



Q. What is the Buyer Select Closing Agent Program (BSCA)?

A. 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.

Q. How does the buyer select a title company under the BSCA.

A. 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.

Q. Does the buyer have to state upfront who they are using to close?

A. Yes, they must choose a BSCA before HUD will sign the contract, however if they are unhappy with their BSCA they can change after the contract is signed.

Q. Are all Asset Management Companies following the new BSCA program?

A. Yes, while there may be small differences in procedure, this is a policy set forth by HUD that each AM must comply with. Please contact each AM individually to learn about their BSCA procedures.

Q. Where is the BSCA Addendum found?

A. The [www.HUDhomestore.com](http://www.HUDhomestore.com) under addendum for each specific property. You can also download AM specific BSCA Addendum at

Hometelos: [www.hometelosfirst.com](http://www.hometelosfirst.com)

Matt Martin Real Estate: [www.mmrem.com/hud/hudforms/](http://www.mmrem.com/hud/hudforms/)

Ofori: [www.oforireo.com/forms.php](http://www.oforireo.com/forms.php)

Q. Can Listing Listing Brokers refer buyers or agents to specific settlement companies?

A. NO. Unless they are acting as dual agents, as this would be a conflict of interest.

Q. Is there a list of all HUD approved closing agents?

A. There is not a list that has been published, however Marketing Specialists have access to the database and can be contacted should you need further information.

Q. Can we still use former HUD designated closing agents?

A. Yes, buyers have the option to use any approved Closing Agents, but are not obligated to use any of the former designated ones.





Q. 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.

Agents/Broker can offer a list of closing agents to homebuyers, however you are prohibited from recommending a particular BSCA exclusively.

Q. 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.

### **HUD Closing Cost Assistance under the BSCA**

Q. Will HUD pay traditional closing costs and settlement fee?

A. 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.

Q. HUD still pays the customary sellers closing cost (sales taxes, taxes and recording fees). Is that correct?

A. HUD does still pay recording fees and real estate property taxes, yes.

Is line 5 still limited to 3%?

A. Yes, 3% maximum





**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)

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.

**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 Fee





- Q. If our current attorney's and/or title companies have done closings for HUD in the past, must they need all discussed documents before receiving the required ID?
- A. Yes, but they will only need to submit the information once. Once they are HUD approved they will be given a title ID which they can use on all future deals.
- Q. If a buyer wants to use their own attorney, that attorney must be approved in advance, correct?
- A. Not necessarily. If they have not been approved previously they would submit the required information with the contract package and they can be approved at that time.
- Q. Closing Agents only need to fill out the form once, correct?
- A. Yes, once Agents have a Title ID they are all set.
- Q. How long does it take to get a title ID?
- A. There is a 24 to 48 hour turn around to receive the title ID.
- Q. Does a new title ID need to be applied for with each asset manager?
- A. No, once a BSCA has their title ID it will be the same for all asset managers.
- Q. Is the Buyer's Agent Title ID the same as a NAID?
- A. No, the Title ID is a unique identifier for Closing Agents..
- Q. Does the closing agent have to have a separate ID for each state or can they use the same one?
- A. They may use the same ID, but it is better to have one for the local office.
- Q. Who will be HUD's POA?
- A. The deed and HUD1 will be signed by our office prior to closing and overnighted to the BSCA for closing.
- Q. HUD will NOT pay for preparation of the deed to convey the property to the buyer, correct?
- A. Correct.
- Q. Is the BSCA Closing agent handling the closing for both sides – buyer and seller? If so, is the BSCA paid for the seller side?
- A. The BSCA is the only title company/attorney on the deal. The seller, HUD, does not pay the BSCA for conducting the closing.





Q. Can the buyer's closing attorney/settlement be the closing attorney for HUD?

A. There is no closing attorney for HUD. It is the buyer who selects the attorney/title company. It is their choice whether or not to choose at the suggestion of their lender.

Q. Will HUD clear the title prior to marketing the property?

A. The Closing Agent is responsible for completing a title search and they will notify Ofori if a major issue is found. The BSCA should clear any minor title issues.

Q. Who will address title issues?

A. The Closing Agent will address any title issues and send relevant information to Ofori.

Q. How will contract extensions be handled?

A. Under BSCA, the extension fee should come from the selling agent to the Asset Manager. Like EMD, no personal checks are accepted. The check should be made payable to HUD. You must submit the Extension form 5 days prior to contract expiration.

Q. Under BSCA are the timelines for setting up closing dates going to remain the same 10 days with HUD1 to HUD within 48 hours?

A. We ask for 5 days notice on scheduling and a HUD1 within 48 hours is preferred.

Q. Does the clock for the 24 hour deadline to deposit into the NLB's trust account start when Ofori signs the contract, or when it is received?

A. When the contract is signed and sent to you, you have 24 hours to deposit the EMD.

Q. Many times the selling agent does not have the authority to order an HOA package because he does not have an interest in the property. What should we do?

A. If for some reason this happens they would want to notify us and we may be able to order it through the FSM. Ultimately the responsibility traditionally lies with the selling agent.

Q. Cancellation requests are sent by the buyer's agent directly to Asset Manager not the NLB, correct?

A. Correct

Q. How much notice will we get before closing?

A. You should still receive a ready to close inspection order within 5 days of closing.





Q. Will the extension fee be waived if title issues can't be cleared in time?

A. With the exception of where extension funds are to be sent, the guidelines have not changed. If proper notice is given regarding title issues, fees are likely to be waived.

## **BSCA FLOW**

1. 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.

2. 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.

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





## OFORI BSCA FLOW/PROCEDURE

The NLB will be the primary point of contact for the Selling Agent and Closing Agent. NLB's are responsible for contacting the buyer's agent and assisting with/reviewing the contract before sending it to Ofori along with the earnest money deposit.

Q. Does the EMD still have to be certified.

A. Yes. personal checks will not be accepted.

Q. If I have \$1,000 earnest money deposit and the commission isn't \$1,000 will I have to mail the difference before closing?

A. Yes that is correct. If the commission is less, you need to mail the difference to the BSCA.

Q. Since Ofori no longer receives the EMD, why isn't a fax or email of the contract sufficient verses overnight shipping?

A. We are still required to have a file with original signatures.

Q. Can Selling Agent's still send contracts directly to Ofori?

No, the NLB should always receive the contract and hold the earnest money deposit.

Q. Would it be ok if the buyer's agent sends the package to Ofori and simply drop off the check to the NLB?

A. We would prefer that the NLB review the contract for accuracy.

Q. What if the Selling Agent doesn't get the contract back in time?

A. NLB's should help facilitate the contract process and provide guidelines to Selling Agents so that contracts are typically returned well before they are due to Ofori. If an extra day is needed, approval should be requested from your Marketing Specialist.





### Ofori NLB Responsibilities

1. Contact the Selling Agent after bid award to answer any questions on how to complete the sales contract if needed.
2. Remind the Selling Agent to complete the Buyer Select Addendum.
3. Provide written instructions regarding remitting the earnest money and sales contract package to your office.
4. Notify Ofori via TenD when no earnest money is received with contract package.
5. Ensure that the all executed contract escrow funds are held in his/her trust account until the closing is scheduled.
6. Ensure that the designated closing agent receives the earnest money funds by the scheduled closing. Ofori will send the deed directly to the BSCA.
7. 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.
8. 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.







## Getting the Contract Package to Ofori

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. 16

## EMD Timeframe Requirements

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.





### **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.





### Selling Agent Responsibilities

1. 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.
2. 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.
3. Ensure that the sales contract and earnest money is submitted to the Ofori NLB within 24 hours of bid acceptance.
4. Complete the new Buyer's Select Addendum and submit with sales contract.
5. 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
6. Ensure that all contract cancellations are filed prior to the expiration of the contract.
7. Understand that not submitting the earnest money and sales contract package within 24 hours to the NLB will result in bid cancellation.





**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
  - oErrors & Omissions of at least \$1,000,000
  - oMust have at least 60 days remaining on insurance
- oCopy 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.





**MMREM BSCA FLOW/PROCEDURE**

The NLB will be the primary point of contact for the Selling Agent and Closing Agent. NLB's are responsible for contacting the buyer's agent and assisting with/reviewing the contract before sending it to MMREM along with the earnest money deposit.

**SALES CONTRACT CHECKLIST (ALL SIGNATURES & INITIALS NEED TO BE IN BLUE INK)**

- HUD-9548 (SALES CONTRACT) Revised Date as of 1/99
- HUD-9548D OWNER OCCUPANT CERTIFICATION
- SELLING BROKER COMMISSION ADDENDUM
- HUD-9548E RADON GAS AND MOLD NOTICE AND RELEASE AGREEMENT
- HUD-92564-CN "FOR YOUR PROTECTION" HOME INSPECTION
- ELECTRONIC FILING FORM OF HUD-9548
- PRE-APPROVAL LETTER FROM A MORTGAGE LENDER (if purchaser is paying cash, please send proof of funds)
- PURCHASER'S RIGHTS AND RESPONSIBILITIES
- LEAD-BASED PAINT ADDENDUM (FOR PROPERTIES BUILT BEFORE 1978) – LBP Addendum **MUST** be printed from within the individual property listing on [www.hudhomestore.com](http://www.hudhomestore.com)
- FORFEITURE OF EARNEST MONEY ADDENDUM
- CLOSING DATE EXTENSION ADDENDUM
- 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\*\*\*

- NOTICE TO PURCHASER – APPRAISED VALUE (Form must be submitted when the offer price on Line 3 exceeds the Appraised or As-Is Value)

**GNND CONTRACTS ONLY (LOTTERY SALES ONLY)**

- HUD 9549A (LAW ENFORCEMENT), HUD 9549B (TEACHER) OR HUD 9549C (FIRE FIGHTER/EMT) CERTIFICATION
- HUD 9549E EMPLOYMENT CERTIFICATION FORM (**MUST BE COMPLETED BY EMPLOYER – FORM WITH ORIGINAL SIGNATURE MUST BE SUBMITTED**)

**NON PROFIT/GOVERNMENT ONLY**

- LAND USE RESTRICTION ADDENDUM (**NON-PROFIT/GOVERNMENT ONLY**)
- AWARD LETTER FROM HUD (**NON-PROFIT ONLY**)
- \$1 HOME SALES TO LOCAL GOVERNMENT PROGRAM ADDENDUM (**GOVERNMENT ONLY**)

If you are a cash buyer, please write or type in 30 days; if you are a buyer with other financing, please write or type in 45 days.

EMD (this is 1% of the purchase price, minimum of \$500 and maximum of \$2000; If the property is a Vacant Lot, the EMD requirement is 50% of the offer price) Certified Funds/Money Order made payable to Buyers Title Company.

**MAIL COMPLETED SALES CONTRACT TO THE FOLLOWING ADDRESS: MATT MARTIN REAL ESTATE MANAGEMENT 535 PENNSYLVANIA AVENUE, SUITE 350 FORT WASHINGTON, PA 19034**





### HOMETELOS BSCA FLOW/PROCEDURE

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).

Contract must arrive within 2 business days of your acknowledged bid

HomeTelos, LP 405 Silverside Road, Suite 210 Wilmington DE 19809

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

EMD amount of \$500 (for an offer of \$50,000 or less) or \$1000 (for an offer of \$50,001 or more). Certified Funds or Money Order

All financing shall be 45 days and all cash offers shall be 30 days.

- HUD Sales Contract Checklist

- (All signatures must be originals in BLUE INK – NOT a scanned color copy or a stamp; if signed by POA – include copy of POA)

- HUD 9548 Sales Contract

- Electronic Filing of HUD-9548 Contract Addendum

- Owner Occupant Certification (Only required for Owner Occupant bidders) - Must be signed by broker not the agent. For Your Protection: Get a Home Inspection

- Lead Based Paint Addendum (if built prior to 1978) - Must be signed by broker not the agent.

- Purchaser's Rights and Responsibilities Addendum

- Forfeiture of Earnest Money Policy

- Closing Date Extension Policy

- Radon Gas and Mold Notice and Release Agreement

- Amendment to Contract of Sale – Flood Insurance as required

- Prequalification letter for financing (1)-on lender letterhead, (2)-dated within 30 days of bid 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 amount of funds immediately available, (4)-name of financial institution on document provided (bank statement/letter from financial institution confirming account balance).

Note: Any offers exceeding appraised value on FHA insured loans require the buyer to provide the additional funds at closing.

- Copy of Earnest Money check (certified funds, cashier's check or money order) made out to the the buyer's selected closing agency. 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. 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

