How to Successfully Buy & Sell HUD Homes

Better Homes and Gardens REAL ESTATE | NATIVE AMERICAN GROUP

What is a HUD Home?

A Housing and Urban Development (HUD) home is a 1 to 4 unit residential property acquired by HUD as a result of a foreclosure action on an Federal Housing Administration-FHA insured mortgage. When a loan insured by the Federal Housing Administration (FHA) goes into default and forecloses, the lender may submit a claim against the FHA Insurance Fund. HUD then becomes the property owner and offers it for sale to recover the loss on the foreclosure claim.

Managing &Marketing (M&MIII) Changes:

• The decision to divide the services into multiple contracts was designed to provide better services.

•Separate Asset Managers, Field Service Managers and Multiple Listing Brokers.

•New website: www.HUDHomestore.com.

•Listing Brokers up to 3% commission. Selling Broker up to 3% commission. EXCEPTION a flat fee of $2500 ($1250 each) will be offered on "hard to sell" properties as determined by each Asset Manager.

•New Broker/Bidder Registration process.

•Exclusive Owner Occupant period changes. Now 30 days for HUD Homes coded as Insurable (IN) & Insurable with Escrow (IE).

•NEW Buyer Select Closing Agent Program.

AM (Asset Manager)

Ofori, Hometelos & Matt Martin

Asset Managers are responsible for the marketing and sales of HUD properties.

•The Asset Manager will be responsible for selecting the Local/Neighborhood Listing Brokers.

•All bids are submitted through www.HUDHomestore.com and reviewed by the Asset Manager.

•The Asset Manager and Listing Broker are your main contact in every HUD sale. The Asset Manager will email acceptance, counter and ratified contracts. You will coordinate with the Listing Broker for the procedure for mailing the contract, addendum and EMD process.

•The Asset Manager will order appraisals and updated appraisals.

•The Asset Manager will assist with contracts, extensions, cancellations and closing issues.

FSM (Field Service Managers)

A2Z, Cityside & Innotion

Field Service Managers are contractors that provide property maintenance and preservation services consisting of, but not limited to: •Initial cleanout services • Inspections •Securing properties • Routine maintenance •Repairs

•You will submit utility activation forms to the Field Service Manager.

Additional Responsibilities of FSM

•Property Condition Reports (PCR).

•Wood Destroying Organism (WDO)/ Wood Destroying Insects (WDI) Inspections - treatment.

•HUD Property Inspection Report (HPIR).

•Pay delinquent utility bills.

•Bi-monthly inspections.

•FSM does not order POA/HOA/Condo Documents. ***HUD will reimburse the cost of the HOA/POA/Condo documents on the HUD1 with an invoice or paid receipt presented prior to closing.***

Listing Brokers (LB)

Local/Neighborhood Listing Brokers are subcontracted by the Asset Managers and will be responsible for:

•Listing and marketing HUD properties locally and will serve as the "eyes and ears" for the Asset Managers.

•Listing Broker will place properties in the local MLS and provide signage.

•Listing brokers will be involved in the bid/contract submission follow up. All Listing Brokers are required to reach out to the Selling Brokers to assist with submitting correct HUD contracts and addendum within the 48 HOURS.

•Listing Brokers are to assist Selling Brokers with contract submission, utility activation forms, extensions and cancellations.

•Listings Brokers are to assist Selling Brokers with coordinating the attainment of POA/HOA/CONDO documents.

•Listings Brokers are NOT allowed to give keys or key codes to other agents, even if they are NAID certified Selling Brokers.

•All commissions will be split 50/50 with the Selling Broker. The total commission is determined by the AM with a maximum total of 6% (max. 3% each). A flat fee commission of $2,500 ($1,250 each) will be offered on "hard to sell" properties as determined by each Asset Manager.

Important

Upon bid acceptance: Original HUD Sales Contract signed and initialed in BLUE ink along with Addenda, Supporting Documents and Earnest Money Deposit to be received by Asset Manager within 48 HOURS. ALL HUD homes sold "AS IS".

Accessing HUD Homes

•Supra Key Electronic Lockboxes and/or Contractor lockboxes should be on ALL HUD properties.

•Sign and Date the HUD/FSM sign-in sheet upon entering the property.

•Do not leave a business card.

•MAKE SURE to secure the property when leaving!

•You should ALWAYS accompany your buyer when visiting a HUD property. This includes inspectors, contractors, or any other company or individual performing services.

•NEVER give a HUD key or Key Code to a NON-Registered HUD Broker or any other broker(s)/agent(s)or buyer(s).

www.HUDhomestore.com

•One website for the entire country.

•New listings are available daily.

• Download Contracts, Addendum, Escrow Notes, Property Condition Reports and Contact Information.

•Selling Agent Account: You will need to register as a selling broker/agent prior to placing a bid for buyers. You will need your broker's NAID (Name Address Identification) number to register as a bidder.

•Brokers/agents can now check the status of their bids and setup specific search criteria and email alerts.

How to register as Bidder:
http://support.yardi.com/HUDTraining/MM3/Videos/Listing_AddSellingAgent.swf

Broker Login, Check Bids and Saved Searches:
http://support.yardi.com/HUDTraining/MM3/Videos/ListingSite_BidderFunctions.swf

How to place a bid:
http://support.yardi.com/HUDTraining/MM3/Videos/ListingSite_EnterBidV2.swf

BID Process: HUD HOMES SOLD AS IS WHERE IS

HUD makes no representation or warranty to the condition of the property.

•HUD HIGHLY recommends having a Professional Home Inspection. The purchaser is responsible for taking the necessary steps to determine the condition of the property.

•Initial property inspection reports are conducted and may be found at www.HUDHomestore.com. These are preliminary inspections and not meant to replace a traditional professional home inspection.

•Buyers do not acquire any liens or bills from previous owner.

•All HUD homes are sold AS IS WHERE IS.

•All HUD homes are sold through an online electronic bidding process.

•Broker must have an ACTIVE NAID (Name Address Identification) number to place bids. *Refer to Pg. 12 for NAID Certification Instructions. Prohibition of Listing Brokers-Agents purchasing HUD homes on Pg 12.

•24/7 Bid submissions. Bids can be submitted 24/7, however, bids are not reviewed over holidays or weekends. Check the bid deadline on property info page.

•On the bid deadline day, all offers are reviewed and then accepted, rejected, or counter-offered by the designated Asset Manager.

•Winning broker/bidder will receive notification via email. Selling Agent can also check the HUDhomestore buyer center to see if their bid was accepted/countered/ rejected.

Important: Upon bid acceptance: Original HUD Sales Contract signed and initialed in **BLUE** ink along with Addendum, Supporting Documents and Earnest Money Deposit (EMD) to be received by Asset Manager within 48 HOURS. Listing Broker will assist.

What If the buyer overbids the HUD appraised value? ALL HUD HOMES HAVE A FHA HUD APPRAISAL ON FILE WITH CASE #.

If your buyer(s) submits a bid above the FHA HUD appraised value and the buyer is using FHA financing, then the buyer(s) will be required to bring the difference in CASH to closing.

•The "AS-IS" value is the appraised value. You CANNOT get a 2nd appraisal when using FHA if under the 180 or 120 day rule.

•Overbidding requires submission of proof of funds; overage must be cash at closing and cannot be financed.

•A Notice to Purchaser Addendum must be completed and submitted with contract package.

STABILIZING MARKETS & REINVIGORATING COMMUNITIES

NO REPAIRS

IMPORTANT: DO NOT allow buyers to make repairs or move any items into property prior to closing. This will potentially VOID the contract and RISK Buyer(s) forfeiting EMD.

