

HUD Listing and Bidding Procedures

Disclosures

HUD Homes are sold "As Is" without warranty.

Irregularities in bids:

HUD reserves the right to waive any irregularity in any bid, reject any and all offers, and to withdraw a property prior to the bid opening.

Code and Zoning violations:

Brokers should advise Purchasers that the properties may contain code and/or zoning violations. Code and Zoning status must be determined by the Purchaser.

Property Condition:

No guaranties and/or warranties made. No repairs will be performed by HUD after closing. Purchasers are encouraged to have the properties inspected by a qualified home inspection service company to satisfy themselves as to the condition of the property.

Potential Purchasers:

Contact a HUD Approved Broker to obtain a copy of the current listings, to visit listed HUD homes or to make an offer on a HUD home.

HUD pays closing costs up to 3% of the purchase price, **IF** inserted on line 5 of the HUD Sales Contract when the electronic bid is submitted.

HUD's Homeownership Incentives:

\$100 Down – Available to owner occupant buyers who purchase a HUD Home with FHA financing. Indicate on Line 4 of the HUD contract and Lender MCAW form. The buyer is still responsible for the earnest money deposit.

Obtain more information on BUYING A HUD HOME on the HUD website at:

http://portal.hud.gov/portal/page/portal/HUD/topics/buying_a_home

FHA Amendatory Clause

This addendum is not required and will not be executed on HUD sales. HUD homes are exempt from the clause.

Listing Codes

IN - Insurable:

All properties listed as "INSURABLE" are eligible for FHA financing. All requests for insurance will be under Section 203(b) of the National Housing Act Program. An interest rate will be charged on the loan and is negotiable between the purchaser and lender. The mortgage may include some mortgage insurance payments.

IE - Insurable with Escrow Repairs:

Properties listed as "INSURABLE WITH ESCROW REPAIRS" means that certain repairs (not to exceed \$5,000.00) are required to meet Minimum Property Standards for an FHA mortgage. These properties can qualify for FHA Section 203(b) mortgages if the purchaser and lender establish a repair escrow at the closing for the completion of repairs within 90-days of the closing. This is not a gift from HUD. The sales price remains the same and is added to the mortgage. No repairs prior to closing.

UI - Uninsured:

Properties listed as "UNINSURED" means that certain repairs and or improvements are required to be eligible for an FHA 203(k) mortgage. The required repairs on most of these properties exceed \$5000.00. Purchasers of these properties have the option to purchase "as-is" with cash or conventional financing. These properties are also eligible for an FHA 203(k) mortgage if the required repairs and or the improvements are completed within 90-days of the closing.

Listing and Bidding

HUD Approved Brokers will show properties, prepare complete contracts and submit bids through Internet Electronic Bidding at the HUD Listings website – www.HUDhomestore.COM.

New listings are available daily.

During the Exclusive Listing Period, bids may be submitted only by Owner Occupant purchasers, which HUD defines as owner-occupant purchasers, qualified nonprofit organizations and government entities. There will be:

- a thirty (30) day Exclusive Listing Period for Owner Occupant purchasers for properties listed Insurable and Insurable with Escrow Repairs,
- a five (5) day Exclusive Listing Period for Owner Occupant purchasers for properties listed Uninsured.

Owner Occupants must occupy the house for one year and cannot participate in a HUD sale for two years after purchasing a HUD home.

Exclusive Listing Period (Owner Occupant Priority)

- For Insurable and Insurable with Escrow properties, bids shall be opened and reviewed on the Tenth (10th) day of the Exclusive Listing Period. All bids will be treated as having been received simultaneously. If no winning bid is received by the Tenth (10th) day, bids shall be opened and reviewed on each day after the tenth (10th) day up to the thirtieth (30th) day, or until a winning bid is received. If no winning bid is received in that thirty (30) day period, the listing shall be extended to all buyers on day 31. See Extended Listing Period below.
- For Uninsurable properties, bids shall be opened and reviewed on the sixth (6th) day. All bids will be treated as having been received simultaneously. If no acceptable Owner Occupant net bid is received, the listing shall be extended to all buyers on day 6. See Extended Listing Period below.
- The Exclusive listing period starts over when there is a price reduction. –i.e. the day of a price reduction counts as day 1 for owner occupant priority up thru day 30 before the property becomes eligible to all bidders again.

