-3700 | 404.247.3770 fax

Counties: Autauga, Baldwin, Butler, Choctaw, Clarke, Conecuh, Covington, Dallas, Escambia, Lowndes, Marengo, Mobile, Monroe, Washington, Wilcox

OFORI

Amendment Request: 2aclosing@oforireo.com (FORMS ON THEIR WEBSITE)

Extension Request: HUD Closing Attorney

Cancellation Request: HUD Closing Agent & 2acan@oforireo.com

WDO (Termite) Report/Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): 2ATer@oforireo.com (WDO/Appraisal requires a **form** that can be found on Ofori’s website.)

PEMCO

Amendment Request: amendmentsatl@pemco-limited.com(FORMS ON THEIR WEBSITE)

Extension Request: HUD Closing Attorney

Cancellation Request: Cancellations@Pemco-limited.com & HUD Closing Attorney

Appraisal Request/LBP Stabilization Reports (FHA loans ONLY): Click "Reply" to the party that emailed you the accepted sales contract and request all of the applicable reports.

WDO (Termite) Report Request (FHA loans ONLY): wdoatlanta@Pemco-limited.com

HOMETELOS

Amendment Request: 2AClosing@Hometelos.com (HOMETELOS PREPARES ADDENDUM)

Extension Request: HUD Closing Attorney & 2AClosing@Hometelos.com

Cancellation Request: HUD Closing Attorney & 2AClosing@Hometelos.com

WDO (Termite) Report/Appraisal Request (FHA loans ONLY): These come as a link with your accepted contract email from HomeTelos.

Extension Reminder *****

HUD Closing Agents may only submit COMPLETE extension packages. There is no appeal process within their organizations as they are not the party approving the extensions. A COMPLETE extension package (1 PDF) contains the following:

- 1.) Properly completed extension request form.**
- 2.) Copy of CERTIFIED extension funds in the proper amount.**
- 3.) UPDATED proof of cash and/or pre-approval letter.**

Cancellation Reminder *****

You may only submit COMPLETE contract release requests. A COMPLETE contract release request package (1 PDF) contains the following:

- 1.) Property completed contract release form.**
- 2.) Formal loan declination from a lender and/or complete copy of a home inspection.**
- 3.) Letter from the buyer explaining the reason for the contract release request. Please note: this letter is in ADDITION to Item 2, not as an alternative of.**

FAQ

WHAT DO I NEED TO KNOW ABOUT BIDDING ON HUD HOMES?

All bids, on all HUD owned properties nationwide must be placed at www.hud.gov/hudhomes. Only HUD registered brokerages may show, sell, and receive a commission on a HUD owned property. State real estate contracts and addendums (this includes FHA Amendatory Clauses & Real Estate Certifications) may NOT be used or incorporated into any HUD contract. Only HUD contracts and addendums may be used and should be fully executed (**IN BLUE INK ONLY**) and in the possession of the selling agent, along with proof of cash/prequalification letter and certified escrow funds, BEFORE the bid is placed on HUD' website. Offers may NOT be faxed or emailed to the Neighborhood Listing Brokers. HUD contract packages or links can be found on our website at www.100REO.com, click on "agents", and click on "offer packages". All bids must be placed online at www.hud.gov/hudhomes. Bid results and statistics are not placed on the website. Only winners are notified via email of their winning bid status. **We are not able to give you status updates on your bids or contract packages, nor can we disclose how many, or if, offers are currently on the property.** Ratified contracts can be expected via email within 7 to 10 business days. Selling brokers that have been asked to make revisions can expect a slightly longer turn-around timeframe.

WHAT IF I MAKE A MISTAKE ON MY BUYER'S LEGAL INFORMATION?

Revisions to the contract can cause significant delays. Please ensure that you have your buyer's full, legal name(s), correct social security number(s), and type of financing. Erroneous information can result in your buyer having to produce two (government issued) forms of identification or cancellation of bid.

I JUST GOT A P260-HUD-Bid Acceptance Notice Email from do-not-reply@HUDHomestore.com

Receipt of a winning bid notification via email does NOT mean that you have an "accepted" offer or contract. Rather, your bid has been provisionally accepted subject to the receipt and approval of original required documents as specified by each individual HUD asset manager within TWO BUSINESS DAYS of the bid acceptance email. Contracts not received by the due date or packages containing errors and/or omissions may be deemed "non-responsive", canceled, and the property placed back on the market or awarded to a back-up offer.

HOW DO I ACCESS HUD PROPERTIES?

All HUD owned properties should be vacant and on an electronic and/or combination lockbox. There is no such thing as a single "HUD Key" any longer. While Neighborhood Listing Brokers may verify your current and active SAMS NAID status, HUD does not require that you belong to a REALTOR® and/or MLS association.

WHAT IS THE REQUIRED ESCROW DEPOSIT ON HUD PROPERTIES?