•If repairs are made prior to closing and damages occur as a result, the buyer/agent will be responsible to pay for the damages.

•If personal property is moved in and the Field Service Manager (FSM) has determined this, the agent will be contacted by the Asset Manager and the personal belongings must be removed that day. If the FSM returns within 24 hours and personal belongings are still there, the FSM will remove them and the buyer/agent will be charged for this service.

•Never give a HUD key to a prospective purchaser or inspector.

WDI (Wood Destroying Insects)

Wood Destroying Insect Inspection Report (WDI). IMPORTANT: Reports are only ordered after a bid has been accepted and contract ratified. The WDI reports will only be ordered for FHA financing/purchaser.

•NO moisture report will be conducted.

•Treatment of Wood Destroying Insect/Organisms with a cap of $1000.

•NO REPAIRS.

•NO treatments for VA and Conventional loans, and/or CASH, this will be a buyer's expenses.

•If buyer switches from FHA to any other type of financing or cash, the buyer will be responsible for any treatment costs.

POA/HOA/CONDO Docs

•POA/HOA/CONDO Documents: Ordered by either selling agent or listing agent.

•HUD will reimburse the cost of the HOA/POA/Condo Documents with an invoice or paid receipt prior to closing and will be paid on the HUD-1.

Lead Base Paint

Lead Base Paint (LBP) Inspection conducted with FHA purchaser and built prior to 1978.

•The LBP inspection will only be conducted after bid is accepted and if bid is a FHA financed-buyer.

•No LBP inspections for VA loans, Conventional loans or CASH.

•If evidence of Lead Base Paint present:
FHA 203b financing- (2) bids received from "Certified LBP Stabilization/Abatement" vendor.
FHA 203K financing-buyer receives credit up to $4000 on HUD-1.

•If LBP stabilization estimate comes back over $4,000 for 203b or 203k financing, a credit can be offered up to $4,000 and the buyer is responsible for the difference.

•**IMPORTANT:** If buyer switched from FHA to any other type of financing or cash, the buyer will be responsible for the cost of the Lead Base Inspection and Stabilization.

Home Inspections
15 Days from Ratification

•HUD encourages all purchasers to obtain a professional home inspection at buyer's expense.

•The home inspection must be completed within 15 calendar days of contract ratification.

•Utility activation: Before utilities can be turned on in the buyer's name, a utility activation form along with appropriate utility activation fee must be submitted and approved by the Field Service Manager. Refer to Agent Info on HUDhomestore.com to identify appropriate Field Service Manager. *See attached Utility Activation Procedures on Page 6.

All HUD homes have a FHA appraisal conducted and the minimum property requirements -standard determines the Escrow Codes and Notes:

List of Escrows and Amounts can be found on the HUDhomestore.com for the specific property. These documents be can be located under Addendums, click on either Property Condition Summary or Listing Notes Addendum or Disclosures/Repair Escrows.

Escrow Codes

IN-Insured. FHA Insurable/FHA Loans. Property meets intent for MPR (Minimum Property Requirements). Property sufficiently good condition for an FHA 203(b) loan. All properties listed as "insured" are eligible for FHA financing.

No repairs may be done prior to closing.

IE-Insured with Escrow Repairs: FHA Insurable with Escrows less than $5000 for MPR (Minimum Property Requirements). FHA 203b loans. Escrow Amount is added to loan balance and could be eligible for FHA 203(b). Purchasers may qualify for FHA with a repair escrow not to exceed $5,000. The originating (new) lender is responsible for final determination of Minimum Property Standards and determines eligibility for FHA insurance.

•IE-Insured with Escrow Repairs: Repair Escrow only applies to FHA 203(b) financing.

•HUD will not pay the escrow amounts. It is not a gift from HUD. Escrow amounts will be added to the mortgage, however sales price remains the same. The escrow is not added to bid price. On the listing you will see the itemized list of the required repairs and the total cost of the repairs. 110% of the estimated repair cost will be added to mortgage. The lender must do so when reviewing loan. Lender is responsible for overseeing repairs and making sure contractor is licensed.

No repairs may be done prior to closing.

•UI-Uninsurable: Escrows exceed $5000 for MPR (Minimum Property Requirements). Cap of $35,000 for repairs. Not eligible for 203 (b). However, it may be eligible for 203K loans.

•HUD will not pay the escrow amounts. It is not a gift from HUD. Escrow amounts will be added to the mortgage, however sales price remains the same. The escrow is not added to bid price. On the listing you will see the itemized list of the required repairs and the total cost of the repairs. 110% of the estimated repair cost will be added to mortgage. The lender must do so when reviewing loan. Lender is responsible for overseeing repairs and making sure contractor is licensed.

No repairs may be done prior to closing.

Other Options:

Purchasers may also opt to purchase HUD homes with cash, VA or conventional financing. See the individual lender for more details.

BID PERIODS

IN (Insurable) & IE (Insurable w/Escrow): Exclusive Bid period for 15 days for Owner Occupants, Government Agencies and Non-Profit Organizations. Bids opened simultaneously after 10 days. Check www.hudhomestore.com website for bid deadlines. If no offers are accepted, it then opens to a daily bidding basis. After 15 days: Extended bid period opens to all bidders, including investors on a daily bid basis.

•**UI (Unisurable):** 5 Day Owner Occupant Exclusive Bid period for Owner Occupant, Government Agencies and Non-Profit Organizations. After 5th day, bidding will open to all purchasers on the 6th day on a daily bid basis, including investors: Extended

•**GNND** (Good Neighbor Next Door) Lottery: 7 day Lottery Bid period for GNND.

•**NPO:** (First Look: Non Profit Organization): 14 Day per-list Bid period.

Bid Period Review Insurable (IN) & Insurable w/Escrow (IE)

14 day pre-list: First Look Program for Non-Profits Organizations (NPO).

7 day pre-list: GNND (Good Neighbor Next Door) Program.

Days 1-10: Exclusive Listing Period Owner Occupants Only. Bids reviewed on 11th day.

Days 11-15: Exclusive Listing Period Owner Occupants and Non-Profit Organization bids. Bids reviewed daily.

Days 16-180: Extended Listing Period if no owner occupant or Non-Profit Organizations, then investors can bid; Bids reviewed daily.

Days 181+: $1.00 to local governments.

Bid Period Review Uninsurable (UI)

14 day pre-list: First Look Program for Non-Profits Organizations (NPO).

7 day pre-list: GNND (Good Neighbor Next Door) Program.

Days 1-5: Exclusive Listing Period Owner Occupants and Non-Profit Organizations bids. Bids reviewed on 6th Day.

Days 6-180: Extended Listing Period If no Owner Occupant or Non Profit Organizations, then investors can bid; Bids reviewed daily.

Days 181+: $1.00 to local governments.

EMD: Earnest Money Deposit

Hometelos:

Certified Funds made payable to BSCA Title Company/Attorney. Copy of EMD submitted w/contract

Given to Listing Broker who will deliver to BSCA

$50,000 or less $500

$50,001 or more $1000

50% down for vacant lots.

Ofori:

Payable to Listing Broker. Deposited in Listing Broker Escrow Account. Copy of EMD sent with Contract/Addendum

$50,000 or less $500

$50,001 or more $1000

50% down for vacant lots.

Matt Martin:

Certified Funds made payable to BSCA Title Company/Attorney.

Sent with Contract/Addendum

$50,000 or less $500

$50,001 or more 1% of sales price up to $2000

50% down for vacant lots.