Extended Listing Period.

At the conclusion of the Exclusive Listing Period, should a property remain unsold, all general public bids (including Investors) may be submitted daily.

Submitting a Bid Over the “As Is” Value

The “As Is” value is equal to the appraisal value. You can’t get a second appraisal when using FHA. You will be notified if you overbid and will require submission of proof of funds. Buyers must bring cash for the overbid amount.

Bid Opening, Review and Results

In order to be valid for bid opening on a specific day, bids must be completed and confirmed on the Internet no later than 11:59 p.m. on the previous day. Bids can be submitted 24/7 but are not reviewed Holidays or weekends.

Bids received on the same day shall be considered to have been received simultaneously. Friday, Saturday and Sunday bids will be considered to have been received simultaneously and will be reviewed simultaneously on the following Monday.

Bids will be opened and reviewed each business day.

The highest acceptable net bid to HUD will be selected.

Results will be posted each business day by 1:00 p.m.

If two acceptable bids which are exact same amount are received, the AM Contractor will select the winner by randomized electronic drawing.

REMINDER: Brokers must check the HUD Listings website on a daily basis for available properties and Bid Result Publication. If your bid is selected, Brokers must submit the original written and completed HUD Sales Contract along with the required Addenda to the appropriate AM Contractor office within the next 48 hours of Bid Result Publication, otherwise the bid will be considered canceled and the second highest acceptable net bid to HUD will be considered.

NOTE: If you search for a property and it does not show up in the search properties area then that property has an accepted bid at that time.

TUESDAY, NOVEMBER 30, 2010

HUD.GOV/HUDHomes
U.S. Department of Housing and Urban Development

Home HUD News Resources NAID Registration Find a Broker Property Contacts FAQ

Search Properties Recent Listings (0) Recent Searches (2)

*State Select County City Zip Code Street Price From - To Bedrooms Bathrooms
Any Any

Buyer Type All Status All Property Case # 15-111000 Search Clear

*Required field, except if Property Case # is entered

Property Search Results

There are no HUD Homes that match your search criteria.

Down Payment

Owner Occupants Only:

3.5% Minimum Down payment for FHA financed properties.

Maximum mortgage amount 96.5% of the appraised value or sales price whichever is lower.

Investors:

1 unit: 25% Minimum Down payment, for FHA financed properties;

2 to 4 units: 15% Minimum Down payment, for FHA financed properties.

Earnest Money Deposit:

The required earnest money deposit must be in the form of a cashier's check, money order, or other certified funds and made payable to HUD. The original Earnest Money check should be submitted with the sales contract after bid acceptance. The Earnest Money deposit will be sent to the Closing Agent after contract execution.

- \$1,000 for offers greater than \$50,000,
- \$500 for offers \$50,000 or less,

- 50% of the Listing Price for Vacant Lots

Earnest Money Forfeiture and/or Return:

The following provisions are applicable in all instances except those where HUD is unable or unwilling to close the sale, in which case the entire amount will be returned.

Investor Purchasers:

Uninsured Sales: 100% of the deposit will be forfeited to HUD for failure to close, regardless of the reason.

Insured Sales:

- 50% of the deposit will be forfeited to HUD for failure to close if the purchaser is determined by HUD to be an unacceptable buyer.
- 100% of the deposit will be forfeited to HUD if the sale fails to close for any other reason.

Owner-Occupant Purchasers:

- **Return 100% of the deposit when:**

- There has been a death in the immediate family (purchaser, spouse or children living in the same household).
- There has been a recent serious illness in the immediate family that has resulted in significant medical expenses or substantial loss of income, thus adversely, affecting the purchaser's financial ability to close the sale.
- There has been a loss of job by one of the primary breadwinners, or a substantial loss of income through no fault of the purchaser.
- For an FHA insured sale, HUD (or a D.E. underwriter) determines that the purchaser is not an acceptable borrower. For an uninsured sale, the purchaser was pre-approved for mortgage financing in an appropriate amount by a recognized lender and, despite good faith efforts, is unable to obtain mortgage financing. "Pre-approved" means a commitment has been obtained from a recognized mortgage lender for mortgage financing in a specified dollar amount sufficient to purchase the property.
- There is other equally good cause, as determined by AM Contractor, in keeping with the spirit and intent of the above policy.