All BIDS on HUD owned properties require a CERTIFIED deposit of \$500 (\$50,000 or less) or \$1,000 (\$50,001 or more) in the form of a cashier's check or money order that must be payable to HUD. Funds are mailed directly to the HUD asset manager with the original sales contract package once you receive a winning bid notification.

WHAT ARE USUAL AND CUSTOMARY SELLER'S CLOSING COSTS ON HUD PROPERTIES?

HUD does NOT pay any closing costs other than the real estate commissions, recording of the deed, and the HUD Closing Agent fee. Seller's maximum contribution towards all closing costs is

3%. Any unused portion of requested closing cost assistance will NOT be credited or given back to the buyer upon closing.

WHAT KIND OF COMMISSION DOES HUD PAY?

At this time, HUD is offering a 3% commission; OR, in some cases a minimum commission to the listing broker and the selling broker on all HUD owned properties. HUD may occasionally offer bonuses at their discretion. You should always check the “addendums” link on HUD’s website to keep abreast of current incentives. The commission, bonus, incentive, and/or minimum commission may change at any time at HUD’s discretion. While the selling broker may reduce their commission, the listing broker’s commission is non-modifiable.

WHAT ARE (IE) REPAIR ESCROWS ON FHA INSURABLE PROPERTIES?

If a property is offered as FHA insurable with a repair escrow, the amount of that escrow will be added to the buyer’s mortgage. It is NOT a gift or seller credit at closing. The buyer may not pay it in cash at closing, nor may it be eliminated or reduced. It can only be increased up to \$5,000 (including a 10% reserve) by a lender-ordered FHA compliance/mechanical systems inspection. Buyer must provide proof of loan qualification for the purchase price and the repair escrow amount.

DOES MY BUYER HAVE TO USE HUD’S FHA APPRAISAL?

If the buyer is financing the property with a FHA insured mortgage, a valid contract must be ratified within 120 days of the appraisal effective date, or the buyer must pay for a new appraisal or an appraisal update. However, be clear, a second appraisal may NOT be ordered simply to support a purchase price that is higher than the value of the current appraisal. A second appraisal can only be ordered by the Direct Endorsement (DE) underwriter if there are material deficiencies with the current appraisal or the current FHA appraisal will not meet HUD’s 120 day appraisal effective date.

WHAT IF MY BUYER BIDS OVER THE FHA APPRAISED VALUE?

When obtaining FHA financing, any purchase amount over the current, FHA appraised value must be included in the cash to close due from buyer upon closing. It may not be financed into the loan. Further, buyer must submit proof of cash for the entire amount offered over the FHA appraised value with their original sales contract package.

DOES HUD PROVIDE SURVEYS, INSPECTIONS, AND HOA CERTIFICATES?

HUD does not have any previous surveys nor do they provide a current survey. One FHA appraisal, termite inspection, and lead-based paint stabilization estimate will be provided to owner-occupant, FHA purchaser’s only. Surveys, well, septic, structural, and mechanical inspections/certifications; lead-based paint remediation over \$4,000; and HOA application/fees/certificates are at the sole expense of the buyer.

CAN REPAIRS AND/OR REMEDIATION BE DONE BY HUD OR THE BUYER BEFORE CLOSING?

At no time will any repairs, placement of personal possessions, or occupation of the property before closing be allowed. Selling agents are required to accompany buyers, inspectors, appraisers, etc. at every visit to the property, sign in on the sign in sheet, and ensure that the property is properly secured when they leave. Further, lender required repairs and/or

remediation may NOT be performed before closing; nor will HUD allow a seller credit for, or remediate, lender required repairs.

DOES HUD PAY FOR AND/OR COORDINATE UTILITY ACTIVATION?

Neither HUD nor the Neighborhood Listing Broker will arrange or pay for any utility activation. Selling agents are required to complete and submit Utility Activation Request Applications, fees, and supporting documentation to the HUD Field Service Managers for their approval. All utilities must be in the name of the buyer and/or selling agent for a period not to exceed 48 business hours. Outstanding utilities fees that would prohibit activation will not be paid before closing for the purpose of conducting a home inspection. Rather, the buyer will be given the option of proceeding with the home inspection WITHOUT the mechanical systems being functional. Utility activation/requests cannot be made until the selling agent receives a fully ratified contract from the HUD asset manager.

WHO ARE THE HUD DESIGNATED CLOSING AGENTS & WHAT ARE THEIR CLOSING POLICIES?

HUD retains designated closing agents for all closings on HUD owned properties. All closings, even if your buyer elects to hire a 3rd party closing agent, must be coordinated through the HUD closing agent following their closing guidelines. HUD does not allow mail-away closings. Your buyer may elect a power of attorney but must submit the POA to the HUD designated closing agent, and lender if obtaining financing, for their approval. HUD requires 7 (business) days advance notice of a closing. This includes the receipt of closing instructions if your buyer is obtaining financing. Closing funds must be in the form of a bank wire or cashier's check (as mandated by the HUD closing agent in your area) that must be in the HUD designated closing agent's bank account at or before closing. Certified funds on the day of closing are not permitted in some states. If buyers elect to do a final walk-through, their realtor must accompany them through the property at least 6 business days in advance of scheduled closing date.