CLOSING TIME FRAMES

Hometelos

45 days to close from date of ratification when using Lender/Financing.

30 days to close from date of ratification when it is a CASH transaction (even if Owner Occupant)

Ofori

45 days to close from date of ratification for Owner Occupants.

30 days to close from date of ratification for Investors.

Matt Martin

45 days to close from date of ratification when using Lender/Financing.

30 days to close from date of ratification when it is a CASH transaction (even if Owner Occupant)

CLOSING COST ALLOWABLE

HUD may pay up to 3% of buyer's closing cost. This must be specifically asked for on line 5 of the HUD sales contract.

The following are allowable closing costs that may be paid by HUD.

•Costs to provide HOA/POA/or Condo docs to purchaser.

•Condo or HOA Transfer Fee, if applicable

•Seller Recording fees.

•Buyer Select Closing Agent Settlement fees

•Appraisal fees.

•Repair Escrow Inspection Fee $200 (if applicable on loan docs)

•Home Inspection (includes for lead based paint, radon and mold if not already tested)

•Flood certification.

•Credit Report. (Up to $20)

•Home Warranty.

•Loan origination fees (up to 1%).

•Loan discount points (up to 3%).

•Survey (if required by lender).

•Title insurance coverage for Lender and Owner.

•Recording fees for deed only and transfer taxes if applicable. If it is a standard practice and customary in a state, HUD will pay the Deed recording fee, but Line 5 monies are used first. If there are no Line 5 monies, then HUD will pay. There are additional allowable closing costs that may be paid by HUD at closing if there are sufficient funds on Line 5 of the sales contract to cover the expenses. . HUD will NOT pay any portion of the transfer tax unless there is money available in closing costs. Any unused portion will be credited to HUD's proceeds. (Customary Loan Origination Fee is up to 1% of the mortgage; 1.5% on a 203(k) loan). HUD will pay only a portion of the closing fees if the buyer includes closing costs on Line 5 of the sales contract when the bid is submitted and there are sufficient funds remaining to allow for the fee to be paid. If no closing costs are included in the bid submission to HUD, the buyer will be required to pay all settlement and closing fees.

CLOSING COST NOT PAID BY HUD

HUD will NOT pay for the Following:

•Prepaid Homeowners insurance or property taxes.

•Prepaid flood insurance.

•Prepaid escrows/reserves for association dues.

Remember:

• ALL HUD homes are sold "AS IS/WHERE IS."

•No repairs allowed prior to closing.

•Utility Activation form must be completed, submitted along with required certified funds and approved before any utilities can be activated in buyer(s) or agent(s) name.

•Utilities are buyer(s)/agent(s) responsibility.

•Earnest Money Deposit must be certified funds.

•Signatures and initials must be **BLUE ink.**

•HUD Contract, Addendum, Proof of EMD and supporting documents must be received by the Asset Manager within 48hrs of bid acceptance.

How to place a bid: http://support.yardi.com/HUDTraining/MM3/Videos/ListingSite_EnterBidV2.swf

Modify or Withdrawn Bid: http://support.yardi.com/HUDTraining/MM3/Videos/ListingSite_BidModifyWithdraw.swf

Complete the sales contract, addendum and collect EMD PRIOR to submitting bid. All contracts MUST be completed and signature/initials must be in **BLUE** ink • The buyer's signature is permission to place a bid on their behalf • If your bid is accepted, you will be notified via email • You have 48 HOURS to submit the entire contract package, along with addendum Pre-qualification letter, Proof of Funds, and EMD • The appropriate Asset Manager and Field Service Manager can be located on the "Agent Info" found in the information section of the property description at www.HUDHomestore.com.

EXTENSIONS

•EXTENSION MUST BE SUBMITTED (5) DAYS PRIOR TO EXPIRATION OF SALES CONTRACT OR (5) DAYS OF MOST RECENT EXTENSION EXPIRATION.

•All extensions are valid for 15 days and the funds must be certified and paid up-front at the time of extension request.

•IMPORTANT: All Extension request must be submitted through the Asset Manager.

•Send a copy of the Certified Funds with the Extension Request Form.

•Send Extension Request to Asset Manager.

•Paid Extension funds/fees are prorated. If property closes prior to requested extension date, any remaining funds will be credited back to the buyer on the HUD-1 at closing.

EXCEPTION:

Asset Manager may choose to waive extension fees for: Owner Occupant property- Owner Occupant may receive first extension free, however this is approved on a case-to-case basis.

•If delay is due to financing, then a letter stating reason from Lender is required.

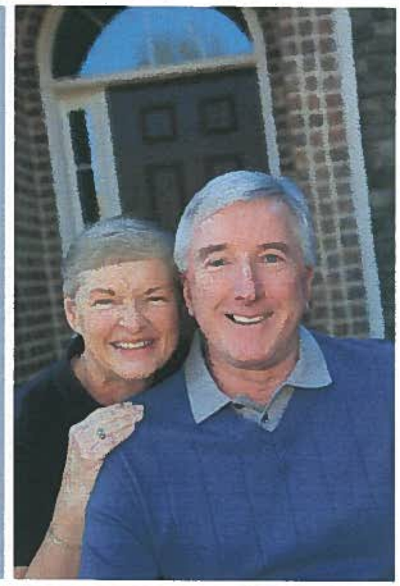
•Asset Manager may allow (2) Free Extensions for 203K Financing/Owner Occupant.

EXTENSION FEES

Hometelos: Extension fee made payable to HUD
$25,000 and below sales price: $10 per day
$25,001 and up sale price: $15 per day
$50,001 and up sales price: $25 per day.

Ofori: Extension fee made payable to HUD
$25,000 and below sales price: $10 per day
$25,001 and up sale price: $15 per day
$50,001 and up sales price: $25 per day.

Matt Martin: Extension Fee made payable to HUD
$375 regardless of Sales Price.



Owner-Occupant Transactions Involving a Non-Occupant Co-Borrower:

This is a new policy for owner occupant transactions involving a non-occupant co-borrower. This is allowable only on FHA insured owner occupant sales, where an owner occupant is required to have a co-borrower that meets FHA underwriting requirements. The new policy is as follows:

1. The non-occupant co-borrower may have their name placed on Line 2 of the Sales Contract. The non-occupant co-borrower cannot sign the owner occupancy agreement.

2. The sales contract should reflect that it is an owner-occupant transaction.

FHA APPRAISALS

The Asset Managers run a weekly report for expired appraisals only when the property is still listed. If the appraisal expires while there is an accepted offer, the agent/lender is required to order their own.

FHA buyers MUST use HUD's appraisal. Lender may request HUD's appraisal from the Asset Manager. If appraisal is over 180 days old, the Field Service Manager will initiate a new appraisal.

•Term of Appraisal. Effective for all case numbers assigned on or after January 1, 2010 the validity period for all appraisals on existing, proposed, and under construction properties, including HUD REO appraisals that have an effective date of on or after April 1, 2010, will be 120 days. Please see Mortgagee Letters 2009-30, 2010-08 and 2010-13 for more information.

•Re-Use of Appraisal. Appraisals cannot be re-used after the mortgage for which the appraisal was ordered has closed. For example, an appraisal used for the purchase of a property cannot be used again for a subsequent refinance, even if the appraisal is required for each refinance transaction requiring an appraisal.

•Extension of Validity Period: The original appraisal may be extended by 30 days to allow for the approval of the borrower and closing the loan provided the borrower signs a valid sales contract or is approved prior to the expiration of the appraisal. See HUD Handbook 4155.2 FHA Policy on Appraisal Extension.