- **Return 50% of the deposit when:**

- For an uninsured sale, despite good faith efforts by the purchaser, there is an inability to obtain a mortgage loan from a recognized mortgage lender.

- **Forfeit 100% of the deposit when:**
 - No documentation is submitted.
 - Documentation fails to provide an acceptable cause for the buyer's failure to close.
 - Documentation is not provided within a reasonable time following contract cancellation.

Vacant Lot Sales:

The purchaser is considered to be an investor and instructions pertaining to investors will apply.

Closing Costs (Line 5)

HUD pays certain Closing Costs up to 3% of the purchase price, **IF** inserted of line 5 of the sales contract when the electronic bid is submitted. Enter this numeric figure (not percentage) on line 5. Reference HUD Notice H-2009-17 that explains which closing costs are allowable and the maximum amount in your appropriate State.

Closing Time Frame

All purchasers must close on or before thirty (30) days of contract acceptance date for cash closings, forty-five (45) days for financed closings and sixty (60) days for 203k loans acceptance.

Closing Extension Policy

ALL SALES ARE EXPECTED TO CLOSE WITHIN THE APPLICABLE TIME FRAME IDENTIFIED ON LINE 9 OF THE SALES CONTRACT.

Closing Extension Request: If the closing does not occur on the specified date on line 9 of the HUD Sales Contract 9548, the Broker should contact HUD's Closing Agent at least two weeks prior to that date to request an extension.

AM Contractors, as HUD's Representative, may grant an extension of closing time and, if approved, each extension will be for a period of fifteen (15) days:

- Submit the "Request For Extension of Closing Date" (Extension Request form) and all the required supplemental supporting documents to HUD's Closing Agent prior to the expiration of the sales contract.
- Documentation submitted with the extension request must establish that a closing can reasonably be expected to occur within the extension period.

- The extension request must be accompanied by a cashier's check, money order or other certified funds in the appropriate amount and made payable to HUD. The fee is based on the Contract Sales Price:

Contract Sales Price	Extension Fee
Equal to or less than	\$25,000.00 \$150.00 (\$10.00 per day)
\$25,000.01 to \$50,000.00	\$225.00 (\$15.00 per day)
\$50,000.01 and over	\$375.00 (\$25.00 per day)

- The initial 15-day extension will be provided for owner occupant purchasers, at no cost, if documentation is provided indicating that proper and timely loan application was made, that the delayed closing is not the fault of the purchaser and that mortgage approval is imminent.
- The extension fee will be retained by HUD. In the event that the purchaser closes prior to the end of the extension period, the unused, prorated portion of the extension fee will be credited to the amount due at closing.
- The approval of an extension does not obligate AM Contractor, as HUD's Representative, to grant future extensions.

Home Inspections (Optional, but highly recommended)

There is a 15 day due diligence period. You must have the appropriate FSM authorize your home inspection. You have 48 hours to complete home inspection after last utility is turned on and you must turn off utilities after inspection. When you receive written permission (executed sales contract), contact the local utility companies, and coordinate dates between them and your home inspector. Fill out a utility activation request form. The utilities are to be turned on in the purchaser's name and at purchaser's expense. The purchaser is responsible for the actual costs to activate, deactivate and when necessary, re-winterize the property. The purchaser must place a refundable \$150 deposit, in the form of certified funds or money order with the FSM company. The amount is sufficient to cover these costs. This deposit is required to ensure the property has been re-winterized. It is the buyer's responsibility and cost to re-winterize. If the property has not been re-winterized at the end of the allowable 72 hr period, this may result in a delay of closing (buyer will also be responsible for any property damage incurred).

Broker Registration and NAID

As a Broker, Nonprofit, or Government Agency, you can make an offer on a HUD Home only if you have a HUD Name Address Identifier (NAID). To apply for a NAID, <http://www.hudhomestore.com/hud/NaidRegistration.aspx>

So in order to place a bid on a HUD property, you must have an active NAID. You may obtain a NAID by completing the necessary forms and providing all required attachments to the HUD Homeownership Center which has jurisdiction over the state in which you are located. The NAID application package must contain the documents as listed at <http://www.hudhomestore.com/hud/NaidRegistration.aspx>.

If your application package does not contain the required documents, the package will be returned and extend the processing time. The NAID application processing time is a minimum of 2 weeks.

For Selling Brokers: Only Selling Brokers may obtain a NAID. Real Estate Agents must use the NAID of their Selling Broker to submit bids.

The screenshot shows the HUD.GOV/HUDHomes website interface. At the top right, there are links for 'Traducir al español', 'Login', and 'Register'. A red box highlights the 'Login' and 'Register' links, with an arrow pointing to the 'Register' link. A red box with the text 'As an agent, if you have never registered, click here' points to the 'Register' link. Another red box with the text 'As an agent, if you have already registered, login here' points to the 'Login' link. A third red box with the text 'First to get a NAID Number Register Here' points to the 'NAID Registration' link in the navigation menu. The main content area features a map of the United States with state abbreviations, and a 'Search Properties' form with fields for State, County, City, Zip Code, Street, Price From - To, Bedrooms, and Bathrooms. A legend indicates that properties are either 'Available' (dark blue) or 'Not available' (light blue).

Broker Commission (Line 6a)

HUD will pay up to 6% or a minimum of \$2500 commission to be equally split between the Listing and Selling Broker, **IF** inserted on line 6a of the new HUD Sales Contract Form 9548 (1/99). Line 6b will automatically populate 3% for the listing broker commission – this cannot be changed.

Remember: Lines 5 and 6a affect the net to HUD.

Required Contract Documents

HUD SALES CONTRACT and REQUIRED ADDENDA:

- Fillable HUD Sales Contract Form 9548 Revision (1/99)

Attach the following Addenda:

- General Addendum to HUD Sales Contract.
- Lead Paint Addendum, if the property was built prior to 1978. The Lead Based Paint Addendum is property specific and will be posted with the property listing.
- For Your Protection: Get a Home Inspection.
- Notice to Purchaser Addendum when the offered amount exceeds the appraised value at the time the offer is submitted, if applicable.
- Certification of Owner-Occupant Status if the purchaser is an owner-occupant. All bids by owner-occupants, who are purchasing properties listed in the owner-occupant category, must include an Owner-Occupant Certification. Sanctions will be immediately imposed upon Brokers, Agents and Investors found to be abusing the system. This document is required to be signed by the broker for investor purchasers.
- Radon Gas and Mold Notice and Release Agreement.
- Forfeiture & Extension Policy (Addendum A, Rev. 6/15/2009)
- Flood Zone Addendum (if applicable)
- If the purchase is cash, Certification from a Financial Institution stating that funds are available on the day of closing.
- Letter from a Financial Institution acknowledging that purchaser has funds available for down payment or over-bids, if applicable. This statement may be included in the mortgage pre-qualification letter.

- If the purchase is being financed, Mortgage Pre-Qualification Letter from a lending institution stating that an in-house credit check has been performed and the purchaser has been pre-qualified for a loan up to a specified purchase price. The Pre-Qualification letter must be on lender letterhead, give the name(s) of the people listed on the contract, have the correct loan amount that covers the purchase price, indicate the type of loan, note that “the credit has been approved”, must be signed by the loan officer (no digital signatures), and dated within the past thirty (30) days.

Avoid These Common Errors!

If you submit a contract with errors, you will receive a message similar to:

*The contract package on this property is incomplete or incorrect. We must receive the following corrections on or before <mm/dd/yyyy>. Revised documents received that are still incorrect will result in immediate bid acknowledgement cancellation. **NO EXCEPTIONS***

To minimize errors on the HUD contract, start the contract process by printing out the pre-filled contract from the HUDHOMESTORE website once the offer is accepted.

Original hard copies must be completed in BLUE ink and must not contain any errors in order to be accepted by HUD.

DO NOT use white out or liquid paper on a contractual documents.

DO NOT use a yellow highlighter on the contractual documents. The document will not scan properly for HUD with highlighter on it.

The buyers name must match EXACTLY what was submitted in the online bid and on lines 1, 2 and 13 on the contract and ALL ADDENDA. Do not add suffixes or middle names if they were not included in the online bid.

Please indicate how the buyer wants to hold title (i.e. style – married, single, etc).

Make sure the social security numbers are on listed on the contract. They must match EXACTLY what was submitted in the online bid.

Make sure the buyer’s telephone number is included on the contract.

Closing days is 30 for cash offers, 45 days for financed offers and 60 for 203K loans.

The **Broker** who owns the NAID MUST sign the HUD 9548 Contract **AND** the Owner Occupant Addendum. Firm address must match the address associated with the NAID number.

Ensure the Pre-Approval letter is on bank letterhead, contains the buyer(s) name, includes the purchase price, loan type and loan officer’s signature (electronic signatures are not acceptable). If the bid is an overbid, please provide proof of funds for the over-bid.

For cash offers, ensure the proof of funds covers the purchase price and is dated for less than 30 days from the current date.

The earnest money check must be in the form of a cashier's check, money order, or other certified funds and made payable to HUD. It must be included in the contract package sent in to the asset management company.

Ensure all ADDENDA is filled out and included with the contract package. (See section above for required addenda)

The HUD-9548 Sales Contract

Line1: Type purchaser(s) name and complete property address. **Make sure to type in the county.**

Line2: Enter name(s) and style in which title will be taken. Please match the name exactly as on line 1 and the STYLE they are taking title (individual, married, etc.)

Line3: Enter bid amount and amount of the earnest money (which is \$500 if \$50,000 or under or \$1000 if \$50,001 and over) and fill in that it will be held by HUD. Please send this in a cashier's check or money order (NO personal checks) made payable to HUD.

Line4: Make sure the appropriate box is checked for the type of financing your buyer is getting and is in compliance with what seller is offering . If FHA 203(b) repair escrow, then check "said mortgage involves a repair escrow amounting to \$_____" and fill in amount. **The loan type indicated here must also match the pre-approval letter.**

Line5: Enter the amount of financing/closing costs submitted on your online bid.

Line6: Enter dollar amount of commission to be paid by seller as submitted on your bid.

Line7: Enter net amount due seller as submitted on your bid.

Line8: Enter buyer type (owner occupant or investor) as submitted on your bid.

Line9: Enter in accordance with HUD's instructions. Fill in "The sale shall close no later than <x> days from Sellers acceptance of Contract." All financing shall be 45 days and all cash offers shall be 30 days. Also, fill in the "Closing shall be held at the office of Seller's designated closing agent or _HUD's Designated Closing Agent_" or the buyer may chose their own attorney. Fill in the name according to purchaser's preference.

Line10: Enter appropriate back up offer information.

Line11: Check the appropriate boxes. You must provide Purchasers of home built before 1978 with copies of addendum as well as the EPA pamphlet.

Line12: Purchaser(s) must initial in appropriate space

Line13: Make sure to write in your purchaser's phone number under the signature line, and have them date the contract when they sign it.

Certification of Broker: Always have the managing broker sign the contract and the owner/occupant certification in original blue ink signatures. The **Broker** who owns the NAID number needs to sign the HUD 9548 Contract **AND** the Owner Occupant Addendum. The firm address must match the address associated with the NAID number.

If this is an investor bid being placed in a company name, please make sure that the company name is on Line 1 and 2 of the contract. Also make sure that you include the company's articles of incorporation paperwork and proof of EIN number from the IRS.

Help "WHAT IF I NEED HELP?"

If you need help, you can obtain it: You can go to <http://www.HUDHomestore.com>

Also reference the **SEE SAMPLE CONTRACT PACKAGE** provided with this training.

You may also contact your Local Listing Broker at KB Investments & Realty. Megan Greer is our firm's HUD Customer Service Specialist and she can assist you.

Contact: Megan@KBIR-Holdings.com or 919-365-3044