

# BUYER SELECT CLOSING AGENT

2014 Roll Out!

Presented by:

**Better  
Homes**  
and Gardens.  
REAL ESTATE

NATIVE  
AMERICAN  
GROUP

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# TOPICS TO BE COVERED

- What is HUD's Buyer Select Closing Agent (BSCA) Program
- Policies and Procedures on Handling Earnest Money Under the BSCA Program
- How Closing Agents Obtain a Title ID Number
- Selling Agent Responsibilities
- NLB Roles and Responsibilities
- Highlights of Closing Agent Responsibilities
- How to Handle Extension Fees
- Contract Cancellations
- Questions & Answers



# WHAT IS THE BUYER SELECT CLOSING AGENT (BSCA) PROGRAM?

- It's a new HUD program that allows homebuyers with a ratified sales contract to select who they want to use as a closing agent.
- There are no longer “HUD Designated Closing Agents”.
- 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 facilitate faster closings.





# BUYER SELECT CLOSING AGENT PROCESS

- How do homebuyers know which closing agent to select?
- Agents/Brokers are encouraged to get familiar with the closing agents in their area.
- As a real estate professional, it will be to your advantage to get to know the fee structures and experience levels in selling HUD homes of closing agents in your area.
- NLBs can offer a list of closing agents to homebuyers, however you are prohibited from recommending a particular BSCA exclusively.



# BUYER SELECT CLOSING AGENT PROCESS

## **Who pays closing costs?**

- Under the Buyer Select Program closing fees are the Buyer's expense.
- 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.



# BUYER SELECT CLOSING AGENT PROCESS

## **Closing Costs Customarily Paid by HUD:**

- Proration of property taxes and any special assessments such as Homeowner's Assoc. fees and utility bills
- Condo or HOA Transfer Fee, if applicable
- Cost to provide condominium documents reimbursable expense
- Repair Escrow Fee of \$200 where applicable
- Recording Fees (for deed only)



# BUYER SELECT CLOSING AGENT PROCESS

Note:

- 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. 8





# BUYER SELECT CLOSING AGENT PROCESS

Additional allowable closing costs that may be paid by HUD at sales closing if there are sufficient funds on Line 5 of the sales contract to cover the expenses:

- Appraisal Fee
- Credit Report (up to \$20)
- Flood Certification
- Home Inspection (Includes testing for lead based paint, radon and mold if not already tested.)
- Homeowner's Warranty
- Loan Discount Points
- Loan Origination Fee
- Prepaid and Escrow Items (for owner-occupants only)
- Survey, if required by lender
- Title Insurance Coverage for Lender
- Title Insurance Coverage for Owner
- Settlement or Closing Agent





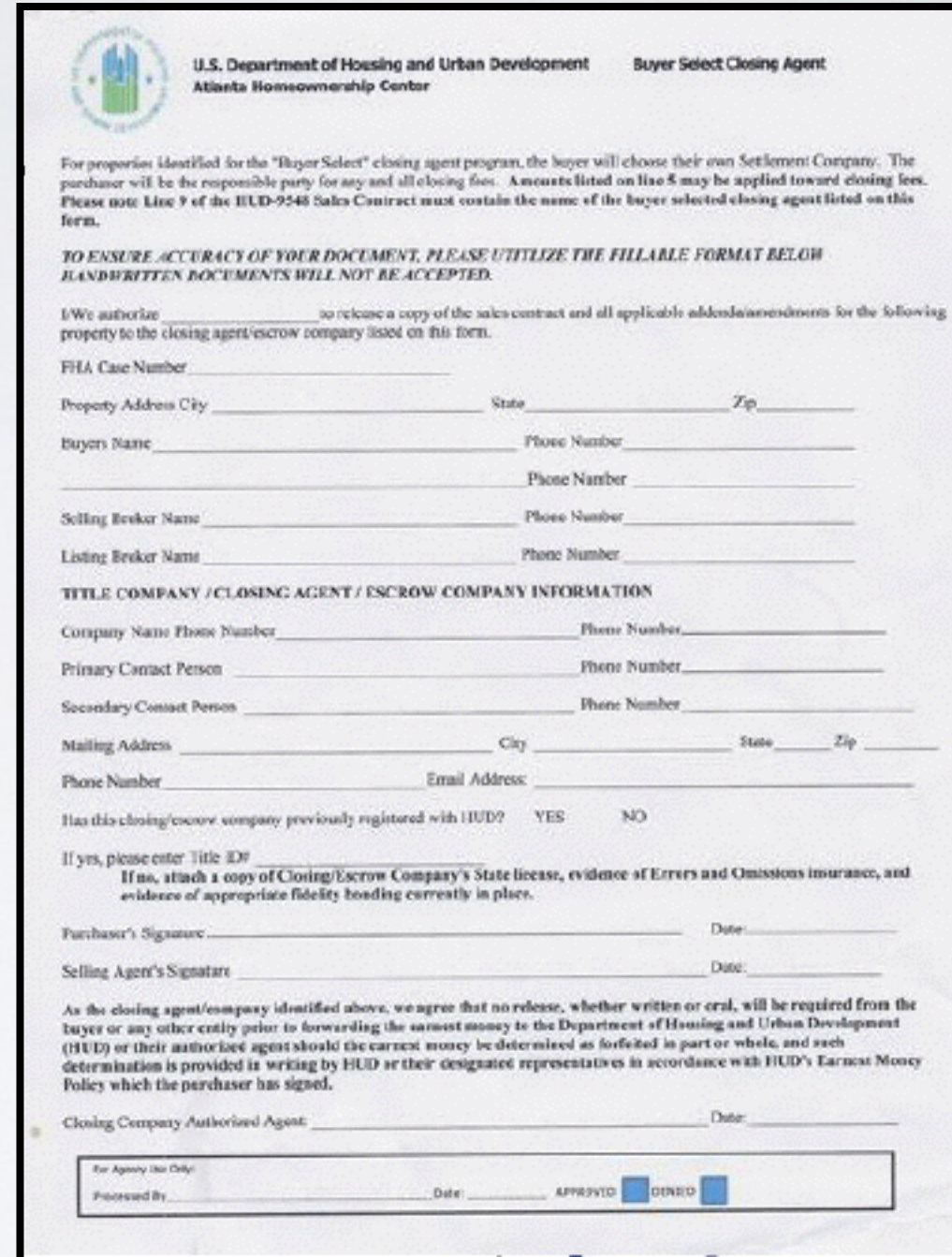
# THE BUYER SELECT CLOSING AGENT ADDENDUM

- The Buyer Select Closing Agent Addendum
- At the time of bid submission, the selling agent is required to complete the Buyer Select Addendum which will provide the asset manager with the name and contact information on it for the selected Closing Agent.
- The Buyer Select Addendum must be included with the sales contract package.
- Not submitting the Buyer Select Addendum with the contract package will create delays and possible cancellation of the contract.
- Each BSCA office must have separate ID numbers.



# ATTENTION SELLING AGENTS

- Verify the Buyer Select Closing Agent (BSCA) has a HUD Closing Agent Identification Number.
- Sales Contract will not be executed until BSCA has been issued a Title ID Number from HUD, which is different from a NAID.
- Buyer Select Closing Process Attention Selling Agents:



**U.S. Department of Housing and Urban Development** **Buyer Select Closing Agent**  
**Atlanta Homeownership Center**

For properties identified for the "Buyer Select" closing agent program, the buyer will choose their own Settlement Company. The purchaser will be the responsible party for any and all closing fees. Amounts listed on line 5 may be applied toward closing fees. Please note Line 9 of the HUD-9248 Sales Contract must contain the name of the buyer selected closing agent listed on this form.

**TO ENSURE ACCURACY OF YOUR DOCUMENT, PLEASE UTILIZE THE FILLABLE FORMAT BELOW**  
**HANDWRITTEN DOCUMENTS WILL NOT BE ACCEPTED.**

I/We authorize \_\_\_\_\_ to release a copy of the sales contract and all applicable addenda/assessments for the following property to the closing agent/escrow company listed on this form.

FHA Case Number \_\_\_\_\_

Property Address City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Buyers Name \_\_\_\_\_ Phone Number \_\_\_\_\_

\_\_\_\_\_ Phone Number \_\_\_\_\_

Selling Broker Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Listing Broker Name \_\_\_\_\_ Phone Number \_\_\_\_\_

**TITLE COMPANY / CLOSING AGENT / ESCROW COMPANY INFORMATION**

Company Name Phone Number \_\_\_\_\_ Phone Number \_\_\_\_\_

Primary Contact Person \_\_\_\_\_ Phone Number \_\_\_\_\_

Secondary Contact Person \_\_\_\_\_ Phone Number \_\_\_\_\_

Mailing Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone Number \_\_\_\_\_ Email Address \_\_\_\_\_

Has this closing/escrow company previously registered with HUD? YES NO

If yes, please enter Title ID# \_\_\_\_\_

If no, attach a copy of Closing/Escrow Company's State license, evidence of Errors and Omissions insurance, and evidence of appropriate fidelity bonding currently in place.

Purchaser's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Selling Agent's Signature \_\_\_\_\_ Date: \_\_\_\_\_

As the closing agent/company identified above, we agree that no release, whether written or oral, will be required from the buyer or any other entity prior to forwarding the earnest money to the Department of Housing and Urban Development (HUD) or their authorized agent should the earnest money be determined as forfeited in part or whole, and such determination is provided in writing by HUD or their designated representatives in accordance with HUD's Earnest Money Policy which the purchaser has signed.

Closing Company Authorized Agent: \_\_\_\_\_ Date: \_\_\_\_\_

**For Agency Use Only:**

Processed By: \_\_\_\_\_ Date: \_\_\_\_\_ APPROVED ☒ DENIED ☒





# CLOSING AGENT DOCUMENTS

**Documentation that Closing Agents must return with the BSCA Addendum:**  
**If the state is an attorney state you will need:**

- Copy of pocket license
  - Copy of the bar document stating the lawyer is in good standing with the bar and has not had any disciplinary problems
  - Copy of E&O Insurance. Must be insured for at least \$1,000,000 (\$1,000,000 each for claims and aggregate)
  - Address cannot be a P.O. Box – must be a physical address
  - Copy of Buyer Select Addendum, Must be typed or legible.
  - If the state is a title state you will need:
- Copy of Closing Agent's State License, if never closed a BSCA transaction
  - Copy of Closing Agent's Insurance, if never closed a BSCA transaction
  - Errors & Omissions of at least \$1,000,000
  - Must have at least 60 days remaining on insurance
  - Copy of Closing Protection Letter (CPL)
  - Address cannot be a P.O. Box – must be a physical address
  - Copy of Buyer Select Addendum, Must be typed or legible.





# THE BUYER SELECT CLOSING AGENT PROCESS

## For Ofori HUD Sales Contracts ...

- Earnest Money is to be submitted with the sales contract package and delivered to the Ofori NLB.
- Earnest money check is to be made payable to the Ofori NLB – not HUD.
- A copy of the earnest money check and the original contract package must be submitted to Ofori within 48 hours of bid acceptance. Failure to do so will result in cancelation of the bid.
- The Ofori NLB must ensure that the earnest money is forwarded to the Closing Agent by the scheduled closing date. The NLB is not to deliver funds to the BSCA prior to a closing date being scheduled.



# EMD TIMEFRAMES

- The NLB is required to deposit the check into his/her escrow within 24 hours of contract execution notification from Ofori.
- NLBs should not deposit the earnest money check until the contract is executed.



# GETTING THE CONTRACT PACKAGE TO OFORI

- We highly recommend that NLBs establish contract submission guidelines for their office and provide them in writing to the sales agents.
- Establish a cutoff time for getting the contract package to your office.
- You can inform the sales agent that they are to bring 3 things to you:

1.The Contract

2.The Earnest Money

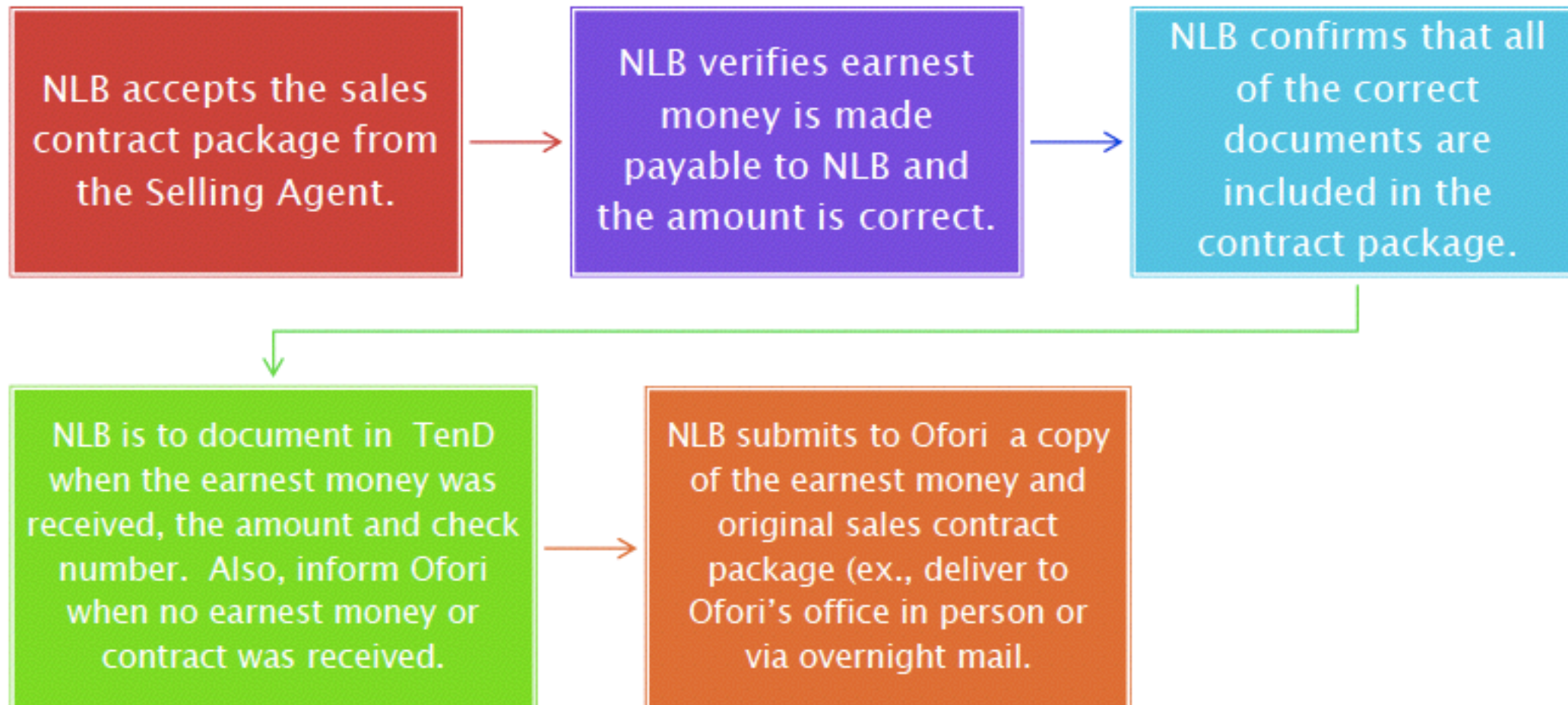
3.Air Bill Slip or Account # to send the contract to Ofori via overnight mail.

- Ultimately, the NLB is responsible for ensuring that the original contract package reaches the asset manager's office within 48 hours of the bid award notification.





# BSCA OFORI FLOW



# OFORI NLB RESPONSIBILITIES

- Contact the Selling Agent after bid award to answer any questions on how to complete the sales contract if needed.
- Remind the Selling Agent to complete the Buyer Select Addendum.
- Provide written instructions regarding remitting the earnest money and sales contract package to your office.
- Notify Ofori via TenD when no earnest money is received with contract package.
- Ensure that the all executed contract escrow funds are held in his/her trust account until the closing is scheduled.



# OFORI NLB RESPONSIBILITIES

- Ensure that the designated closing agent receives the earnest money funds by the scheduled closing. Ofori will send the deed directly to the BSCA.
- Ensure that all preliminary bid cancellation funds for accepted bids are remitted as directed by Ofori to selling agent within 48 hours of bid cancellation.
- Ensure that earnest money funds for fully executed contracts are remitted to HUD or purchaser(s) as directed by Ofori within 5 business day of contract cancellation.





# OFORI SA RESPONSIBILITIES

- Submit the offer on behalf of the buyer through HUDhomestore.com and be on the lookout for a notification in [www.hudhomestore.com](http://www.hudhomestore.com) or an email from Ofori for bid acceptance.
- Explain to the buyer that if the bid does not include closing costs as a part of the bid submission to HUD, they will be responsible for the Closing Agent fees and closing costs.
- Ensure that the sales contract and earnest money is submitted to the Ofori NLB within 24 hours of bid acceptance.



# OFORI SA RESPONSIBILITIES

- Complete the new Buyer's Select Addendum and submit with sales contract.
- Ensure that all extensions are filed at least 5 days prior to the contract expiration, no later than 48 hours prior to the contract expiration.
- Ensure that all contract cancellations are filed prior to the expiration of the contract.
- Understand that not submitting the earnest money and sales contract package within 24 hours to the NLB will result in bid cancellation.



# MATT MARTIN BSCA PROCESS

Please send your completed sales contract package and original EMD in certified funds or money order (made payable to the buyer's selected closing agency) to the address below

Contract must arrive within 2 business days of your acknowledged bid  
EMD Certified Funds made payable to Buyer's Title Company. Include FHA Case # and Property Address on Check

- Original EMD must be submitted with Original Contract to

MATT MARTIN REAL ESTATE MANAGEMENT  
535 PENNSYLVANIA AVENUE, SUITE 350  
FORT WASHINGTON, PA 19034





# HOMETELOS BSCA PROCESS

Please send your completed sales contract package and a copy of the certified earnest money check (made payable to the buyer's selected closing agency) to the HomeTelos regional office (address listed below).

EMD Must be delivered to the NLB. NLB will deliver to closing agency

Contract must arrive within 2 business days of your acknowledged bid  
EMD Certified Funds made payable to Buyer's Title Company. Include FHA Case # and Property Address on Check

HomeTelos, LP  
405 Silverside Road, Suite 210  
Wilmington DE 19809  
Please Visit Our Websites

[www.HomeTelos.com](http://www.HomeTelos.com)  
[www.HomeTelosFirst.com](http://www.HomeTelosFirst.com)  
[www.BidSelect.com](http://www.BidSelect.com)



# BSCA PROCESS

- Asset Manager will send the BSCA:
- Fully executed sales contract and addenda;
- Title evidence, when available;
- Pre-closing and post-closing instructions; and
- Any other documentation deemed necessary by HUD.



# EXTENSION PROCESS

- The asset manager will be responsible for accepting all extension forms and fees – not the closing agent.
- The selling agent must submit the Extension Request Form and fee directly to Asset Manager 5 days prior to contract expiring.
- Extension fee checks should be made payable to HUD.
- \$375 Certified funds (\$25 per day) pro rated.





# EXTENSION PROCESS

- Ofori & Associates, as HUD's Representative, may grant an extension of closing time in increments of 15 days.
- Extension request and all supporting documents need to be to Ofori's office no later than 48 Hours prior to expiration of the sales contract.

Contract Sales Price	Extension Fee	Cost Per Day
Equal to or less than \$25,000	\$150.00	\$10.00
\$25,001 to \$50,000	\$225.00	\$15.00
Over \$50,000	\$375.00	\$25.00

Some Approved Fees MAYBE Waived



# EXTENSION PROCESS

- Sales Contract Extension Fees are sent to AM.
- Extension fees must be in the form of:
- Certified funds and made payable to HUD
- Wire transfers will not be accepted
- Under no circumstances will an extension fee be waived when the delay is caused by the BSCA.



# BUYER SELECT PRELIMINARY BID CANCELLATION & EMD RETURN

- In the event an AM cancels a preliminary bid, the NLB or SA is responsible for returning the earnest money funds back to the selling agent and/or buyer within 48 hours of the bid cancellation.
- All funds should be returned directly to the selling agent and or buyer
- Examples of Bid Cancellations:
  - Incorrect Contract Corrections or Late Correction Submissions
  - Late Contract package received
  - Purchaser Request
  - AM directed





# SALES OFFER CANCELLATION & EMD RETURN

- In the event a buyer wishes to cancel the contract after the contract has been executed, they must submit a signed Cancellation Request form to AM along with supporting documentation.
- AM Closing Department will review the cancellation form and supporting documentation to determine whether the case qualifies for a refund of the earnest money deposit.
- All contracts are canceled in accordance with the Earnest Money Forfeiture and/or Return outlined within the Notice to Purchaser Agreement.



# EMD FORFEITURE TO HUD TIMEFRAMES & REQUIREMENTS

- The NLB and or Title Company has 5 business days to release the earnest money funds from his/her escrow account after the contract cancellation notification has been received from Ofori.
- All HUD forfeitures should be made payable to HUD and mailed or delivered directly to Ofori.



# BSCA CLOSING OVERVIEW

- A pre-closing package is required for each closing .The package is due no later than five (5) business days prior to closing in compliance with HUD requirements.
- The asset manager will review the preliminary HUD-1 and all revised HUD-1's received from the closing agent.
- The asset manager and the closing agent are responsible for ensuring that the HUD-1 is complete and accurate.
- The asset manager will communicate with the closing agent until the HUD-1 is final and is the only entity that can approve the HUD-1.





# BSCA CLOSING OVERVIEW

- To extend a Buyer Select Sales Contract, the selling agent must deliver or mail the Contract Extension Form, supporting documents, and fee to the address below at least 2 calendar days prior to the expiration date of the contract, or last approved extension:
  - Ofori & Associates, PC  
10 Columbus Blvd. - 3rd Floor Hartford, CT 06106
- The submission of contract extensions is the HUD-registered selling broker or agent's responsibility.
- It is not the Buyer Select Closing agent's, nor the buyer's attorney's responsibility to complete this action.



# BSCA CLOSING OVERVIEW

- All property related bills such as water, water certifications, final payment certificates, sewer or water reclamation, garbage/trash, HOA bills, requests for paid assessment letters, paid assessment letters, special assessments, code violations, fines, UCC liens, municipal liens, or other charges for services performed etc., should be sent to:
- [2pclosing@oforireo.com](mailto:2pclosing@oforireo.com) or
- [3pclosing@oforireo.com](mailto:3pclosing@oforireo.com)



# CLOSING COST PAID BY HUD

- Proration of property taxes and any special assessments such as Homeowner's Association
- (HOA) fees and utility bills
- Condominium or HOA Transfer Fee, if applicable
- Cost to provide condominium documents to purchaser
- Repair Escrow Inspection Fee of \$200 (if applicable on loan docs)
- 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.
- Overnight Fee for Final certified HUDI sent to AM Contractor (Cost is to be reasonable and customary for the area and Closing Agent must be able to provide a receipt after closing.)





# OVERNIGHT FEE FOR BSCA

- An overnight receipt and a copy of the overnight label is required whenever HUD is charged the overnight fee on the HUD-1.
- The overnight label used (i.e., FEDEX, UPS, USPS, etc.) must contain the date the package was mailed.
- Closing Agents must have their address and Ofori's address on the label. This should be included in the Final Closing Package.
- The receipt must match the dollar amount shown on the HUD-1 settlement statement. HUD will not accept any printouts of estimated charges.
- AN ACTUAL RECEIPT IS REQUIRED.



# SCHEDULING REQUESTS

To schedule a case for closing:

1. Read, complete, and attach the 5-page Closing Instructions and Certification Form, with the last page completely filled out by the closing agent, to your scheduling request.
2. Ofori will provide instructions on how to schedule closing when the executed sales contract is sent out.



# TITLE ISSUES

Title issues that have the potential to impact the marketability or insurability of title should be sent to the appropriate contact on the instructions provided by Ofori.

When reporting a title issue, be sure to include the case number and address in the Subject line of the email, provide a brief explanation of the issue, and attach all applicable documentation to support the issue.

Ofori will send the title issue to HUD's Mortgagee Compliance contractor, Michaelson, Connor, & Boul (MCB).





# LINE 9 AMENDMENTS

The name of the Buyer Select closing agent on Line 9 of the contract must also match the closing agent that is listed on HUD-1 settlement statement.

If the closing agent named on the contract does not match the HUD-1; both your contract and the Buyer Select Escrow addendum may require an amendment, or the closing agent named on the HUD-1 may have to be revised to match the closing agent listed on the contract.



# DEEDS

- All deeds must be prepared and provided to Ofori for signing by the Buyer Select Closing Agent.
- The deeds must be sent to the appropriate contact on the instructions provided by Ofori.
- Deeds are due 5 business days prior to the closing date to ensure timely processing.