DOES HUD ALLOW CONTRACT EXTENSIONS AND CHARGE EXTENSION FEES?

Each HUD asset manager has a contract extension form that is required a minimum of 5 (business) days in advance of the contract expiration date. Extensions, at the discretion of the AM, are awarded in 15 day increments. Contract extensions must be accompanied by certified extension funds and a letter from the lender (if obtaining financing) or the buyer (if paying cash). The submission of an extension request does not automatically, or in any way obligate, HUD to accept or extend the contract expiration date. Additionally, the approval of one extension does not mean blanket approval for any further extensions. HUD will retain extension fees if the sale fails to close. Free extensions will be collected and deposited with the original extension request. Funds will be mailed back to buyer after closing via regular mail from the HUD designated closing agent.

WHAT IF MY BUYER WANTS OR NEEDS TO CANCEL?

Each HUD asset manager has a Contract Release and Earnest Money Disposition Request Form that must be submitted with supporting documentation such as a formal lender declination before the contract expiration date. Submission of the release form and supporting documentation does not mean that the buyer will receive any portion of the escrow deposit back. Failure to submit the contract release form with the proper supporting documentation before the contract expires may result in automatic forfeiture of the entire escrow deposit at the HUD asset manager's discretion.

HOW DOES THE BUYER GET KEYS TO THE PROPERTY AFTER CLOSING?

Five days before the closing, Neighborhood Listing Brokers perform a *Ready to Close* inspection that includes the removal of all signs, papers, and lockboxes. You and your buyer are responsible for coordinating the replacement and/or rekeying of all locks on the property on the day of closing. Neighborhood Listing Brokers cannot give buyers HUD keys. Please plan accordingly.

MY BUYER HAS CLOSED ON A HUD PROPERTY AND THEIR PROPERTY TAXES HAVE GONE UP, WHY?

Buyers should not rely on HUD's current property taxes as the amount of property taxes that the buyer may be obligated to pay in the year subsequent to purchase. A change of ownership or property improvements triggers reassessment of the property that could result in higher property taxes and possible special assessments. If your buyer has any questions concerning valuation or special assessments, they should contact the county property appraiser's office for additional information.

Common Errors and Omissions

HUD 9548 Sales Contract

- Buyer must initial Paragraph 12 in blue ink.
- Line 1, 2, and 13 must match (unless the buyer is obtaining FHA financing.)
- Line 2 must have the buyer's name and style of title (i.e. married, single, joint tenants)
- You may NOT write any down payment amount, mortgage amount, or number of months on Line 4. You may only write "\$100" on the down payment line if the buyer is obtaining FHA financing and they lender participates in the \$100 down payment program.
- Broker must sign contract unless broker has given the agent a letter authorizing them to sign the contract.
- Line 3: HUD is always the escrow holder
- Line 11: Other addendum "IS" attached hereto and made part of this contract. The "IS" box is always checked.
- Printed name and phone number of selling agent must be written under the broker's signature and phone number.

Prequalification Letters

- Terms and conditions must match the figures outline on the actual sales contract, including the type of financing, and a statement that their credit has been pulled and reviewed. Letter must be on the lender's letterhead, signed, and have the full contact information for the lender.

- Lenders cannot provide a buyer with an FHA prequalification letter for more than the current as-is value outlined on HUD’s website. The maximum FHA mortgage amount is the as-is value regardless of what the buyer bid. Any FHA buyer that bids over the as-is value must produce proof of cash for the difference between the as-is value and the buyer’s bid price in addition to their FHA prequalification letter.

Lead Based Paint Addendum

- There are 2 lines on the 3rd page that the buyer must initial. A copy of the “Protect Your Family from Lead in Your Home” handbook can be found (in several languages) at: <http://www.epa.gov/lead/pubs/leadprot.htm>

Miscellaneous Addendums

- Unless you have a letter from the broker authorizing you to sign the contract and its addendums, your broker must sign each page that asks for “Broker’s Signature”. Agents may NOT sign on these lines.

Abbreviation & Bid Deadline Quick Reference:

For FHA Insurable Properties (IE & UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	GNND	7 days	8th day
Exclusive	O, NP, GOV	30 days	11th day, then daily
Extended	O, NP, GOV, I	List date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended(no time limit)	O, NP, GOV, I	No time limit	Daily

For Uninsured Properties (UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	NP,GOV, GNND	7 days	8th day
Exclusive	O, NP, GOV	5 days	6th day
Extended	O, NP, GOV, I	List date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

Price Reduction are Exclusive O, NP, GOV for a 5 day period, bids opened daily

(GNND are only eligible for single units in revitalization areas.)

Financing Options

IN = Insured
IE = Insured with Repair Escrow
UI = Uninsured

Eligible Bidders

O = Occupant
I = Investor
NP = Nonprofit
Gov = Government
GNND = Good Neighbor Next Door

My HUD Notes: