

# HUD.GOV/HUDHomes

U.S. Department of Housing and Urban Development

## Listing and Bidding Procedures

### Disclosures

HUD Homes are sold “As Is” without warranty.

#### **Irregularities in bids:**

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

#### **Code and Zoning violation:**

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

#### **Property Condition:**

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

#### **Potential Purchasers:**

- Contact a HUD Approved Broker to obtain a copy of the current listings, to visit listed homes or to make an offer.
- HUD pays closing cost up to 3% of the purchase price. If inserted on line 5 of the HUD Sales Contract when the electronic bid is submitted.

#### **Update to Extention and Forfeiture: Agents Purchasing HUD Homes As the Buyer**

- HUD will not pay a sales commission if the selling broker or agent submitting the bid is also a purchaser, or has an ownership interest in an entity identified as purchaser. In such cases the selling broker must enter zero in the Selling Broker Commission field (6a) of the Bid Submission screen.

### HUD's Homeownership incentives:

**\$100 Down** - Available to owner occupant buyer who purchase a HUD Home with FHA financing, indicate on Line 4, Lender MCAW form, and buyer still responsible for earnest money deposit.

More information on BUYING A HUD HOME on the HUD website at:

[http://portal.hud.gov/portall/page/portall/HUD/topics/buying\\_a\\_home](http://portal.hud.gov/portall/page/portall/HUD/topics/buying_a_home)

### Listing Codes

#### **IN - Insurable:**

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

## **IE - Insurable with Escrow Repairs:**

Properties listed as “INSURABLE WITH ESCROW REPAIRS” means that certain repairs (not to exceed \$5,000.00) are required to meet Minimum Property Standards for an FHA mortgage. These properties can qualify for FHA 203(b) mortgages if the purchaser and lender establish a repair escrow at the closing for the completion of repairs within 50-days of the closing. This is not a gift from HUD. The sales price remains the same and is added to the mortgage. No repairs prior to closing.

## **UI - Uninsured:**

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

## **Listing and Bidding**

HUD Approved Brokers will show properties, prepare complete contracts and submit bids through internet Electronic Bidding at the HUD Listings website.

### **New listings are available daily.**

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

- a fifteen (15) day Exclusive Listing Period for Owner Occupant purchasers for properties listed insurable and insurable with Escrow Repairs,
- a five (5) day Exclusive Listing Period for Owner Occupant purchasers for properties listed uninsured.

Owner Occupant must occupy the house for one year and can't participate in a HUD sales for two years after purchase.

### **Exclusive Listing Period (Owner Occupant Priority).**

- For insurable and insurable with Escrow properties, bids shall be opened and reviewed on the Tenth (10th) day of the Exclusive Listing Period. All bids will be treated as having been received simultaneously. If no winning bid is received by the tenth (10th) day, bid shall be opened and reviewed on each day after the tenth (10th) day up to the fifteenth (15th) day, or until a winning bid is received. If no winning bid is received in that fifteen (15) day period, the listing shall be extended to all buyers on day 16. See Extended Listing Period below.

### **Extended Listing Period.**

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

## **Bid Opening, Review and Results**

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

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

Bids will be opened and reviewed each business day.

The highest acceptable net bid to HUD will be selected.

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

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

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

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

The screenshot shows the HUD.GOV/HUDHomes website interface. At the top, there is a navigation bar with links for 'Traducir al español', 'Login', and 'Register'. Below this, the HUD logo and 'U.S. Department of Housing and Urban Development' are displayed. A main navigation menu includes 'Home', 'HUD News', 'Resources', 'NAID Registration', 'Find a Broker', 'Property Contacts', and 'FAQ'. The 'Search Properties' section features a search form with fields for State, County, City, Zip Code, Street, Price From - To, Bedrooms, and Bathrooms. The search results section displays the message: 'There are no HUD Homes that match your search criteria.'

## **Required Contract Documents**

HUD SALES CONTRACT and REQUIRED ADDENDA:

- Fillable HUD Sales Contract Form 9548 Revision (1/99)  
Attach the following Addenda:
- Lead Paint Addendum, if the property was built prior to 1978. The Lead Based Paint Addendum is property specific and will be posted with the property listing.
- General Addendum to HUD Sales Contract.
- For Your Protection: Get a Home Inspection
- Notice to Purchaser Addendum when the offered amount exceeds the appraised value at the time the offer is submitted.
- Certification of Owner-Occupant, if purchaser is an owner-occupant.

- Radon Gas and Mold Notice and Release Agreement.
- Forfeiture & Extension Policy (Addendum A, Rev. 6/15/2009)
- Lead-Based Paint Addendum (if applicable)
- Flood Zone Addendum (if applicable)
- Letter from a Financial Institution acknowledging that purchaser has funds available for down payment.
- 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. The Pre-Qualification letter must be on lender letterhead, give the name(s) of the people listed on the contract, have the correct loan amount, the type of loan, noted that “the credit has been approved”, signed by the loan office (no digital signatures), and dated within the past thirty days.
  - Certification from a Financial Institution, if the purchase is cash, stating that funds are available on the day of closing.
  - Certification of Owner-Occupant Status for Cash Purchases: All bids by owner-occupants, who are purchasing properties listed in the owner-occupant category, must include an Owner-Occupant Certification. Sanctions will be immediately imposed upon Brokers, Agents and Investors found to be abusing the system.

## **Avoid Common Errors!**

To be acceptable, hard copies must contain no errors and done in BLUE ink.

You can't use white out or liquid paper on a contractual document.

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

Make sure social security numbers are listed on the contract correctly.

The buyers name must match exactly on lines 1, 2 and 13 on the contract.

## **Down Payment**

### **Owner Occupants Only:**

3.5% Minimum Down payment for FHA financed properties.

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

### **Investors:**

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

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

## **Earnest Money Deposit**

**Required Earnest Money:** Must be in the form of a cashier's check, money order, or other certified funds. The original earnest money check should be submitted with a copy of the sales contract and buyer select form within 48 hours to the listing agent after bid acceptance. The Earnest Money deposit will be sent to the Closing Agent after Execution.

- \$1,000 for offers greater than \$50,000,
- \$500 for offers \$50,000 or less,
- 50% of the Listing Price for Vacant Lots

## **Earnest Money Forfeiture and/or Return**

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

### **Investor Purchasers:**

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

### **Owner-Occupant Purchasers:**

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

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

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

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

#### **Forfeit 100% if the deposit when:**

- No documentation is submitted.
- Documentation fails to provide an acceptable cause for the buyer's failure to close.
- Documentation is not provided within a reasonable time following contract cancellation.

### **Vacant Lot Sales:**

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

### **Closing Costs (Line 5)**

HUD pays certain Closing Costs up to 3% of the purchase price, IF inserted on line 5 of the sales contract when the electronic bid is submitted. Enter this numeric figure (not percentage) on line 5.

## Closing Time Frame

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

## Closing Extension Policy

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

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

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

- Submit the "Request For Extension of Closing Date" (Extension Request form) and all the required supplemental supporting documents to HUD's Closing Agent prior to the expiration of the sales contract.
- Documentation submitted with the extension request must establish that a closing can reasonably be expected to occur within the extension period.
- The extension request must be accompanied by a cashier's check, money order or other certified funds in the appropriate amount and made payable to HUD. The fee is based on the Contract Sales Price:

### **Contract Sales Price**

### **Extension Fee**

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

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

## Home Inspection (Optional, but highly recommended)

There is a 15 day due diligence period. You must have FSM authorize your home inspection. You have 48 hours to complete home inspection after last utility is turned on and you must turn off utilities after inspection. When you receive written permission (executed sales contract), contact the local utility companies, and coordinate dates between them and your inspection.

Fill out a utility activation request form. The utilities are to be turned on in the purchaser's name and at purchaser's expense. The purchaser is responsible for the actual costs to activate, deactivate and when necessary, re-winterize the property. The purchaser must place a refundable \$150 deposit, in the form of certified funds or money order. The amount is sufficient to cover these costs. This deposit is required to ensure the property has been re-winterized. It is the buyer's responsibility and cost to re-winterize. If the property has not been re-winterized at the end of the allowable 72 hr period, this may result in a delay of closing (buyer will also be responsible for any property damage incurred).

## **FHA Amendatory Clause**

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

## **Broker Registration and NAID**

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

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

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

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

First to get a NAID Number Register Here

As an agent, if you have already registered, login here

As an agent, if you have never registered, login here

The screenshot shows the HUD.GOV/HUDHomes website. At the top right, there are links for "Traducir al español", "Login", and "Register". Below "Register" are sub-links for "Public" and "Bidder". A navigation bar contains "Home", "HUD News", "Resources", "NAID Registration", "Find a Broker", "Property Contacts", and "FAQ". The main content area features a "HUD Homes" heading, a search instruction, a list of search options (state map, special programs, search criteria), and a map of the United States with state abbreviations. A legend below the map indicates "Properties for Purchase", "Available", and "Not Available". Below the map is a "Search Properties" section with a "Recent Listings" and "Recent Searches" button. The search form includes fields for \*State (dropdown), County, City, Zip Code, Street, Price From - To, Bedrooms (dropdown), and Bathrooms (dropdown). It also has fields for Buyer Type (dropdown), Status (dropdown), and Property Case # (text). "Search" and "Clear" buttons are at the bottom right of the form. A footnote states: "\*Required field, except if Property Case # is entered".



## Broker Commission (Line 6a)

HUD will pay up to 6% or a minimum of \$2000 commission to be equally split between the Listing and Selling Broker, IF inserted on line 6a, of the new HUD Sales Contract Form 9548 (1/99). Line 6b will populate 3% for the listing broker commission.

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

## Help “WHAT IF I NEED HELP?”

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

## The HUD-9548 Sales Contract

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

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

**Line3:** Enter bid amount and amount of the earnest money (which is \$500 if \$50,000 or under or \$1000 if \$50,001 and over) and fill in that it will be held by HUD. Please send this in a cashier's check or money order (NO personal checks) paid to the order of: If it is PEMCO or HOMETELOS it will be the name of title company, If OFORI in the name of the listing broker.

**Line4:** Make sure the appropriate box is checked for the type of financing your buyer is getting and in compliance with what seller's offering. If FHA 203(b) repair escrow, then check “said mortgage involves a repair escrow amounting to \$\_\_\_” and fill in amount. Also leave blank or enter TBD (to be determined) the three spaces for down payment, mortgage loan amount and the number of months.

**Line5:** Enter the amount of financing/closing cost submitted on your bid.

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

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

**Line8:** Enter buyer type (owner occupant or investor)

**Line9:** Enter in accordance with AM Contractors instructions for closing dates. On the second blank your purchaser will fill in the blank with the closing agency they will use.

**Line10:** Enter appropriate back up offer information

**Line11:** Check the appropriate boxes.

**Line12:** Purchaser(s) must initial in appropriate space

**Line13:** Make sure to write in your purchaser's phone number under the signature line, and have them date the contract: when they sign it. Always have the managing broker sign the contract and the owner/occupant certification in the original **blue ink signatures**.

If this is an investor bid please make sure that the company name is on Line 1 and 2 of the contract. Also make sure that you include the company paperwork and proof of EIN number from the IRS.

**SEE SAMPLE CONTRACT ON NEXT PAGE**



Please fill out contract in blue ink!

Sales Contract

U.S. Department of Housing and Urban Development
Office of Housing
Financial Housing Commissioner

Property Disposition Program

HUD Case No.

123-456789

I (We), John Doe

(Purchaser(s)) agree to purchase on the terms set forth herein, the following property, as more particularly described in the deed conveying the property to the Secretary of Housing and Urban Development:

111 Any Street, Any City, County, State and Zip
(street number, street name, unit number, if applicable, city, county, state)

2. The Secretary of Housing and Urban Development (Seller) agrees to sell the property at the price and terms set forth herein, and to prepare a deed containing a covenant which warrants against the acts of the Seller and all claiming by, through or under him. Title will be take in the following name(s) and style: Names must match Line 1 and state whether single, married and tenancy

3. The agreed purchase price of the property is 3. \$ 100,000.00
Purchaser has paid \$ 1,000.00 based on sales price, \$500 for < \$50k and \$1,000 for > \$50k. Held By HUD as earnest money to be applied on the purchase price, and agrees to pay the balance of the purchase price, plus or minus promotions, at the time of closing, in cash to Seller. The earnest money deposit shall be held by Title Company

4. Purchaser is applying for FHA insured financing [ 203(b) 203(b) repair escrow, 203(k) ] with a cash down payment of \$ due at closing and the balance secured by a mortgage in the amount of \$ for months (does not include FHA Mortgage Insurance Premium, prepaid expenses or closing costs Seller has agreed to fund into mortgage.).

If property is UI, only box 203k or Conv/Cash can be checked ... for properties listed as IN/IE check the box of the loan you have been approved for

Said mortgage involves a repair escrow amounting to \$

Purchaser in paying cash or applying for conventional or other financing non involving FHA.

5. Seller will pay reasonable and customary costs, but not more than actual costs, not more than paid by a typical Seller in the area, of obtaining financing and/or closing (excluding broker's commission) in an amount not to exceed 5. \$ see HUD Notice 2005-12

6a. Upon sales closing, Seller agrees to pay to the broker identified below a commission (including selling bonus, if offered by seller) of 6a. \$ Up to 3%

6b. If broker identified below is not the broad listing broker, broad listing broker will receive a commission of 6b. \$ 3% auto populated by HUD

7. The net amount due Seller is (Purchase price [ Item 3] less Items 5 and 6) 7. \$ 90,000.00

8. Purchaser is: owner-occupant (will occupy this property as primary residence) investor nonprofit organization public housing agency other government agency. Discount at closing: %

Discount will reduced by amounts, if any, listed on Line Items 5 and 6.

9. Time is of the essence as to closing. The sale shall close no later than 45 days from Seller's acceptance of contract. Closing shall be held at the office of Seller's designated closing agent or Title Company

10. If Seller does not accept this offer, Seller may may not hold such offer as a back-up to accepted offer Please pull the LBP Addendum from property details as required.

11. Lead based paint addendum is is not attached; Other addendum is is not attached hereto and made part of this contract.

12. Should Purchaser refuse or otherwise fail to perform in accordance with this contract, including the time limitation, Seller may, at Seller's sole option, retain all or a portion of the deposit as liquidated damages. The Seller reserves the right to apply the earnest money, or any portion thereof, to any sums which may be owed by the Purchaser to the Seller for rent.

Purchaser(s) Initials: JD Seller's Initials: don't forget

13. This contract is subject to the Conditions of Sale on the reverse hereof, which are incorporated herein and made part of the contract.

Certification of Purchaser: The undersigned certifies that in affixing his/her/its signature to this contract he/she/it understands:

(1) all the contents thereof (including the Conditions of Sale) and is in agreement therewith without protest; (2) he/she/it is responsible for satisfying itself as in the full condition of the property; and (3) that Seller will not perform repairs after acceptance of this contract.

Purchaser(s) (type or print names & sign)

John Doe John Doe

Purchaser(s) Address:

Current Address

Purchaser(s) Social Security Number (SSN) or Employer Identification Number (EID) (Include hyphens) Phone No: Date Purchaser(s) Signed Contract

123-45-6789

800-555-1212

01/01/2011

Date Contract Accepted by HUD

Seller: Secretary of Housing and Urban Development By: (type name & title & sign)

X

Certification of Broker: The undersigned certifies that: (1) neither he/she nor anyone authorized to act for him/her has declined to sell the property described herein to or to make it available for inspection or consideration by a prospective purchaser because of his/her race, color, religion, sex, familial status, national origin, or disability; (2) he/she has both provided and explained to the purchaser the notice regarding use of Seller's closing agent; (3) he/she has explained fully to the purchaser the entire terms of the contract, including Condition B on the reverse hereof; and (4) he/she is in compliance with Seller's earnest money policy as set forth on HUD forms SAMS-1111, Payee Name and Address, and SAMS-1111-A, Selling Broker Certification which he/she has executed and filed with Seller.

Brokers Business Name & Address: (for IRS reporting) (include Zip Code)

XYZ ABC
1 Home Road
City, St., 12345

Broker's EIN or SSN: (include hyphens)

12-3456789

SAMS NAID:

XYZABC1234

Signature of Broker:

Managing Broker Signature

Broker's Phone No:

Type of print the name and phone number of sales person:

This section for HUD use only. Broker notified of:

Authorizing Signature & Date:

Acceptance Back-Up No.

Rejection Return Earnest Money Deposit x

Previous editions are obsolete

ref. Handbook 4310.5

form HUD-9548 (1/99)