•For case numbers assigned on or after February 15, 2010, the original appraisal report may only be updated one time via the completion of Appraisal Update Report (Fannie Mae 1004D/Freddie Mac 442), thereby capping the overall validity period for an appraisal being updated at 240 days. The update can only be completed by the original appraiser provided they are currently in good standing on the FHA Appraiser Roster. See Mortgagee Letters 2009-51 and 2010-13.

•Coordinate appraisal being ordered with Asset Manager and lender. VERY IMPORTANT!

•If submitting a bid using a FHA loan, do not offer more then the listing price unless the buyer has the funds for the difference.

IMPORTANT:FHA-VHDA Loans. If there is a repair escrow, the buyer may not be able to use a VHDA loan. VHDA will not allow the buyer to close with any required incomplete repairs/escrows.

VANDALIZED PROPERTIES

•IMPORTANT: Purchaser CANNOT hold HUD liable for any vandalism or repairs to property once settlement/closing has occurred.

•HIGHLY RECOMMEND selling agent/broker conduct walk-through prior to closing.

•Listing Broker is also required to perform a Ready To Close Inspection. However, selling agents should treat a HUD sale like any other sale and conduct a visual walk through inspection. Please take into consideration that utilities will not be turned on for walk through inspections.

•***Vandalized Properties*** – HUD homes are sold AS-IS. HUD is not required to make any concessions for vandalism that has occurred and this is reviewed on a case-by-case basis. Field Service Managers are required to follow guidelines when a property becomes unsecured or there is a health or safety issue as a result of vandalism.

Utility Activation Procedures: Utilities activation and deactivation must be completed in a 72-hour timeframe.

Buyer has 15 calendar days from date of contract ratification to complete all inspections.

After the sales contract is ratified, the buyer(s)/agent(s) is responsible for activating the utilities in their names(s) in order to complete a home inspection and deactivating utilities after completed home inspection. The buyer(s)/agent(s) assumes all utility activation fees and pays those fees directly to the utility provider(s).

It is important to download the Utility Activation form from the appropriate Field Service Management company website. The forms and fees change without notice and an outdated form will be rejected.

Review the entire Property Condition Report (PCR) before requesting activation for a system(s) that are damaged, inoperable damaged or incomplete. This review will save you time. The PCR can be downloaded from the HUDhomestore.com under Addendum on the specific property.

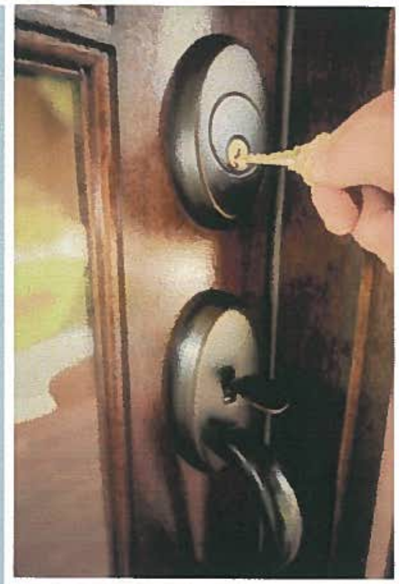
Buyer or Buyer's Agent determines the Turn On and Turn Off dates. We recommend contacting the utility companies and inquiring the lead time for them to activate or visit the property and coordinate these times with your Inspector/Appraiser and having the property prepared for utilities by your contractor. While in contact with the utility providers determine the following information before you submit your form in order to save you time:

•Are there additional documentation required, other than the Utility Activation Form, to have services activated in the buyer(s)/agent(s) name?

•Are there any outstanding bills that need to be paid before they will activate service?

• What is the lead time that they require for activation?

Buyer or Buyer's Agent receives the authorization to activate the utilities as approved. It is the responsibility of the Agent or the Buyer to contact the utility companies and schedule the activation of the utilities once approved. All fees associated with activating any



utilities, including but not limited to, inspection, permits, deposits, service fees, and/or applications fees required by a utility provider or local agency are the responsibility of the buyer.

•**Utility Access:** It is the Agents responsibility to coordinate access for the utility companies and inspectors to enter the property as needed. Agents are not authorized to release keys to any HUD property or allow the buyers to be in the property without a licensed real estate agent at any time and for no reason.

A2Z FIELD SERVICES: De-Winterize & Re-Winterize by A2Z at buyer(s) cost per utility activation form. See FSM forms and fees.

CITYSIDE: Buyer responsible to De-winterize at buyer's cost. Cityside will Re-Winterize at buyer(s) cost per utility activation form. See FSM forms and fees.

INNOTION: Buyer responsible to De-winterize at buyer's cost. Innotion will Re-Winterize at buyer(s)cost per utility activation form. See FSM forms and fees.

•Refer to FSM Utility Activation form for proper procedures, cost and responsibilities.

Correction, Changes, Overbids, Cancellation

•You are required to submit corrected contract/addendum no more than 24 HOURS from notification that correction is needed.

•If corrections are not received contract may be awarded to next highest bidder.

•May require a new contract package.

•You cannot use white out or liquid paper on any contract documents! This may mean that you may have to write a new contract and obtain your buyer(s) signatures again.

•What about changes to the contract? Contact Asset Manager for proper procedure. Each Asset Manager may have their own addendum.

What does it mean when it says BID Cancellation?

HUD's bid review system requires all reviewed bids to be canceled before the next bid can be reviewed. Once HUD accepts a bid that nets HUD the highest return, an E-Mail will be sent to the winning Bid/Broker.

What if the buyer wants to cancel their contract/bid?

Broker will have to submit the "Contract Release" and "Earnest Money Disposition" found on www.HUDHomestore.com

Make sure to submit the forms prior to the expiration of sales contract.

Why is HUDhomestore stating bid "under review?"

If you submitted a bid and selected to be held as back up offer, your offer will appear as under review as a back up offer until first place offer is ratified.

ADVERTISING HUD HOMES

•Any state licensed real-estate brokers who are registered with HUD and have an active NAID number may advertise, show and submit bids on behalf of buyers.

•In order to place a bid on a HUD home, a licensed Real Estate Broker must register with HUD to receive a NAID number (Name Address Identification).

OPEN HOUSES

•Open Houses are allowed to be hosted by NAID certified brokers on Matt Martin and Ofori HUD homes. Make sure to coordinate with listing broker.

•Only Listing Brokers for Hometelos may host an Open House.

•Any unauthorized marketing is strictly prohibited and may result in penalties and/or loss of bidding privileges.

FALSE ADVERTISING

"False advertising or misuse of names to indicate a Federal agency is a punishable violation" Signage, letterhead, websites, telephone messages, business cards, office literature, etc. using logos or verbiage such as . . . . .Department of Housing and Urban Development", "Federal Housing Administration", "United States Housing Authority", or "Public Housing Administration" or the letters "HUD", "FHA", "PHA", or "USHA", or any combination or variation of those words or the letters "HUD", "FHA", "PHA", or "USHA" alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Department of Housing and Urban Development, or any agency thereof is false advertising and IS NOT PERMISSIBLE.

DOLLAR PROGRAM

•A property that has been listed for 180 days, it automatically re-lists for $1.

•Theses properties are available to Government Agencies during this time period.

•Local governments can partner with local nonprofit homeownership organizations or tap into existing local programs to resell the homes to low- and moderate-income residents of the community.

•If the property does not sell under the $1 Homes program within 10 days, it is re-listed at the previous listed price. Government agencies may still buy the property for $1 plus closing costs.

GNND: GOOD NEIGHBOR NEXT DOOR PROGRAM

Property is eligible for a 50% discount on full price sale, i.e., sales price is $100,000 but buyer only pays $50,000 and a second note of $50,000 is held until 3-year (principal residence) ownership is met. The second note is then considered "satisfied" and the buyer is not responsible for repaying the second note. The buyer still needs to qualify for the full bid amount.

Eligibility Requirements:

•Full time employment (no part time or retirees) in one of the following professions:

•Law Enforcement: State and Federal (correction officers do not qualify)

•Teachers

•Firefighter/EMT

•Purchaser must be purchasing a home within 50 miles of their work place

•Buyer must live in home for at least 36 months or repayment of prorated discount will apply.

•May purchase using FHA, Conventional or VA loan or CASH

•Must not have owned a home in the last year

•Buyer cannot have participated in a GNND prior.

•Only eligible for single unit homes.

•HUD will not pay closing cost.

•Eligible buyers are selected by lottery from those who indicate a willingness to buy and meet all of the requirements and restrictions.

VERY IMPORTANT:

HUD DOES NOT COMPENSATE THE SELLING AGENT/BROKER OR LISTING AGENT/BROKER FOR GNND SALES. THE SELLING AGENT MUST ARRANGE PAYMENT DIRECTLY FROM THE BUYER(S).

Asset Control Area (ACA) Properties located within a designated revitalization area, see www.HUD.gov for more information.

•"Asset Control Area (ACA): Foreclosed properties conveyed back to FHA that are located in a designated ACA are first offered for sale to an ACA participant. Under the ACA Program, state, county and local units of government, as well as approved nonprofit organizations may enter into a two-year contract with HUD requiring HUD to first make FHA properties located in an ACA exclusively available for sale to the ACA participant. ACA properties with an appraised value of $25,000 or less may be purchased for $100; all other properties sold under the ACA Program are offered for sale at a minimum discount of 50 percent of the appraised property value." www.hud.gov. Foreclosed properties conveyed back to FHA that are located in a designated ACA are first offered for sale to an ACA participant.

•Under the ACA Program, state, county and local units of government, as well as approved nonprofit organizations may enter into a two-year contract with HUD requiring HUD to first make FHA properties located in an ACA exclusively available for sale to the ACA participant.

•ACA properties with an appraised value of $25,000 or less may be purchased for $100; all other properties sold under the ACA Program are offered for sale at a minimum discount of 50 percent of the appraised property value.

•IMPORTANT: If you are the Co-Listing Broker on a property sold under the ACA program, you DO NOT receive a commission.

The Neighborhood Stabilization Program (NSP) see www.HUD.gov for more information.

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized.

First Look will provide Neighborhood Stabilization Program grantees a discount of 10 percent below the appraised value, less the cost of any applicable listing and sales commissions.

Properties are available for First Look purchase for 14 days prior to listing to the public Eligible NSP grantees may acquire these properties with the assistance of NSP funds for any eligible use under NSP, including rental or homeownership.

Available through May 31, 2013
Note: If you are the Co-Listing Broker on a property sold under the First Look Program, you DO NOT receive a commission.

Eligible NSP grantees may acquire these properties with the assistance of NSP funds for any eligible use under NSP, including rental or homeownership.

If you are interested in participating in this program, you need to contact your city, county, and/or state to find out how the program operates in your area. This is true both for prospective home buyers and for potential contractors, non-profits, and other partners.

For more information visit:
http://hudnsphelp.info/index.cfm

Registering as a Bidder
Go to www.HUDHOMESTORE.com.
•Right Corner click Register Bidder link.
•Complete online data request:
User Name / Password
Security Questions
NAID(Name Address Identification Number) type: Selling/Listing Broker
Role Type/Principal Broker's NAID #
Real Estate License/License Date:
State Licensed/License Expiration
Contact Information.
•Click Acceptance of Terms & Conditions.
•Enter validation code.
•Submit: Your registration is now successful and you will automatically be directed to your user portal.

How to Place a Bid
Go to www.HUDHOMESTORE.com.
•Right Corner click Login.
•Opens main HOME page.
•Map of U.S. /Click on State
Search by address/city/state/price/ bedroom/bathroom/ property case #.
•List of properties will appear.
•Click on Property Case Link.
•Click on Addendum.
•Click on Agent Info: Follow timeframes and contract/addenda requirements.
•Click Submit HUD offer as bidder.
•Enter NAID Type: Selling Broker.
•Enter NAID #: Your Broker's NAID #.
•Enter your Real Estate License #.
•Enter Verification Code.
•Click verify NAID.
Redirected to BID Submission screen.
•Enter-required information.
•Purchase price is entered: 6a and 6b will auto populate amount @ 3% respectively. 6a can be decreased to make the offer more attractive, never increased more than 3%. EXCEPTION: a flat fee of $2500 ($1250 each) will be offered on "hard to sell" properties as determined by each Asset Manager. Winning bidder is highest net to HUD.
•Your Agent info will auto-populate. When form is completed click continue button.
•Perform a final review of bid, click acceptance of terms and click Confirm this bid button.
Congratulations! Bid submitted. Retain confirmation #. Print/or save bid confirmation page. You can also print Sales Contract from this page. Bids will be reviewed by the Asset Manager.

ASSET MANAGERS

HOMETELOS LP
405 SILVERSIDE ROAD SUITE 210
WILMINGTON DE 19809
Number: (866) 564-6637 Fax (302) 746-3095
Email: CONTACTUS@HOMETELOS.COM
Main office line 302-793-1023.
Chuck Delross cdelross@hometelos.com handles extensions and cancellations. Extension- 3083
Karen Hughes khughes@hometelos.com handles ordering the LBP and Termite Inspections. Extension- 3075
Going forward, new contracts for HomeTelos will be handled by the processors below according to the first letter of the street name.

(A-D) Kathy Pankowski – kpankowski@hometelos.com
(E-K) Konley Golden – kgolden@hometelos.com
(L-Z) Rita Pompey – rpompey@hometelos.com

For files with numbered streets like 2nd, they will be considered "S" (Rita).

OFORI & ASSOCIATES PC
10 COLUMBUS BLVD 3RD FLOOR
HARTFORD CT 06106
Number: (860) 246-7700 Fax (860) 241-0671
Email: HARTFORD@OFORIREO.COM
Contract issues or changes:
Marguerite Koch marguerite.koch@oforireo.com

MATT MARTIN REAL ESTATE MANAGEMENT
535 PENNSYLVANIA AVE STE 350
FT. WASHINGTON PA 19034
Number: (267) 460-0651 Fax (267) 460-6066
Email: MMREMPHILLY@MMREM.COM
For region 2P – if an Addendum Modification to the Sales Contract is needed, please contact Susan Long at s.long@mmrem.com or call 888.632.4484 ext. 312.

FIELD SERVICE MANAGERS

A2Z FIELD SERVICES
Contact Name: Paul Moe
5747 PERIMETER DRIVE SUITE 250
DUBLIN OH 43017
Number: (614) 495-5970
Fax (614) 210-1046
Email: A2z2p@A2zfs.com

CITYSIDE MANAGEMENT
Contact Name: Greg Matheson
12900 HALL RD STE 260
STERLING HEIGHTS MI 48313
Number: (586) 685-2279
Fax Number: (586) 997-3144
Email: GMATHESON@CITYSIDECORP.COM

INNOTION ENTERPRISES
Contact Name: JEFF POLEN
4600 N FAIRFAX DR SUITE 804
ARLINGTON VA 22203
Phone Number: (703) 351-8151
Fax Number: (317) 602-7426
Email: HUDMM3@INNOTION.COM

HUD Helpline: 866-777-2034
www.HudHomeStore.com

FHA Resource Center
1-800-CALLFHA (1-800-225-5342)
Available Monday-Friday 8am-8pm (EST)
By Email
info@fhaoutreach.com

BETTER HOMES & GARDENS REAL ESTATE NATIVE AMERICAN GROUP
5224 INDIAN RIVER ROAD, SUITE 104
Virginia Beach VA 23464
Office #: 757-965-6982 Fax #866-233-8420
Susan.jenkins@nativeamericangroup.com
www.BetterLivingVa.com

Hometelos:

[ ]HUD 9548 Sales Contract
[ ]Conditions of Sales (Initial Page 2)
[ ]Electronic Filing of HUD-9548 Contract Addendum
[ ]Selling Broker Commission Addendum
[ ]For You Protection: Get a Home Inspection
[ ]Purchaser's Rights and Responsibilities
[ ]Forfeiture of Earnest Money Deposit
[ ]Closing Date Extension Policy
[ ]Radon Gas and Mold Notice and Release Agreement HUD 9458E
[ ]Amendment to Contract of Sale: Flood Insurance as required
[ ] Prequalification letter for financing (1)-on lender letterhead, (2)-dated within30 days of bi d date, (3)-signed by loan officer, (4)-must state credit has been reviewed and approved, (5)-must state that a written application has been made, (6)-must state purchase price, (7)-if FHA – must state loan TYPE – FHA 203b, FHA 203b with repair escrow or FHA 203K, (8)-must include name of purchaser as shown on the contract, (9)-no contingencies) or Proof of funds for cash - must include (1)-purchaser(s) name, (2)-dated in the last 30 days, (3)-total
[ ] Notice to Purchaser Addendum to Sales Contract (used when buyer bids over HUD's appraised value) Note: Any offers exceeding appraised value on FHA insured loans require the buyer to provide the additional funds at closing
[ ]Owner Occupant Certification (Required for Owner Occupants)
[ ]Lead Base Paint Addendum (if built prior to 1978)
[ ]Property Disposition Program 203 K Rehabilitation Financing Lead Agreement (If purchasers is using 203 K and home built prior to 1978) HUD 9548G
[ ] Signing for a company – provide copy of corporate resolution authorizing signer to commit the company to the transaction .
[ ] Copy of State Issued ID
[ ] Buyer Select Closing Agent Addendum

EMD requirements: Copy of Earnest Money check (certified funds, cashier's check or money order) made out to the buyer's selected closing agency.
Must be submitted to the Listing Broker with a copy of the 1st page of the contract package (HUD 9548) Earnest money requirements are $500 for sales price up to $50,000 or $1000 for sales price of $50,001 or higher. Earnest money on vacant lot is to be equal to 50% of the purchase price. Earnest money for GNND purchasers is 1% of List Price.
[ ] Mail completed Original Contract, Addendum, Supporting Documents and Copy Certified Earnest Money Check made payable to BSCA. Must arrive within 48 Hours of bid acknowledgement.
[ ] Address: Hometelos, LP 405 Silverside Road Suite 210, Wilmington, DE 19809
www.hometelos.com and www.hometelosfirst.com

Matt Martin

[ ]HUD 9548 Sales Contract
[ ]Conditions of Sales (Initial Page 2)
[ ]Electronic Filing of HUD-9548 Contract Addendum
[ ]Selling Broker Commission Addendum
[ ]For You Protection: Get a Home Inspection
[ ]Purchaser's Rights and Responsibilities
[ ]Forfeiture of Earnest Money Deposit
[ ]Closing Date Extension Policy
[ ]Radon Gas and Mold Notice and Release Agreement HUD 9458E
[ ] Pre-approval letter, Proof of Funds and Corp, LCC, Partnership documents if an investor
[ ] Notice to Purchaser Addendum to Sales Contract (used when buyer bids over HUD's appraised value)[ ]Owner Occupant Certification (Required for Owner Occupants)
[ ]Lead Base Paint Addendum (if built prior to 1978)
[ ]Property Disposition Program 203 K Rehabilitation Financing Lead Agreement (If purchasers is using 203K and home built prior to 1978) HUD 9548G
[ ] NOTICE TO PURCHASER – APPRAISED VALUE (Form must be submitted when the offer price on Line 3 exceeds the Appraised or As-Is Value)

EARNEST MONEY CHECK (BUYER SELECT: Funds should be made payable to the buyer's Title Company in the form of a certified check, Money Order or a check drawn from the broker's trust account (ORIGINAL CHECK MUST BE SUBMITTED WITH CONTRACT PACKAGE); Please include FHA case number and property address on check

Required deposit is 1% of the offer price, not less than $500 and not more than $2000; If the property is a Vacant Lot, the EMD required is 50% of the offer price

Mail completed Original Contract, Addendum, Supporting Documents and Certified Earnest Money Check. Must arrive within 48 Hours of bid acknowledgement.

Address:
Matt Martin
535 Pennsylvania Ave, Suite 350
Fort Washington, PA 19034

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[ ]HUD 9548 Sales Contract
[ ]Conditions of Sales (Initial Page 2)
[ ]Notice to Purchaser and Acknowledgement BSCA
[ ]For You Protection: Get a Home Inspection
[ ]Radon Gas and Mold Notice and Release Agreement HUD 9458E
[ ] Buyer Select Closing Agent (BSCA) Addendum (must include the closing companies State license and Errors & Omissions Insurance if they have not been previously issued a Title ID number)
[ ]Closing Date Extension Policy
[ ] Mortgage Pre-Qualification Letter from a lending institution (if the purchase is to be mortgaged, stating that an in-house credit check has been performed and the purchaser has been pre-qualified for a mortgage up to a specified mortgage amount) or; Certification from a Financial Institution, if the purchase is cash, stating that funds are available on the day of closing.
a. Note: Any offers exceeding appraised value on FHA insured loans require the buyer to provide the additional funds at closing.
[ ] Proof of Funds and Corp, LCC, Partnership documents if an investor
[ ] Notice to Purchaser Addendum to Sales Contract (used when buyer bids over HUD's appraised value)
[ ]Owner Occupant Certification (Required for Owner Occupants)
[ ]Lead Base Paint Addendum (if built prior to 1978)
[ ]Property Disposition Program 203 K Rehabilitation Financing Lead Agreement (If purchasers is using 203K and home built prior to 1978) HUD 9548 G

EMD requirements: Copy of Earnest Money check (certified funds, cashier's check or money order) made out to the Neighborhood Listing Broker. Original check should be delivered to the Neighborhood Listing Broker.
a. Earnest money requirements are $500 for sales price up to $50,000 or $1000 for sales price of $50,001 or higher. Earnest money on vacant lot is to be equal to 50% of the purchase price.

Selling Brokers are to submit original contract to Listing Broker for review and submission to Asset Manager.

Forfeiture of Earnest Money Deposits Policy

The failure by a Purchaser to close on the sale of property within the allowable time period, including any extensions granted by HUD, will result in the forfeiture of the earnest money deposit, except where special circumstances exist and are documented and accepted by HUD.

Investor Purchasers

- **Uninsured Sales** – The purchaser will forfeit 100% of the earnest money deposit for failure to close, regardless of reason.
- **Insured Sales** – The purchaser will forfeit 50% of the earnest money deposit for failure to close if purchaser is determined by HUD or Direct Endorsement underwriter to be an unacceptable buyer. The purchaser will forfeit 100% of earnest money deposit if sale fails to close for any other reason.

Owner-Occupant Purchasers

- The purchaser will have 100% refund of the earnest money deposit under the following circumstances:

  1. There has been a death in the immediate family (contract holder, spouse, or children living in the same household);

  2. 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 purchase's financial ability to close the sale;

  3. There has been a loss of job by one of the primary breadwinners, or substantial loss of income through no fault of the purchaser;

  4. On an insured sale, HUD or a Direct Endorsement underwriter determines that the purchaser is not an acceptable borrower;

  5. On an uninsured sale, the purchaser was pre-approved for mortgage financing in an appropriate amount by a recognized mortgage lender and, despite good faith efforts, is unable to obtain mortgage financing in a specified dollar amount sufficient to purchase the property

  6. For other good cause, as determined by the field office.

- On an uninsured sale, the purchaser will forfeit 50% of the earnest money deposit where, despite good faith efforts by the purchaser, there is an inability to obtain a mortgage loan from a recognized mortgage lender.
- On either type of sale, the purchaser will forfeit 100% of the deposit in those instances where no documentation is submitted, where the documentation fails to provide an acceptable cause for the buyer's failure to close, or where documentation is not provided within a reasonable time following contract cancellation. The Asset Manager must receive the documentation no later than close of business on the tenth day following cancellation of the contract.

NAID Certification Process

NAID: Name Address Identification
•Brokers must submit Form SAMS 1111 & 1111A which can be obtained from HUDHomestore.com or HUD.gov.
•Once approved, HUD will issue a NAID number. This process can take 30 days or longer.
•No real estate agent or broker can sell a HUD property if the broker for that office is not a HUD Registered Broker.
•Forms and supporting documents are sent to the Homeownership Centers for processing – not the Asset Manager.
•NAID number must be renewed annually and is the responsibility of the broker.

Selling Brokers must provide:

1. 1111 – Original Signature Required –Send the original and one copy of the 1111 Form
2. 1111A - Original Signature Required
3. IRS Letter 147 C or IRS Official Document reflecting Business Name and EIN or copy of SS card if operating under SS#
4. Copy of Real Estate Broker's License with Expiration Date
5. Copy of Driver's License with Expiration Date
6. Recent Utility Bill or Bank Statement that supports the address and Company or Broker name shown on Form 1111

Nonprofits must provide:

1. 1111 – Original Signature Required – Send the original and one copy of the 1111 Form
2. IRS Letter 147 C or IRS Official Document reflecting Business Name and EIN (reflecting 501C status)
3. Nonprofit approval letter from HUD

Government Agencies must provide:

1. 1111 – Original Signature Required – Send the original and one copy of the 1111 Form
2. IRS Letter 147 C or IRS Official Document reflecting Business Name and EIN

**The NAID application processing time is a minimum of 2 weeks. After such time, you may search for your assigned NAID by clicking here.

SAMS 1111 Bidder Application link
http://www.hud.gov/offices/adm/hudclips/forms/files/1111sams.pdf

SAMS 1111A Selling Broker Certification Link
http://www.hud.gov/offices/adm/hudclips/forms/files/1111asam.pdf

Address for NAD Certification Submission:

For applicants in CT, DE, DC, MA, MD, ME, MI, NH, NJ, NY, OH, PA, RI, VA, VT, and WV

Philadelphia Homeownership Center
Attention: NAID Registration
The Wanamaker Building
100 Penn Square East
Philadelphia, PA 19107-3389

Prohibition/Restrictions on Listing Brokers/Agents purchasing HUD Homes.
Listing Brokers and their agents and or family members are prohibited from purchasing HUD homes.

Conflicts of Interest:
General Rule: The Vendor shall not engage in or permit any conflict of interest. In addition to any other conflicts of interest prohibited under applicable law, each of the following situations shall constitute a conflict of interest.
Excluded Purchasers or Lessors- Subject to the exceptions, the Vendor, SubVendor, A Management Official of the Vendor or SubVendor, an Immediate Family member of a Management Official of the Vendor or Sub Vendor, and Affiliated Entity of the Vendor or SubVendor, and any other Entity under contract with HUD who prepared reports used as the basis for the Li st Price or acceptance of a bid, or a HUD employee who has involvement in the management and oversight of HUD-owned properties or HUD's M&M III Vendors, or persons related to such a HUD employee by blood, law, or marriage, purchases or leased a HUD-Owned Property cannot purchase, or lease, a HUD REO property. This includes Listing Brokers and their agents/employees.

Q&A

Who can buy a HUD home? Almost anyone! If you have the cash or can qualify for a loan (subject to certain restrictions) you may buy a HUD Home. HUD Homes are initially offered to owner-occupant purchasers (people who are buying the home as their primary residence). Following the priority period for owner occupants, unsold properties are available to all buyers, including investors. Many HUD homes qualify for FHA style loans, including 203(b) and 203(k), Conventional and VA loans

What are the requirements of Owner Occupant Bids? The buyer must certify that they have not purchased a HUD-owned property within the past 24 months as an owner-occupant. The offer is being submitted with the representation that the buyer will occupy the property as their primary residence for at least 12 months. The Broker must also attest and sign that they have not knowingly submitted the HUD-9548, Sales Contract, for a property as owner occupant, on behalf of an investor purchaser. The Broker must further certify that they have discussed the penalties for false certification with the purchaser(s). **WARNING**: Falsifying information on this or any other form of the Department of Housing and Urban Development is a felony. It is punishable by a fine not to exceed $250,000 and/or a prison sentence of not more than two years.

Can you make the offer contingent on a home sale? No.

Can I place a bid higher than the asking price? Yes, however you are required to sign a declaration of bidding over the FHA appraised amount and if you are obtaining FHA financing then will have to bring the difference in bid price and appraisal price in certified funds to closing. The "AS IS VALUE" is the FHA appraised value. Therefore, the appraisal supplied by HUD to determine the "AS IS VALUE" will be good for 6 months. However. Some lenders are requiring an updated appraisal after 120 days.

Can you take early possession of the home before closing? No.

Can you get a home inspection for HUD Homes? YES, HUD encourages you to get an inspection after your offer is accepted. Purchasers have 15 calendar days from the date of contract ratification to conduct, at the purchaser's expense, any inspections, test or risk assessments desired by the Purchaser.

All HUD homes are sold "AS IS". It is extremely important to understand that HUD homes are sold in "AS IS" condition. This means that the condition of the home when you see it is what you will be buying. HUD makes no warranties, does not guarantee the condition of any home, and does not verify that it complies with any local code or zoning requirements. You must make any necessary repairs after the purchase. It is very important that you get a Home Inspection by a licensed professional prior to closing on the sale. Brokers should advise Purchasers that the properties might contain code and/or zoning violations.

All purchasers are strongly encouraged to perform a walk through inspection at or near the date of your contract acceptance and, again, immediately PRIOR to closing. If a purchaser discovers a property condition that did not exist at the time of sale they must immediately notify HUD's property manager of the damage. The purchaser or agent should complete the Property Damage Report and fax it to the appropriate fax number listed on the form. Reporting the damage does not guarantee the correction of the problem that has been discovered. The lack of written documentation describing property condition at contract acceptance, however, will preclude consideration for repairs or price adjustments in the event of subsequent damage.

Each case will be looked at independently and a determination will be made as to whether the damage will be repaired (or not repaired) or, under some circumstances, credits given at closing. The buyer assumes full responsibility for the property and its condition on the date of closing. HUD assumes no responsibility and will make no settlement for damages reported to HUD after the close of escrow.

Who is responsible for turning on the utilities for the Home Inspection? It is the purchaser's responsibility through their designated broker agent to submit a Utility Activation Form to the appropriate Field Service Manager for the the utilities to be turned on in the buyer's name. The form will grant permission to your broker/agent on behalf of the U.S. Department of Housing and Urban Development to have the utilities activated at the specified address for the purpose of inspecting the property. The undersigned purchaser or agent for same holds AM/FSM and the U.S. Department of Housing and Urban Development harmless and assumes full responsibility for any and all related deposits, connection and usage fees.

Do you need to get an appraisal? The Asset Manager will provide, at no charge, one copy of the appraisal to the winning bidder for use in obtaining a mortgage loan. If, for any reason, the winning bidder's lender requires a new or updated appraisal report, the cost of that report will be the winning bidder(s) expense. However, the lender for a winning bidder obtaining any type of FHA insured financing report except a 203(k) rehabilitation mortgage must use the provided FHA appraisal report unless the report is more than six (6) months old on the date the sales contract is executed. However, some lenders may required an updated appraisal if previous appraisal in more than 120 days. If a new/updated appraisal is required with in 180 days, this would be at the cost of the purchaser.

Will HUD pay buyer's closing cost? HUD will pay selective closing costs up to 3% of the purchase price, if the closing costs are included in the bid and inserted on the appropriate line of the sales contract. Please see Page 4 for HUD Allowable Closing Cost.

Can you use any Title Company or Attorney for closing? Yes, HUD has now implemented the new Buyer Select Closing Agent Program. The program will replace HUD's Designated Closing Agent and designed for potential cost savings to the FHA MMI Fund. The buyer can select their own settlement company. This approach is more in line with current industry standards and will benefit the agency in time and money spent in managing contracts. This new program will also help facility faster closings.

At the time of bidding on a HUD property on the HUDhomestore.com the selling agent will download and complete the BSCA addendum providing the name and contact information of the selected settlement company. This addendum must be submitted with the sales contract package.

Please see attached BSCA handout for more information.

Will HUD provide termite treatment or repairs if required by the lender on a conventional loan? No. HUD will only pay for termite treatment (NO repairs) if required by the lender on an **FHA loan**. If, however, the buyer elects to change financing from FHA to a conventional or cash product, HUD will not pay for the termite treatment. If the buyer should switch financing to anything other than FHA, the buyer will have to reimburse HUD the costs of those treatments.

Will HUD allow an extension for closing? 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 is not expected to occur on the specified date on line 9 of the HUD Sales Contract 9548, the Broker should contact HUD's Closing Agent at least 5 days prior to that date to request an extension. Asset Manager may grant an extension of closing time and, if approved, each extension will be for a period of fifteen (15) days: Please see Page 5 for procedures and guidelines.

Can I place multiple bids for same buyer? An Owner-Occupant purchaser may submit multiple bids on the same property, but only the bid producing the highest net return to HUD will be considered. Also, if an Owner Occupant purchaser submits bids on multiple properties, then the bid that nets HUD the greatest return will be accepted and all other bids from that Owner-Occupant purchaser will be eliminated from consideration. However, keep in mind, if the Owner-Occupant purchaser submits the only acceptable bid on another property, then that bid will be accepted and all other bids on other properties will be eliminated from consideration.

Non-Owner Occupied Investors: There are no restrictions for how many bids an investor can submit.

What happens if there are multiple bids?
If multiple bids are submitted, HUD will consider the bid producing the highest net return to HUD. If multiple bids are submitted on the same property on behalf of the same purchaser, only the bid producing the highest net return to HUD will be considered. HUD allows an owner-occupant to purchase only one property. If a prospective owner-occupant purchaser submits bids on more than one property, the bid will be considered in the following sequence:
•If the prospective owner-occupant purchasers bid is the only acceptable bid on one of the properties, then that bid will be the only one considered. •If not, the bid that produces the greatest net return to HUD will be considered and all other bids submitted by that prospective purchaser will be eliminated from consideration.

What will my down payment be if I bid over the asking price? Be advised that the purchaser **MUST PAY CASH** for any overbid in excess of the sales price when using FHA financing. The purchaser is still required to furnish the 3.5% down in addition to the amount overbid. For example, if a property is listed at $100,000 and the purchaser bids $102,000, he/she is required to pay the 3.5% down ($3,500) plus the overbid value ($2,000) for a total FHA down payment of $5,500. When using conventional financing, the lender will calculate the required down payment.

What about counter offers and back up offers?
Properties that are listed during the Exclusive and Extended Listing Periods may be eligible for counter offers. If after ten-day (10) calendar days for IN/IE and five-day (5) calendar and an acceptable bid has not received, AM may extend a counteroffer if the original offer meets certain criteria approved by HUD. The AM will notify the selling agent or broker by email of the predetermined net price that would be acceptable. Brokers will be required to resubmit a second bid online in response to the counter-offer. The AM will review all counter offers in conjunction with the competitive bids submitted. The AM will accept the bid producing the highest acceptable net to HUD.

Can I Cancel my Contract based on Home Inspection and/or Loan Denial? Yes, however buyer(s) EMD maybe subject to forfeiture. Please inquire with the designated Asset Manager for proper procedure for contract cancellation/withdraw.

Does FHA Offer Any Special Discount Sales Programs? FHA REO properties located in designated **Revitalization Areas** are available at a reduced sales price to law enforcement officers, teachers, firefighters, emergency medical technicians, nonprofits and local governments. Read more about these **Good Neighbor Initiatives**. You can also view maps of REO properties and special programs such as Revitalization Areas with HUD's **Single Family Home Locator**.

What about Flood insurance? Flood Insurance Notification: The purchaser shall provide the Closing Agent proof of flood insurance as a condition of closing for all improved properties located in a special flood hazard area where flood insurance is available through the National Flood Hazard Insurance Program, even if it is not required by the Purchaser's lender, if any. This requirement does not apply to vacant lots, properties sold to ACA partners that are scheduled for demolition or properties sold without any type of Federal Assistance including, but not limited to discounts, Purchase Money Mortgage's sales incentives and closing cost assistance.

What about financing? Although HUD does not offer financing directly, some of HUD homes qualify for FHA-insured loans, VA, Conventional and Investor loans. Shop around for a lender to find the best loan terms.

Who pays for the POA/CONDO Packets/Documents and what about delinquent dues? HUD will pay/reimburse at closing the cost of POA/HOA/Condo document packet fee. HUD will reimburse the cost of the HOA/POA/Condo Documents with an invoice or paid receipt. Any outstanding/delinquent fees post foreclosure will be brought current and paid by HUD.

TOP 12 Reasons Contracts Need Correction

1. Name on Contract does not match name on bid

2. Dollar Amounts on line 5, 6a, 6b and 7 do not match bid

3. Financing type on the contract should be allowed based on the way the property was advertised (on bid)

4. Filling in the correct allowable closing time frame on line 9

5. Line 12-Buyer forgets to initial

6. Leaving out purchasers printed name, address and telephone number

7. Leaving out SSN or EIN # for buyer

8. Buyer/Broker signs in HUD's space

9. Missing NAID # and/or SSN/EIN# for Broker

10. Authorization letter not included for agent to sign on behalf of broker.

11. Incomplete LBP Addendum

12. Lender Letter does not indicate all the required items: loan type, loan amount, sales price, credit verified and signature of loan officer or name, title and contact information of loan officer.