



North Carolina & South Carolina

BROKER'S GUIDE TO SELLING HUD HOMES





K. M. Minemier & Associates, LLC
Real Estate Services

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HUD BASICS

WHAT IS A HUD HOME?

When payments are not made on a mortgage insured by the Federal Housing Administration (FHA), the lender forecloses, or accepts a deed-in-lieu. The lender then transfers ownership of the home to HUD.

HUD homes can be single family homes, townhouses, condominiums, manufactured homes, or multiple family homes up to four units.

WHO CAN PURCHASE A HUD HOME?

Any individual regardless of race, color, sex, religion, national origin, handicap or familial status may purchase a HUD home. Buyers must use a HUD Registered Broker and must have a pre-qualification letter from a lender or be able to provide proof of cash funds in the amount equal to the purchase price of the property.

HUD homes can also be purchased by any company, HUD-approved nonprofit or government entity that can secure funding for the property. HUD approved nonprofits and government entities can submit bids without a HUD registered broker, but must first register with HUD and obtain a NAID (Name and Address Identifier).

WHO CAN SELL A HUD HOME?

Only HUD registered real estate brokers and their sales agents may submit electronic bids for HUD owned properties on behalf of buyers. HUD agents must have an active NAID (Name and Address Identifier) to submit bids on the list site. HUD brokers must renew their NAID registration annually.

HUD Brokers and/or agents must create a login on HUDhomestore.com to submit a bid.

WHO CAN ADVERTISE A HUD HOME?

HUD Registered Brokers may also advertise HUD Homes provided that they include the fair housing logo, identify the home as "HUD owned", do not advertise as distressed or foreclosure sale, and do not represent the listing as exclusive. Any other brokers advertising HUD homes must first obtain permission from the AM.



WHO CAN LIST A HUD HOME?

KMM has selected listing brokers for North Carolina & South Carolina. If you are a HUD Registered Broker and are interested in future listing opportunities please visit www.kmmrealty.com and view the opportunities page.

WHAT DO I BRING/DO WHEN SHOWING A HUD HOME?

- 1) Bring your HUD keys
- 2) Sign in at each visit
- 3) Make sure the property is secure when leaving
- 4) Report any noted hazards to KMM, after business hour notifications should be made to the FSM emergency number posted on the property
- 5) Please do not allow your clients to use the restroom

WHAT IS CONSIDERED A SINGLE FAMILY HOME?

A single family home is a single unit house, townhouse or condo.

WHAT IS CONSIDERED A MULTI FAMILY HOME?

A multi family home is a 2-4 unit home.

HOW DO I BID ON A HUD HOME?

All bids can be placed at www.hudhomestore.com.

HOW DO I BECOME A HUD BROKER?

To register your company to participate in the selling of HUD homes please visit HUDHomestore.com and click on "NAID Registration". The broker of record for the company must complete the required forms as noted on the HUD website and submit the forms to the appropriate Home Ownership Center (HOC)



What is an Asset Manager (AM)?

The Asset Manager (AM) is the HUD contractor responsible for the sale of the property.

What is a Field Service Manager (FSM)?

Field Service Management (FSM) companies provide property preservation and protection services for HUD, including inspecting, securing, and the maintenance of HUD homes.

To find out which FSM is assigned to a property, and to obtain their contact information, search for the property on the HUDHomestore under the “Property Contacts” tab.

IMPORTANT INFORMATION ABOUT HUD HOMES

HUD’S “AS-IS” POLICY

All HUD homes are sold strictly “AS-IS”. HUD does not make repairs on any property.

There are no representations, or warranties, expressed or implied on the HUD homes. Neither KMM nor HUD guarantees the condition of any property, regardless of its FHA insurability.

The property may or may not meet local code or zoning requirements. It is the buyer’s responsibility to investigate compliance with local regulations.

Agents should encourage buyers to have a home inspection conducted by a qualified home inspector to satisfy them as to the condition of the property at the time of the sale. A copy of the Property Condition Report (PCR) should also be reviewed by the buyer. Please note that the PCR is for information purposes only, and should not be considered a warranty of any kind. It is the buyer’s responsibility to verify the accuracy of its content.

ACCESS TO PROPERTY

HUD keys may be obtained through the listing agent. Please note there are multiple door keys and multiple padlock keys.

All purchasers and their representatives MUST be accompanied by a HUD broker or agent regardless of reason or circumstance. Buyers may not enter a home for any reason prior to closing without the HUD agent. HUD Brokers and/or agents must accompany any individual



performing services such as an appraisal, utility activation, or home inspection.

Buyers are not to be given keys for any reason.

Please remember to sign in at each visit. If there are any issues, please contact KMM or the Listing Broker.

OCCUPANCY OR REPAIRS PRIOR TO CLOSING

Occupancy, repairs, or improvements prior to close will be treated as trespassing and is grounds for cancellation of the contract and forfeiture of the Earnest Money Deposit (EMD).

Repairs are not to be completed on any HUD property prior to the close of transaction. Buyers are not permitted to move into the property or move any personal possessions into the property, nor are they permitted to change the locks on the property. Neither bid acceptance nor ratification of the contract constitutes ownership.

Buyers may be held liable for any costs incurred in bringing the property back to its original condition.

Any broker or agent who disregards this rule may be subjected to suspension of bidding privileges.

BUYER'S PRIVATE HOME INSPECTION

All Buyers are allowed a 15 day inspection period upon contract ratification. If the purchaser wishes to have the utilities activated for their inspection, they must go through the FSM. All utilities are activated in the purchaser's name, at the purchaser's expense.

No Utilities are to be activated without the permission of the FSM.

The FSM may require additional nonrefundable fees.

Please see the cancellation process and EMD Forfeiture policy should the buyer be dissatisfied with the results of their home inspection.

All inspections and fees are at the cost of the purchaser and will not be refunded should the purchaser be dissatisfied with their home inspection.



Irregularities in bids

In accordance with Housing notice 92-96 with reference to HUD Handbook 4310.5, HUD assumes no liability for errors in the EMRF and/or Sales Contract. HUD continues to reserve the right to reject any and all bids and to waive any informality or irregularity in any bid. Properties are subject to withdrawal or change without notice.

LIST SITE EXPLANATION

All HUD homes are sold using electronic bidding. All bids must be submitted using HUDHomestore.com

To find a home to bid on, navigate to HUDhomestore.com. Select the desired state on the map. Search by the case number, city, zip code, or any of the other options.

At the bottom of the list page you will find the link to submit an offer for that specific property.

Each listing will provide three categories of information.

Case Information

Property Case Number: ID# to reference HUD homes
Eligible bidders: Who may bid on this property
Bid Submission Deadline: When bids are due
Bid Submission Time Remaining: Countdown clock to bid open date

Property Information

Address: Street Address for the property
Appraisal Date: The effective date for the recent HUD appraisal
Bed/Bath: Number of bedrooms/bathrooms
Total Rooms: Number of total rooms in home
Sq Ft: Square footage of the home
Year: When the home was built
Property Design: Bungalow, Ranch, Condo, etc.
Parking: Garage, street, etc
HOA fees: If applicable

Listing Information

Listing Date: When the property was first listed
Listing Period: Lottery, Exclusive, Extended
Period Deadline: When the current period ends (may not be the same as bid submission deadline)
List Price: Current Asking Price



As-Is Value: FHA Appraised value
FHA Financing Type: IN, IE, UI
203k Eligible: Yes or No
Escrow Amount: If applicable

Each property also has an addendums tab. Please review this tab for case specific addendums and documents, such as the property condition report (PCR) or city inspection (where applicable)

IMPORTANT INFORMATION REGARDING ELECTRONIC BIDDING

Barring any technical difficulties, winning bids are posted to HUDhomestore by 1:00 PM on the next business day following the bid deadline. The bid results should be considered preliminary acceptance subject to the review and approval of a correct and timely sales package.

When a bid is accepted, the broker is responsible for presenting the original signed contract, addendums and Earnest Money Deposit in certified funds to KMM within 48 business hours.

Preliminary bid acceptance may be cancelled if the package is late or incomplete.

Purchaser information during bid submission must be accurate. The information entered on your bid cannot be changed after the preliminary acceptance. False information given on submission will result in the cancellation of the preliminary acceptance and the property will be re-listed as available on the website.

Owner occupant bid acceptance is also subject to verification of compliance with HUD owner occupant guidelines. In the case of an Officer Next Door/Teacher Next Door sale, the award is subject to verification of information reported on the required HUD 9548-A contract addendum.



HUD BIDDER TYPES

OWNER-OCCUPANT

Owner-Occupant purchasers will live in the property as their primary residence for at least 12 months, and cannot have purchased another HUD property as an owner-occupant during the previous 24 months.

Misrepresenting a purchaser as an owner occupant is a serious offense that may constitute fraud and may result in an investigation by the Office of Inspector General of the U.S. Department of Housing and Urban Development. Such investigations focus not only on the buyer, but also on the broker or agent representing the buyer. Falsifying information regarding purchaser type is a felony. It is punishable by a fine not to exceed \$250,000.00 and/or prison sentence of not more than two years.

INVESTOR

Investors are purchasers that do not fall under the owner-occupant category – buyers who are purchasing a property as a second/vacation home as well as buyers purchasing the property for reasons other than occupancy fall under this category.

GOOD NEIGHBOR NEXT DOOR (GNND) SALES PROGRAM

In certain areas, known as revitalization areas, HUD homes are offered to eligible Good Neighbor Next Door (GNND) candidates for 7 days at a 50% discount. HUD requires that you sign a second mortgage and note for the discount amount. No interest payments are required on this “silent second” provided that you fulfill the three year occupancy requirement. GNND candidates must live at the property for three years as their sole residence, and must agree to certify their eligibility every year. Neither GNND candidates nor their spouses can have owned any real property in the previous calendar year.

GNND candidates must be a full-time Teacher, Police Officer, Firefighter or EMT. The requirements are as follows:

Teachers: You may participate in the Good Neighbor Next Door program as a Teacher if you are employed as a full-time teacher by a state-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12. In addition, the public or private school where you are employed as a teacher must serve students from



the area where the home you are purchasing is located in the normal course of business.

Law Enforcement: You may participate in the Good Neighbor Next Door program as a law enforcement officer if you are employed full-time by a law enforcement agency of the federal government, a state, a unit of general local government, or an Indian tribal government; and, in carrying out such full-time employment, you are sworn to uphold, and make arrests for violations of, federal, state, tribal, county, township, or municipal laws.

Firefighter/Emergency Medical Technician: You may participate in the Good Neighbor Next Door program as a Firefighter/Emergency Medical Technician if you are employed full-time as a firefighter or emergency medical technician by a fire department or emergency medical services responder unit of the federal government, a state, unit of general local government, or an Indian tribal government serving the area where the home is located.

Note: not all properties in the lottery period are GNND eligible. The "eligible bidders" must state GNND

Additional documentation and employment verification is required for all GNND sales



BIDDING PERIODS

LOTTERY PERIOD

The Lottery bidding period is the first bidding period available when a property is listed. The charts below refer to what type of bidder is eligible to bid and what discount they will receive if applicable.

A HUD registered Broker must submit the bid for any interested GNND participant on HUD's website. The lottery winner is responsible for paying the broker commission outside of the closing.

Qualified non-profit organizations or government entities are not required to use a HUD registered broker to place a bid.

Lottery Period			
Listing Type:	Eligible Bidder:	Revitalization Area:	Discount:
Insured Single Family	GNND	Yes	50%
Uninsured Single Family	GNND	Yes	50%
Uninsured Single Family	Non-Profit & Government Entity	Yes	30%
Uninsured Multi-Unit	Non-Profit & Government Entity	Yes	30%
Uninsured Single Family	Non-Profit & Government Entity	No	10%
Uninsured Multi-Unit	Non-Profit & Government Entity	No	10%

For Insured (IN or IE)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery (period only used for single unit in revitalization area)	GNND	7 days	8th day
Exclusive	O, NP, GOV	30 days	11th day, then daily
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

For Uninsured (UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	GNND*, NP, GOV	7 days	8th day
Exclusive	O, NP, GOV	5 days	6th day
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily



* GNND only eligible if the property is a single unit in a revitalization area

EXCLUSIVE BIDDING PERIOD

Properties regardless of the insurability are listed under the exclusive bidding period and are available to Owner Occupants, qualified Non-Profits and Government Entities.

Investor bids may **not** be submitted during the Exclusive bidding period. Investors may only bid after the owner/occupant period has expired. Investor bids submitted during the owner-occupant period will be cancelled.

Properties listed as IN or IE will be initially listed to Owner-Occupants, qualified Non-Profits and Government Entities for 30 day Exclusive bid period. From the date of listing to day 10, no bids are viewed. On day 11 of the 30 day period, all previous bids will be reviewed for acceptance. If there are no acceptable bids at that time, then the bids are reviewed from day 11-30 on a daily basis.

Properties listed as UI will initially be listed to Owner Occupants, qualified Non-Profits and Government Entities for 5 days. On day 6 all bids will be reviewed. If there are no acceptable bids, the property will proceed to a daily bid period for all bidders.

For Insured (IN or IE)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery (period only used for single unit in revitalization area)	GNND	7 days	8th day
Exclusive	O, NP, GOV	15 days	11th day, then daily
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

For Uninsured (UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	GNND*, NP, GOV	7 days	8th day
Exclusive	O, NP, GOV	5 days	6th day
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

*GNND only eligible if the property is a single unit in a revitalization area

****The availability of all homes is subject to KMM accepting a bid from an earlier bid period or removing the home from the market****



Extended Bidding Period

Properties regardless of insurability are listed under the extended bidding period and are available to Owner Occupants, Investors, qualified Non-Profits and Government Entities.

All bids placed during the extended period will be opened daily on the following business day. Bids received throughout the day shall be considered to be received simultaneously. All bidders may bid during the extended phase.

For Insured (IN or IE)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery (period only used for single unit in revitalization area)	GNND	7 days	8th day
Exclusive	O, NP, GOV	15 days	11th day, then daily
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

For Uninsured (UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	GNND*, NP, GOV	7 days	8th day
Exclusive	O, NP, GOV	5 days	6th day
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

*GNND only eligible if the property is a single unit in a revitalization area

****The availability of all homes is subject to KMM accepting a bid from an earlier bid period or removing the home from the market****



DOLLAR PROGRAM

Local governments are offered HUD homes for \$1.00 each. These specific homes are typed as UI and are under \$25,000. They have been listed and unsold for a period of six months.

Only HUD registered government entities may purchase homes under the Dollar Program.

This program requires a specific addendum stating the intended use for the property, as well as the intended use of any proceeds.

No discounts are given to government entities during competitive bidding.

For Insured (IN or IE)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery (period only used for single unit in revitalization area)	GNND	7 days	8th day
Exclusive	O, NP, GOV	15 days	11th day, then daily
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

For Uninsured (UI)

Listing Period	Eligible Bidders	Period Duration	Bids Opened
Lottery	GNND*, NP, GOV	7 days	8th day
Exclusive	O, NP, GOV	5 days	6th day
Extended	O, NP, GOV, I	List Date + 180 days	Daily
Dollar	GOV	10 days	Daily
Extended (no time limit)	O, NP, GOV, I	No time limit	Daily

*GNND only eligible if the property is a single unit in a revitalization area

****The availability of all homes is subject to KMM accepting a bid from an earlier bid period or removing the home from the market****



FINANCING TYPES

FHA insurability codes are derived from the amount of repairs needed to meet Minimum Property Standards (MPS). MPS categories include: structure, roof and mechanical systems, such as plumbing, electric and heating.

Cosmetic Repairs are not considered.

(IN) INSURABLE

Properties listed IN appear to qualify for FHA 203(b) financing. Minimum Property Standard (MPS) repairs are not necessary.

(IE) INSURABLE WITH REPAIR ESCROW

Properties listed IE are eligible for FHA financing with repairs to be completed by the purchaser **after** close of transaction. These MPS repairs must total less than \$5,000. A list of actual repairs and estimated cost appears with the property information.

The repair escrow is not paid by HUD. The buyer must finance the repair escrow amount in their FHA mortgage. Until the repairs are completed, the lender holds the “repair escrow” funds. The lender is then responsible for inspecting the repairs and authorizing release of funds.

On the sales contract, the repair escrow amount is not deducted from the Net to HUD nor added to the purchase price on line 3. The repair amount should only show on line 4.

REPAIR ESCROW ONLY APPLIES TO FHA FINANCING – Not relevant with conventional financing.

(UI) Uninsurable

Properties listed UI generally are in need of repairs in excess of \$5,000 and may qualify for a FHA 203(k) or the new 203(k) streamlined loan. The 203(k) is a rehabilitation loan for owner/occupants **only**.



BID SUBMISSION

COMMISSIONS/CLOSING COSTS

HUD pays commissions and closing costs on behalf of the buyer, when asked for at the time of bid submission. This does not apply to GNND sales.

The buyer can request up to 3% of the purchase price for closing costs. This cannot be changed after the bid is submitted. Should the total closing costs used be less than the requested 3%, HUD will not credit the purchaser for any difference.

Commission is based off the purchase price not the list price.

Purchase Price	Commission
\$0-\$33,000.00	\$1,000.00
\$33,000.00+	3%

Note that commissions and closing costs reduce the net to HUD – this can adversely affect the bid. Selling agent commission and closing costs can be reduced, but the listing broker commission cannot be changed.



Obtaining paperwork:

- To access the HUD sales contract & login to www.hudhomestore.com.
- To access addendums and sales contract instructions visit www.kmmrealty.com
- Once logged in, there will be a link for bidder functions (this will appear under your name in the top right corner). Select this link.
- Once selected enter the property case number
- Once the bid comes up, select the confirmation number corresponding with the accepted bid
- The *Bid Details* screen will then appear; then select the option to "Print Sales Contract"
- Under the addendums tab all of the needed addendums that must be submitted with the contract are available along with a broker checklist.



SALES CONTRACT PACKAGE FOR OWNER OCCUPANTS & INVESTORS

REQUIRED ORIGINAL PAPERWORK

If the contract package contains errors or omissions, or is not received prior to the deadline, the bid may be cancelled and property re-listed as available. Prior to submitting the sales contract package, review the contract and addendums for accuracy and completeness.

Brokers are encouraged to use the contract checklist provided under list site addendums to ensure all original required paperwork is accounted for.

All packages must contain the following documents:

1. Sales Contract – HUD 9548
2. Conditions of Sale
3. Mortgage Preapproval or Proof of Funds
4. Copy of Earnest Money Check
5. Lead Base Paint Addendum (properties built prior to 1978 only)
6. Radon, Gas / Mold Notice
7. Owner/Occupant Addendum (if applicable)
8. Inspection Addendum
9. For Your Protection Get A Home Inspection
10. Earnest Money Policy
11. Closing Extension Policy
12. Conflict of Interest Addendum
13. Buyer Select Closing Company Addendum
14. Electronic Filing Addendum
15. HUD 9548G- Rehabilitation Financing Lead Agreement (only for buyers financing with FHA 203K)
16. Property Disclosure (if applicable)

Other forms may be required for special programs.



LINE BY LINE INSTRUCTIONS FOR COMPLETING THE SALES CONTRACT (9548)

*Contract must be printed from the HUD Homestore after completion.

*Please note that while HUD Homestore auto-populates line 1 and the bid price, many of the other lines need to be manually completed.

Line 1- Full name(s) as it would appear on the deed. If bid was placed in a company's name, also print the signer's name.

Line 2- Full name(s) as it would appear on the deed and the way they wish to hold title (i.e. married couple, single woman, joint tenants with full rights of survivorship).

Line 3- Enter amount of bid exactly as it was placed on HUD Homestore. Amount entered during bid entry cannot be changed.

Line 3- Purchaser had paid: Earnest money- enter \$500 for sales \$50,000 or under. Enter \$1,000 for sales \$50,001 or over. Vacant lot earnest money deposit = half of **list** price.

Line 3- Earnest money shall be held by "HUD Closing Agent". (**Please note, the EMD check must be made payable to "HUD"**)

Line 4- Financing type must be checked off

-If the purchaser is applying for FHA financing:

-The property is listed IN: check 203(b)

-The property is listed IE: check 203(b) with repair escrow.

-The property is listed UI: check 203(k)

-If the purchaser is paying cash or applying for conventional financing check the box for cash or conventional financing

Line 5- Enter amount of closing cost credit exactly as it was placed on HUD Homestore. Amount entered during bid entry cannot be changed.

Line 6a- Selling broker commission as published in the local MLS and as it appears on the bid. Amount entered during bid entry cannot be changed.

Line 6b- Broad listing broker commission is auto-populated in HUD Homestore when bid is placed and cannot be changed.

Line 7- Line 3 minus lines 5 thru 6b.

Line 8- Check off appropriate purchase type based on how the bid was entered.



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Line 9 -If purchaser is an investor enter 30.

-If purchaser is an owner occupant financing with a 203K loan enter 60

-If purchaser is an owner occupant not financing with 203K enter 45.

Line 9 – Closing location must be entered as Registry of Deeds or To Be Determined.

Line 10- Check off appropriate box based on if LBP addendum is or is not included

Line 11- Check off “is attached” for properties built prior to 1978. Also check off “Other addendum is attached”.

Line 12- Purchaser(s) must initial.

Line 13- Purchaser(s) PRINT name, SIGN and DATE. Must be original signature(s).

Line 13-Purchaser(s) current address CANNOT be a PO Box. Purchaser(s) phone number and social security number or EIN for investor (company) must also be entered by purchaser on line 13 where indicated and must match the bid. The purchaser’s social security number or EIN cannot be changed.

Line 13- Under “Certification of Broker”: Broker Business Name & Address, Broker’s EIN or SSN, SAMS NAID, Brokers Phone Number, HUD designated broker must sign and date.

INSTRUCTIONS FOR COMPLETING THE REMAINDER



OF THE SALES PACKAGE

- Conditions of Sale**
 - Purchaser(s) must sign & date at bottom of page

- Proof of Funds / Mortgage Preapproval**
 - Must be on lender / bank letterhead
 - Must include the purchaser(s) name(s)
 - Mortgage Loan approval or Financial Records equal to or greater than amount entered on line 3 of 9548.
 - Mortgage Prequalification must specify when purchaser is financing FHA or FHA 203K.
 - Cannot be more than 30 days old.
 - Gift letters must be notarized

- Earnest Money**
 - Place a copy of the Certified Bank Check or Money Order with the Contract Package
 - Overnight the Local Listing Broker a Certified Bank Check or Money Order made payable to the Local Listing Broker Office in the amount as follows:
 - Sales price up to \$50,000 = \$500
 - Sales price over \$50,000 = \$1,000
 - Vacant lot = half of list price

- Lead Base Paint Addendum** (Form to be downloaded from HUD Homestore and applies to properties built prior to 1978)
 - HUD broker must initial finance type
 - Purchaser(s) must initial all lines under Purchaser Acknowledgment
 - HUD broker must initial under Broker Acknowledgment
 - Purcher(s) and HUD broker must sign and date

- Radon, Gas & Mold Notice**
 - Enter Property Case Number
 - Enter Property Address
 - Enter Date
 - Purchaser(s) signature required
 - Purchaser(s) must print name
- Owner Occupant Addendum**
 - Enter Purchaser(s) name
 - Enter Property Address



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- Purchaser(s) must print name, sign & date
- HUD broker must print name, sign & date

- Inspection Addendum**
 - Enter Case Number
 - Enter Property Address
 - Purchaser(s) must sign & date
 - HUD broker must sign & date

- For Your Protection get a Home Inspection** - (Copy of the FSM Utility Activation Request will be included in the executed contract package)

- Earnest Money Policy**
 - Purchaser(s) must sign & date

- Closing Extension Policy**
 - Purchaser(s) must sign & date
 - HUD broker must sign & date

- Conflict of Interest Addendum**
 - Enter Case Number
 - Enter Property Address
 - Purchaser(s) must sign & date
 - Selling Agent must sign & date
 - HUD Broker must sign & date
- Buyer Select Closing Company Addendum**
 - Enter Case Number
 - Enter Property Address
 - Enter Purchaser(s) Name
 - Enter Selling Agent Name
 - Enter Selling Agent Phone Number
 - Enter Escrow / Settlement Office Company Name
 - Enter Escrow / Settlement Office Mailing Address
 - Enter Escrow / Settlement Office Officer Name
 - Enter Escrow / Settlement Office Phone Number
 - Enter Escrow / Settlement Office Email Address
 - Select Yes or No
 - Enter Buyer Select ID if applicable



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- **Attach copy of Escrow / Settlement Officer state license & insurance**

- **Electronic Filing Addendum**
 - Enter Bid Confirmation Number
 - Enter Case Number
 - Purchaser(s) must sign & date
 - HUD Broker must sign & date

- **Property Disposition Program-203K Financing Addendum** — *To be used on properties built prior to 1978 and only when purchaser is financing FHA 203K*
 - Enter Property Address
 - Enter Case Number
 - Enter Lender Name
 - Enter Lender Address
 - Lender must sign & date
 - Purchaser(s) must sign & date
 - HUD Broker must sign & date

Original Contract Packages are due within 48 hours of bid acceptance; submit contract packages & Earnest Money to the Local Listing Broker Office.



SALES CONTRACT PACKAGE FOR GOOD NEIGHBOR NEXT DOOR

REQUIRED ORIGINAL PAPERWORK

If the contract package contains errors or omissions, or is not received prior to the deadline, the bid may be cancelled and property re-listed as available. Prior to submitting the sales contract package, review the contract and addendums for accuracy and completeness.

All packages must contain the following original documents:

1. Sales Contract – HUD 9548
2. Conditions of Sale
3. Mortgage Preapproval or Proof of Funds
4. Copy of Earnest Money Check
5. Lead Base Paint Addendum (properties built prior to 1978 only)
6. Radon, Gas / Mold Notice
7. Owner/Occupant Addendum (if applicable)
8. Inspection Addendum
9. For Your Protection Get A Home Inspection
10. Earnest Money Policy
11. Closing Extension Policy
12. Conflict of Interest Addendum
13. Buyer Select Closing Company Addendum
14. Electronic Filing Addendum
15. HUD 9548G- Rehabilitation Financing Lead Agreement (only for buyers financing with FHA 203K)
16. Property Disclosure (if applicable)
17. HUD 9549E Employer Verification
18. HUD 9549 Officer/Teacher/EMS/Firefighter
19. HUD 9459 Personal Information

Other forms may be required for special programs.



LINE BY LINE INSTRUCTIONS FOR COMPLETING THE SALES CONTRACT (9548)

*Contract must be printed from the HUD Homestore after completion.

*Please note that while HUD Homestore auto-populates line 1 and the bid price, many of the other lines need to be manually completed.

Line 1- Full name(s) as it would appear on the deed. If bid was placed in a company's name, also print the signer's name.

Line 2- Full name(s) as it would appear on the deed and the way they wish to hold title (i.e. married couple, single woman, joint tenants with full rights of survivorship).

Line 3- Enter amount of bid exactly as it was placed on HUD Homestore. Amount entered during bid entry cannot be changed.

Line 3- Purchaser had paid: Earnest money- enter \$500 for sales \$50,000 or under. Enter \$1,000 for sales \$50,001 or over. Vacant lot earnest money deposit = half of **list** price.

Line 3- Earnest money shall be held by "HUD Closing Agent". (**Please note, the EMD check must be made payable to "HUD" and be certified back check or money order**)

Line 4- Financing type must be checked off

Line 5- Must be left blank for GNND sales

Line 6a- Must be left blank for GNND sales. Sales commission must be negotiated independently of this contract.

Line 6b- Broad listing broker commission is auto-populated in HUD Homestore when bid is placed and cannot be changed.

Line 7- Line 3 minus lines 5 thru 6b.

Line 8- Check off appropriate purchase type based on how the bid was entered.

Line 8- Discount at closing should be 50%

Line 9- If purchaser is an investor enter 30.

-If purchaser is an owner occupant financing with a 203K loan enter 60

-If purchaser is an owner occupant not financing with 203K enter 45.

Line 9 – Closing location must be entered as Registry of Deeds or To Be Determined.



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Line 10- Check off appropriate box based on if LBP addendum is or is not included

Line 11- Check off if "is attached" for properties built prior to 1978. Also check off "Other addendum is attached".

Line 12- Purchaser(s) must initial.

Line 13- Purchaser(s) PRINT name, SIGN and DATE. Must be original signature(s).

Line 13-Purchaser(s) current address CANNOT be a PO Box. Purchaser(s) phone number and social security number or EIN for investor (company) must also be entered by purchaser on line 13 where indicated and must match the bid. The purchaser's social security number or EIN cannot be changed.

Line 13- Under "Certification of Broker" HUD designated broker must sign, date and complete entire section. Must be original signature.



INSTRUCTIONS FOR COMPLETING THE REMAINDER OF THE SALES PACKAGE

- Conditions of Sale**
 - Purchaser(s) must sign & date at bottom of page

- Proof of Funds / Mortgage Preapproval**
 - Must be on lender / bank letterhead
 - Must include the purchaser(s) name(s)
 - Mortgage Loan approval or Financial Records equal to or greater than amount entered on line 3 of 9548.
 - Mortgage Prequalification must specify when purchaser is financing FHA or FHA 203K.
 - Cannot be more than 30 days old.
 - Gift letters must be notarized

- Earnest Money**
 - Place a copy of the Certified Bank Check or Money Order with the Contract Package
 - Overnight the Local Listing Broker a Certified Bank Check or Money Order made payable to the Local Listing Broker Office in the amount as follows:
 - Sales price up to \$50,000 = \$500
 - Sales price over \$50,000 = \$1,000
 - Vacant lot = half of list price

- Lead Base Paint Addendum** (Form to be downloaded from HUD Homestore and applies to properties built prior to 1978)
 - HUD broker must initial finance type
 - Purchaser(s) must initial all lines under Purchaser Acknowledgment
 - HUD broker must initial under Broker Acknowledgment
 - Purchaser(s) and HUD broker must sign and date



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- Radon, Gas & Mold Notice**
 - Enter Property Case Number
 - Enter Property Address
 - Enter Date
 - Purchaser(s) signature required
 - Purchaser(s) must print name

- Owner Occupant Addendum**
 - Enter Purchaser(s) name
 - Enter Property Address
 - Purchaser(s) must print name, sign & date
 - HUD broker must print name, sign & date

- Inspection Addendum**
 - Enter Case Number
 - Enter Property Address
 - Purchaser(s) must sign & date
 - HUD broker must sign & date

- For Your Protection get a Home Inspection** - (Copy of the FSM Utility Activation Request will be included in the executed contract package)

- Earnest Money Policy**
 - Purchaser(s) must sign & date

- Closing Extension Policy**
 - Purchaser(s) must sign & date
 - HUD broker must sign & date

- Conflict of Interest Addendum**
 - Enter Case Numner
 - Enter Property Address
 - Purchaser(s) must sign & dated
 - Selling Agent must sign & date
 - HUD Broker must sign & date

- Buyer Select Closing Company Addendum**



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- Enter Case Number
 - Enter Property Address
 - Enter Purchaser(s) Name
 - Enter Selling Agent Name
 - Enter Selling Agent Phone Number
 - Enter Escrow / Settlement Office Company Name
 - Enter Escrow / Settlement Office Mailing Address
 - Enter Escrow / Settlement Office Officer Name
 - Enter Escrow / Settlement Office Phone Number
 - Enter Escrow / Settlement Office Email Address
 - Select Yes or No
 - Enter Buyer Select ID if applicable
 - **Attach copy of Escrow / Settlement Officer state license & insurance**
- Electronic Filing Addendum**
- Enter Bid Confirmation Number
 - Enter Case Number
 - Purchaser(s) must sign & date
 - HUD Broker must sign & date
- Property Disposition Program-203K Financing Addendum** — *To be used on properties built prior to 1978 and only when purchaser is financing FHA 203K*
- Enter Property Address
 - Enter Case Number
 - Enter Lender Name
 - Enter Lender Address
 - Lender must sign & date
 - Purchaser(s) must sign & date
 - HUD Broker must sign & date
- GNND – 9549E Employer Verificaiton**
- GNND – 9549 Officer / Teacher / EMS / Firefighter**
- GNND – 9549 Personal Information**

Original Contract Packages are due within 48 hours of bid acceptance; submit contract packages & Earnest Money to the Local Listing Broker Office.



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DEADLINES

Bid Acceptance

If your bid is accepted it is your responsibility to send the sales package with **original signatures** to the Listing Broker Office including the earnest money check, purchaser's prequalification letter or verification of cash within 48 business hours (weekend and holidays excluded).

Preliminary bid acceptance may be cancelled if the package is late or incomplete.



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EARNEST MONEY DEPOSIT

EMD GUIDELINES

Earnest Money Deposit (EMD) checks must be in certified funds (cashier's check or money order) and be made out to HUD.

The amount of the EMD depends on the purchase price of the property.

Purchase Price	Earnest Money Deposit
\$0-\$50,000.00	\$500.00
\$50,000.01 +	\$1,000.00

For Vacant Lots, the EMD will be 50% of the list price.



EARNEST MONEY DEPOSIT FORFEITURE POLICY

The following provisions will be enforced in all instances except where HUD is unable to close the sale, in which case the entire deposit will be returned.

Investors:

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 the earnest money deposit if the sale fails to close for any other reason.

Owner/Occupants:

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

- There has been a death in the immediate family (contract holder, 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 substantial loss of income through no fault of the purchaser;
- On an insured sale, HUD or a Direct Endorsement underwriter determines that the purchaser is not an acceptable borrower;
- 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. "Preapproved" means a loan commitment has been obtained from a recognized mortgage lender for mortgage financing in a specific dollar amount sufficient to purchase the property; and
- For other good cause, as determined by the field office.



Owner/Occupants:

The purchaser will forfeit 50% of the earnest money deposit under the following circumstances:

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

Investor & Owner/Occupants:

The purchaser will forfeit 100% of the earnest money deposit under the following circumstances:

- No documentation is submitted
- The documentation received fails to provide an acceptable reason for purchaser's failure to close
- The documentation is not provided within a reasonable time following contract cancellation

OTHER ADDENDUMS

ADDING/REMOVING PURCHASER

The primary purchaser **cannot** be removed from the sales contract for any reason.

Secondary purchasers can be removed from the sales contract by filling out the Addendum to Remove Purchaser.

Purchasers to be added to the contract will be reviewed on a case-by-case basis. Any Addendum to Add Purchaser should be submitted with supporting documentation.

Under no circumstance can purchasers be added/removed without the signature of all parties.

Both addendums can be found on KMM's website.

CHANGE OF FINANCING TYPE

Financing can be changed based on the FHA insurability type. Any financing changes must be approved by KMM prior to closing.

Should the buyer change from FHA to cash or conventional, they may owe HUD the cost of any lead based paint stabilization or termite inspection (hazard work). The purchaser will be



charged at closing for the inspection, stabilization and/or treatment costs. Closing will not move forward until HUD is reimbursed.

Should the buyer change from cash or conventional to FHA, and the property was built property to 1978, a lead based paint inspection will have to be ordered, and may cause a delay in closing.

Any change via the Addendum to Change Financing type must be supported by documentation (either a new pre-approval letter or bank statement).

INSPECTIONS

LEAD BASED PAINT INSPECTIONS

Lead Based Paint inspections are only provided if the property is built prior to 1978, and the owner occupant purchaser is using FHA financing.

Once the contract is ratified, a lead based paint (LBP) inspection will be ordered through the FSM.

If it is revealed that there is deteriorated LBP present in the home that needs to be stabilized, the procedure depends on the financing type:

Purchaser financing with FHA 203B or FHA 203B Repair Escrow:

- If the estimated cost to stabilize and clear the property does not exceed \$4,000.00 the Lead Based Paint will be stabilized and cleared. Please note this can be a lengthy process and we encourage brokers and buyers to stay out of the property to avoid stirring up dust and causing the property to possibly fail the Lead Based Paint Clearance.
- If the estimated cost to stabilize and clear the property exceeds \$4,000.00 the purchaser can no longer financing with a FHA 203B loan. The purchaser has the following options:
 - Switch financing type to 203K/Conventional/Cash
 - Cancel the contract and receive 100% of their Earnest Money Deposit back

Purchaser financing with FHA 203K:

- If the estimated cost to stabilize and clear the property is less than \$4,000.00 the purchaser will be receive a credit at closing equal to the estimated amount found on the Lead Based Paint Inspection



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- If the estimated cost to stabilize and clear the property is more than \$4,000.00 the purchaser will receive a credit at closing of \$4,000.00. HUD will not grant a credit exceeding \$4,000.00 regardless of the results of the Lead Based Paint Inspection.

If the purchaser changes financing to cash or conventional, after stabilization is completed, they will be required to reimburse HUD for the costs of the stabilization prior to closing.

REQUESTING AUTHORIZATION TO ACTIVATE UTILITIES:

Once the sales contract has been executed, a Home Inspection is recommended. It is the selling agent/brokers responsibility to work with the buyer to complete the “request for Utility Activation” supplied in the executed contract package. Broker and buyer must follow instructions provided by respective FSM regarding the utility activation and de-winterization and re-winterization of the property.

This process must also be followed to have the utilities activated for a new appraisal.

LENDER REQUESTS FOR TERMITE INSPECTIONS:

Termite inspection reports are available by lender request when the purchaser is financing with FHA and the property is located in a TPZ zone. The lender must submit request on lender letterhead to KMM.

CANCELLATIONS

PRIOR TO BID OPEN DATE:

Bids can be withdrawn on HUDhomestore.com prior to the bid open date.

- Login
- Select “Bidder Functions”
- Search for your bid using the case number OR purchaser last name. Do not fill in any of the other fields.
- Select your bid’s confirmation number
- This will take you to your bid details. From here you can withdraw or modify your bid.



AFTER BID ACCEPTANCE:

Download the Bid Cancellation after Bid Acceptance form from KMM's [website](#). Fill in the necessary fields and have the purchaser sign the document. The purchaser must sign the form.

AFTER CONTRACT RATIFICATION:

If the purchaser is unable or unwilling to go through with the closing on the contract, the Contract Release and Earnest Money Refund Request form must be submitted. The form can be found on KMM's [website](#). The form, signed by the purchaser, must be submitted with either a letter from the lender or buyer explaining why the sale will not be closing. Some form of supporting documentation must also be submitted.

Please see the Earnest Money Deposit Forfeiture policy for specifics on the return of the EMD.

CLOSING COSTS/TITLE INSURANCE:

The purchaser is responsible for providing their owner's policy/insurance within the transaction.

Title insurance is an allowable cost for the purchaser to use their seller's concessions (if they have requested any) towards.

EXTENSION POLICY

SALES CONTRACT EXTENSIONS

If the closing does not occur on or before the specified date on line 9 of the HUD Sales Contract 9548, the HUD Broker should contact HUD's Closing Agent no later than FIVE days prior to the contract expiration date and request an extension. KMM, as HUD's Representative, may grant an extension and, if approved, each extension will be for a period of fifteen (15) days as follows:

- The initial 15-day extension will be provided for owner occupant purchasers, at no cost, only if documentation is provided indicating that property and timely loan application was made, that the delayed closing is not the fault of the purchaser and that mortgage approval is imminent.



- Investor purchasers are not eligible for a no cost extension; fees will not be waived due to investor delay.
- Documentation submitted with the extension request must establish that a closing can reasonably be expected to occur within the extension period.
- Extension fee's that do not qualify for waiver will be charged as follows for a period of fifteen (15) day increments:

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

- Extension fee checks are to be either Money Order or Bank Certified. Personal checks and Cash are not acceptable. Funds are to be made payable to HUD and delivered to HUD's Designated Closing agent along with the attached closing extension request and all necessary backup as described above.
- Extension fees are non-refundable however, if closing occurs in less than the approved extension time, the buyer will be credited at closing for the per day unused portion of time.
- The approval of an extension does not obligate KMM, as HUD's Representative, to grant future extensions.

Training & Outreach Programs

To schedule a training and outreach class with K.M. Minemier & Associates, please visit our website at www.kmmrealty.com and request an event.



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