



Michigan Only

# **BROKER'S GUIDE TO SELLING HUD HOMES**



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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. Once conveyed, the Asset Manager (AM) then begins the marketing of the property.

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.

The exception to the above is as follows: no HUD listing brokers, nor their employees, nor relatives of the listing broker or the listing broker's employee may purchase a HUD home. No employees of any HUD contractor, sub-contractor, or any of their relatives can purchase a HUD home. Please contact Cityside Management for more detailed questions.

## 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.

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.



## **FSM INTRODUCTION/EXPLANATION**

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

In Michigan, there are four FSMs maintaining this contract area: A-Sons Construction, Sigma Construction, and IEI-Tidewater.

To find out which FSM is assigned to a property, and to obtain their contact information, search for the property in HUD Homestore 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 Cityside 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 Cityside or the LLB.

The locks are to be changed after closing by the purchaser, at their expense. Keys are not to be given to the buyer even after closing.

## OCCUPANCY OR REPAIRS PRIOR TO CLOSING

Occupancy, repairs, or improvements prior to close are grounds for cancellation of the contract and forfeiture of the 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.



# HUD BIDDERS AND BID PERIODS

## OWNER-OCCUPANT

Owner-Occupant purchasers will live in the property as their primary residence for at least one year, and cannot have purchased another HUD property as an owner-occupant during the previous 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. GNND candidates must live at the property for three years as their primary 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 Teacher, Police Officer, Firefighter or EMT. The requirements are as follows:

**Teachers:** Employed full-time in a public or private school, grades pre-kindergarten through twelfth. The property must be located in the same school system where they teach, or in the same area in which the school draws students.

**Police Officers:** Employed full-time by a local, county, state, federal, or tribal law enforcement agency. Must be sworn to uphold and make arrest to support law of said area.

**Firefighter/Emergency Medical Technician:** Employed full time as a firefighter or EMT by a fire department or EMT responder unit of the federal, state, local or tribal government that serves 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\*

\*Commissions are not paid by HUD on GNND sales to neither the selling or listing brokers, all arrangements must be made outside of the transaction\*





Please see Appendix B for additional information on how to find GNND eligible properties on HUDHomestore.com

## LOTTERY PERIOD

Single family homes in HUD designated Revitalization areas are offered to eligible GNND participants at a 50% discount regardless of the FHA insurability for 7 days.

A HUD registered Broker must submit the bid for any interested GNND participant on HUD's website. The lottery winner is responsible for paying any broker commissions outside of the closing. HUD does not pay commissions to the selling or listing brokers on bids accepted during the lottery period.

Insurable properties, single and multi-family homes, in a HUD designated revitalization area are offered to approved non-profits and government entities at a 10% discount during this period. Uninsurable properties are offered to approved Non-profits and government entities at a 30% discount for 7 days.

See Appendix A for details.

## EXCLUSIVE/EXTENDED PERIODS

Properties typed IN and IE will be initially listed to Owner-Occupants a 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 bid period, all previous bids from owner-occupants are opened and reviewed for acceptance. If there are no acceptable bids at that time, then bids are reviewed from day 11-30 on a daily basis.

Properties typed as UI will initially be listed to Owner-Occupant bidder 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.

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

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. See Appendix A for more detailed bid chart.

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



## **DOLLAR PROGRAM**

Local governments are offered HUD homes are \$1.00 each. The 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.

Please see Appendix A.

## **DAILY BIDDING**

Bids received over a weekend, or over a holiday will be reviewed with the bids from the previous bid period.

Example: If the bid is placed on a Saturday, and the property falls within the “daily bid period,” bids received Friday, Saturday, and Sunday will be considered to have been received simultaneously, and will be reviewed on Monday. If a federal holiday falls on a Wednesday, then bids placed on both Tuesday and Wednesday will be reviewed when Cityside is back in office on Thursday.

Please contact Cityside Management at (603) 657-1000 for any questions regarding this process.

## FINANCING TYPES

FHA insurability codes are derived from the amount of repairs need to meet Minimum Property Requirements (MPR). MPR 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 Requirement (MPR) 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 MPR 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**. Not all UI properties may qualify for FHA financing.



## **OVER-BIDDING WITH FHA FINANCING**

Buyers using FHA financing should be aware – if their bid is accepted on a property and is ABOVE the HUD appraised value, the purchaser will be required to pay the difference between the appraised value and purchase price in CASH. FHA will only fund a loan up to the appraised value.

If the HUD appraisal is under 120 days old at the time of contract ratification, the lender is required to use said appraisal, and CANNOT order a new appraisal to support a higher purchase price. If the appraisal is over 120 days old, it will be the purchaser's responsibility to order and pay for a new appraisal.

This only applies to FHA financing.



# 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. No commissions are paid to the selling or listing broker by HUD for GNND sales or on bids placed during the lottery period.

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.

The commission structure is based off the **LIST** price, not the purchase price. The commission structure is as follows:

List Price	Commission
\$0-\$41,666	\$1250
\$41,667+	3%

Actual commissions are based off the purchase price.

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.

## 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 Michigan 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



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  
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 and addendums to Cityside Management within 48 hours.

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

HUD reserves the right to reject **any and all offers** and to waive any informality or irregularity in bid offers.

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 acceptance and the property will be re-listed as available.

## **DEADLINES AND PRINTING OUT YOUR PAPERWORK**

Bid Acceptance – If your bid is accepted it is your responsibility to send the sales package with **original signatures** to Cityside Management including the purchaser's prequalification letter or verification of cash within 48 hours (weekend and holidays excluded).

HUD reserves the right to reject any and all offers and to waive any informality or irregularity in any bid offers.



# SALES CONTRACT PACKAGE

## REQUIRED 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:

1. Sales Contract – HUD 9548
2. Conditions of Sale
3. Lead Base Paint Addendum (properties built prior to 1978 only)
4. Earnest Money – certified check or money order payable to HUD
5. Radon Gas/Mold Disclosure
6. Owner/Occupant Certification (if applicable)
7. For Your Protection Get A Home Inspection (form 92564)
8. Pre-qualification letter or verification of funds
9. HUD 9548G- Rehabilitation Financing Lead Agreement (only for buyers financing with FHA 203K)
10. Notice to Purchaser (if bid is over appraised value)
11. Environmental Compliance Record
12. Earnest Money Forfeiture Policy
13. As-Is Condition/Walkthrough Notice
14. Conflict of Interest
15. Broker Pocket Card

Other forms may be required for special programs.

## LINE BY LINE INSTRUCTIONS FOR COMPLETING THE SALES PACKAGE

**SALES CONTRACT (form 9548).** This must be printed from the HUD Homestore after completion.

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.

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

Line 5- Closing cost credit up to 3% and as it appears on the bid. Amount of closing cost credit when bid is placed cannot be changed on the sales contract.

Line 6a- Selling broker commission as published in the local MLS and as it appears on the bid. Amount of selling broker commission when bid is placed cannot be changed on the sales 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 9- Enter the number 45. No other number is acceptable.

Line 10- no need to enter any info.

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 corrected.

Under “Certification of Broker” HUD designated broker must sign, date and complete entire section. Must be original signature.

**“Conditions of Sale”** (pg 2 of sales contract) must be signed at the bottom by the Purchaser(s) and included with sales package.



**LEAD BASED PAINT ADDENDUM:** Form to be downloaded from HUD Homestore listing and must be included for all sales of properties built prior to 1978.

- HUD designated broker must INITIAL financing type.
- Buyer must INITIAL ALL LINES under “Purchaser Acknowledgment”
- HUD designated broker must INITIAL under “Broker Acknowledgement”
- Buyer and HUD designated broker must sign/date last page.

**FLOOD ZONE ADDENDUM/ENVIRONMENTAL COMPLIANCE RECORD** must be signed by the purchaser and included with all sales. (there is no signature spot, have your buyer sign anywhere)

*The following forms are available in the owner-occupant/investor sales package, which is downloaded from HUD Homestore or [www.citysidecorp.com](http://www.citysidecorp.com).*

**INDIVIDUAL OWNER-OCCUPANT ADDENDUM** must be included in sales package UNLESS purchaser is an investor. HUD designated broker must sign this form.

**RADON GAS AND MOLD NOTICE** must be included in sales package for all sales.

**203K REHAB AGREEMENT** must be included in sales package only if buyer is financing with FHA203K and property was built prior to 1978. HUD designated broker AND lender must sign this form.

**NOTICE TO PURCHASER** must only be included in sales package if purchase price EXCEEDS appraised value of home regardless of financing type. HUD designated broker must sign this form.

**EARNEST MONEY FORFEITURE POLICY** must be included for all sales.

**FOR YOUR PROTECTION GET A HOME INSPECTION** must be included for all sales.

**CLOSING EXTENSION POLICY** for the purchaser’s reference only.

**AS-IS CONDITION NOTICE/WALK-THROUGH NOTIFICATION** must be included for all sales. Must be signed by the purchaser and HUD designated broker.

**CONFLICT OF INTEREST ADDENDUM** must be signed by the broker, buyer’s agent, and buyer and returned with all sales

**EARNEST MONEY DEPOSIT** must be an original CERTIFIED Bank Check or Money Order made payable to “HUD” and must be included for all sales. Amount required is as follows and should match line 3 of the sales contract:

- If Sales price is \$50,000 or less, EMD check must be \$500.00
- If Sales price is \$50,001 or over, EMD check must be \$1,000.00
- If Sale is a vacant lot, EMD check is equal to half the **list** price.



## **PROOF OF FUNDS:**

If paying cash:

- Copy of purchaser's current bank statement or letter from financial institution must be included with sales package and must be in purchaser's name. If the funds are being given to the purchaser by someone not on the bid, a notarized gift letter must accompany the bank statement.

If obtaining financing:

- Mortgage pre-qualification letter must clearly state purchaser(s) name, and the amount of the pre-qualification must be equal to or greater than the purchase price.
- Mortgage pre-qualification letter must be current (less than 3 months old) and must specify loan type (i.e. FHA, FHA 203k).
- Letter must be on lender letterhead with lender's contact information.

## **ARTICLES OF INCORPORATION:**

For investor sales in which the bid was entered as deed/title to be taken in a company name the Articles of Incorporation or Corporate Resolution must be included with contract package. The Articles must show the purchaser is an authorized signer for the company.

## **GOOD NEIGHBOR NEXT DOOR FORMS (GNND):**

For sales in which the bid was placed as a GNND, the forms must be filled out by the purchaser's employer and returned with the sales package.

## **BROKER POCKET CARD**

A copy of the broker's pocket card must be submitted with all sales packages.

## **DELIVERY OPTIONS**

Sales packages must be received within two business days of bid acceptance. Contracts not received by the deadline are subject to cancellation.

Contracts can be hand delivered or overnighted to:

Cityside Management  
12900 Hall Road  
Suite 220  
Sterling Heights, MI 48313-1151

# EARNEST MONEY DEPOSIT

## EMD GUIDELINES

Earnest Money Deposit (EMD) checks must 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.

\$0-\$50,000...\$500

\$50,001+....\$1000

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

No other amounts are acceptable. Checks made out to anything other than HUD, made in the wrong amount, or not in certified funds will be returned, and may result in delay or cancellation of your contract.

## EMD FORFEITURE POLICY

### EARNEST MONEY

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 entire deposit will be forfeited to HUD.
- Insured sales – 50 percent of deposit may be refunded if purchaser is determined by HUD or DE underwriter to be an unacceptable buyer.
- 100 percent of the deposit will be forfeited to HUD if the sale fails to close for any other reason.

#### Owner/Occupants:

- Full refund of deposit
  - Serious illness or death of the purchaser or an immediate family member which would affect the purchaser's financial ability to close.
  - Loss of job or substantial loss of income to purchaser.
  - For insured sales – When the purchaser was pre-approved



(commitment was obtained) and despite good faith efforts is unable to secure financing.

- 50 percent forfeiture of deposit
  - For uninsured sales – the purchaser is unable to secure mortgage financing.
  
- 100 percent forfeiture of deposit
  - No documentation submitted
  - Documentation received fails to provide an acceptable reason for purchaser's failure to close
  - Documentation is not provided within a reasonable time following contract cancellation



## OTHER ADDENDUMS

### ADDING/REMOVING PURCHASER

The original purchaser cannot be removed from the sales contract, unless the bid was submitted with more than one purchaser. One of the original purchasers must be on the sales contract at all times.

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 Cityside's [website](#).

Any addendums should be sent to [addendums@citysidecorp.com](mailto:addendums@citysidecorp.com) for review and authorization.

### CHANGE OF FINANCING TYPE

Financing can be changed based on the FHA insurability type. Any financing changes must be approved by Cityside Management **BEFORE** the closing.

Should the buyer change from FHA to cash or conventional, the buyer will be responsible for reimbursing HUD for any costs incurred for any lead-based paint stabilizations or wood destroying insect treatments.

Should the buyer change from cash or conventional to FHA, and the property was built prior 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).



The addendum to change financing type may also be used to increase or decrease the repair escrow for FHA 203b w/repair escrow loans. Repair bids from a licensed contractor and a letter from the lender must accompany all requests to change the repair escrow amount.

Repair must be estimated at \$5,000 or below, however up to \$5,500 may be escrowed to allow for overages. If repairs of over \$5,000 are required for the property, the purchaser must switch to FHA 203k or other financing.

Any addendums should be sent to [addendums@citysidecorp.com](mailto:addendums@citysidecorp.com) for review and authorization.



# INSPECTIONS AND APPRAISALS

## LEAD BASED PAINT INSPECTIONS

Lead Based Paint inspections are only provided if the property is built prior to 1978, and the 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:

If the purchaser is utilizing FHA 203b or 203 b with repair escrow, HUD will stabilize and clear the property if the costs do not exceed \$4,000.

If there is over \$4,000 in deteriorated paint present, the purchaser must switch to 203k/conventional/cash financing. The cost of stabilizing the LBP will then be rolled into the purchaser's loan. The purchaser will receive a credit of **up to \$4,000** at closing, only if switching to 203k.

If the costs of the LBP exceed \$4,000 and the purchaser must switch to an FHA 203k/conventional/cash, they must fill out an addendum to change financing.

If the purchaser is using 203k, HUD will not do any stabilization, regardless of amount. The entire costs will be rolled into the purchaser's loan. Up to \$4,000 will be granted to the purchaser as a credit at closing. The stabilization must be completed after closing.

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.

## WELL AND SEPTIC/ POINT OF SALE INSPECTIONS

In certain municipalities, HUD is required to pay for and inspect properties and/or well and septic systems. The inspections will only be paid for if they are required by law as a seller responsibility for the transfer of sale – if the inspections are required prior to occupancy, they will be the obligation of the purchaser.





Any repairs found as a result of such inspections will be the responsibility of the purchaser, as all HUD homes are sold “as-is.”

## **REQUESTING AUTHORIZATION TO ACTIVATE UTILITIES**

Once the sales contract has been executed, the purchaser has a 15 day period in which to have a private home inspection.

If the purchaser wishes to have the utilities turned on for the inspection, they must send the appropriate form to the FSM. The purchaser must also send the fee for the rewinterization.

The FSM utility form will be emailed upon contract ratification.

Utilities are to be turned on for 72 hours in the purchaser’s name, no longer, and only with the permission of the FSM.

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 as required. The lender must submit request on lender letterhead to Cityside Management at [addendums@citysidecorp.com](mailto:addendums@citysidecorp.com).

# **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 Cityside's [website](#). Fill in the necessary fields and have the purchaser sign the document. The purchaser must sign the form. Email the form to [cancellations@citysidecorp.com](mailto:cancellations@citysidecorp.com) or fax it to 586-685-2228.

## **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 also be found on Cityside'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 independent supporting documentation must also be submitted.

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

The form and all supporting documentation must be emailed to [cancellations@citysidecorp.com](mailto:cancellations@citysidecorp.com) or faxed to 586-685-2228

## **CLOSING INFORMATION**

### **HUD CLOSING AGENT CONTACT INFORMATION**

Below is contact information for HUD's designated closing agents. Please note, the closing agent is assigned to you at the time of contract ratification, and cannot be switched.

Custom Closing Services  
28350 Cabot Dr  
Novi, MI 48377  
Phone: (248) 324-9000  
Fax: (248) 324-9001



Email: [customclosings@sbcglobal.net](mailto:customclosings@sbcglobal.net)

Otsego County Abstract and Title  
120 E Main St  
Gaylord, MI 49735  
Phone: (989) 732-5765  
Fax: (989) 732-7288  
Email: [ocac@gaylordtitle.com](mailto:ocac@gaylordtitle.com)

## SCHEDULING

All Closings must be scheduled 10 days **PRIOR** to the expiration of the contract. If contract expiration is less than 10 days away, a contract extension must be filed. This extension must be approved before closing may be scheduled. See below for information on sales contract extensions.

## 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. Cityside Corporation, 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 as follows:

- All extension requests must be received at the **closing agent's office** no later than FIVE days prior to the contract expiration date.
- Extension fees are charged in fifteen day increments at the rate of \$10 a day for 15 days
- If the closing occurs prior to the expiration of the extension, the **purchaser will be credited for the unused days.**
- Extension checks are to be in **certified funds made out to HUD.**
- The initial fifteen day extension may be granted to owner-occupant purchasers at no-cost, only if upon review of lender documentation, it is shown that the delay is due to the lender, and at no fault of the purchaser. Lender documentation **must** be submitted on lender letterhead. **The fee must still accompany these initial owner-occupant requests.**
- Extension fees are non-refundable should the closing not occur
- The approval of one extension does not obligate Cityside Management to grant any further extensions.

## 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 any requested seller's concessions (line 5 of the sales contract).

## **TAX PRORATIONS/ASSESSMENTS**

Taxes will be prorated to the day of close onwards.

If the assessment is assumable by the buyer, the assessment will be prorated to the day of close.

Please see the "Conditions of Sale" part A of the sales contract for more information on HUD's policy for assessments.

## **CREDITS**

Should a credit to the purchaser be applicable, it shall be reflected on the HUD-1 Settlement Statement at closing as a credit to the purchaser.

A credit is at no time a reduction to the purchase price.

If the credit should exceed the maximum allowable closing costs for the purchaser, then the purchaser may not be able to utilize the full credit granted.

## **CONCLUSION**

Selling HUD owned homes can be both exciting and lucrative. We at Cityside Management are anxious to help you in any way possible should the need arise. Feel free to contact us at any time, Monday through Friday, 8:00 am – 5:00 pm EST.

Phone: (586) 685-2302

Email: [customerservicemi@citysidecorp.com](mailto:customerservicemi@citysidecorp.com)



## APPENDIX A: LISTING PERIOD PROGRESSION AND BID OPEN INFORMATION

Eligible Bidders

O=Owner Occupant

I=Investor

GNND=Good Neighbor Next Door

NP=Nonprofit

GOV=Government

Insured (IN or IE) with as-is appraised value of \$1-\$25,000

Listing Period	Eligible Bidders	Period Duration	Bids Opened
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<b>(1) Lottery</b> (period used only for single unit in revitalization areas)	<b>GNND</b>	<b>7 days</b>	<b>8<sup>th</sup> day</b>
<b>(2) Exclusive</b>	<b>O, NP, GOV</b>	<b>30 days</b>	<b>11<sup>th</sup> day, then daily</b>
<b>(3) Extended</b>	<b>O, NP, GOV, I</b>	<b>Total of 180 days listed</b>	<b>Daily</b>
<b>(4) Dollar</b>	<b>GOV</b>	<b>10 days</b>	<b>Daily</b>
<b>(5) Extended</b> (no time limit)	<b>O, NP, GOV, I</b>	<b>No time limit</b>	<b>Daily</b>

**Insured (IN or IE) with as-is appraised value more than \$25,000**

<b>Listing Period</b>	<b>Eligible Bidders</b>	<b>Period Duration</b>	<b>Bids Opened</b>
<b>(1) Lottery</b> (period used only for single unit in revitalization areas)	<b>GNND</b>	<b>7 days</b>	<b>8<sup>th</sup> day</b>
<b>(2) Exclusive</b>	<b>O, NP, GOV</b>	<b>30 days</b>	<b>11<sup>th</sup> day, then daily</b>
<b>(3) Extended</b> (no time limit)	<b>O, NP, GOV, I</b>	<b>No time limit</b>	<b>Daily</b>

**Uninsured (UI) with as-is appraised value of \$1-\$25,000**

<b>Listing Period</b>	<b>Eligible Bidders</b>	<b>Period Duration</b>	<b>Bids Opened</b>
<b>(1) Lottery</b>	<b>NP, GOV, GNND</b>	<b>7 days</b>	<b>8<sup>th</sup> day</b>
<b>(2) Exclusive</b>	<b>O, NP, GOV</b>	<b>5 days</b>	<b>6<sup>th</sup> day</b>
<b>(3) Extended</b>	<b>O, NP, GOV, I</b>	<b>Total of 180 days listed</b>	<b>Daily</b>
<b>(4) Dollar</b>	<b>GOV</b>	<b>10 days</b>	<b>Daily</b>
<b>(5) Extended</b> (no time limit)	<b>O, NP, GOV, I</b>	<b>No time limit</b>	<b>Daily</b>

**Uninsured (UI) with as-is appraised value of more than \$25,000**

<b>Listing Period</b>	<b>Eligible Bidders</b>	<b>Period Duration</b>	<b>Bids Opened</b>
<b>(1) Lottery</b>	<b>NP, GOV, GNND</b>	<b>7 days</b>	<b>8<sup>th</sup> day</b>
<b>(2) Exclusive</b>	<b>O, NP, GOV</b>	<b>5 days</b>	<b>6<sup>th</sup> day</b>
<b>(3) Extended</b> (no time limit)	<b>O, NP, GOV, I</b>	<b>No time limit</b>	<b>Daily</b>

## **APPENDIX B: FINDING GOOD NEIGHBOR NEXT DOOR PROPERTIES**

Please follow the steps below to locate GNND-eligible properties.

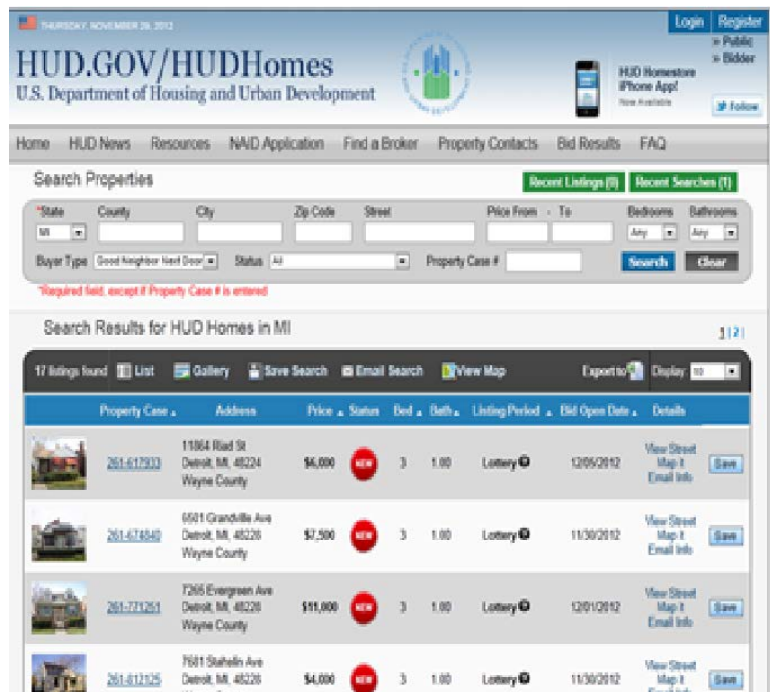
1. Navigate to HUDhomestore.com. From the home page, click on Good Neighbor Next Door



2. On the map, select the state you wish to look at GNND-eligible homes in.



3. This will bring up a list of all the GNND eligible properties



HUD.GOV/ HUDHomes  
U.S. Department of Housing and Urban Development

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Search Properties

Recent Listings (0) Recent Searches (1)

\*State: MI County: City: Zip Code: Street: Price From: To: Bedrooms: Bathrooms: Any Any

Buyer Type: Good Neighbor Next Door Status: All Property Case #: Search Clear

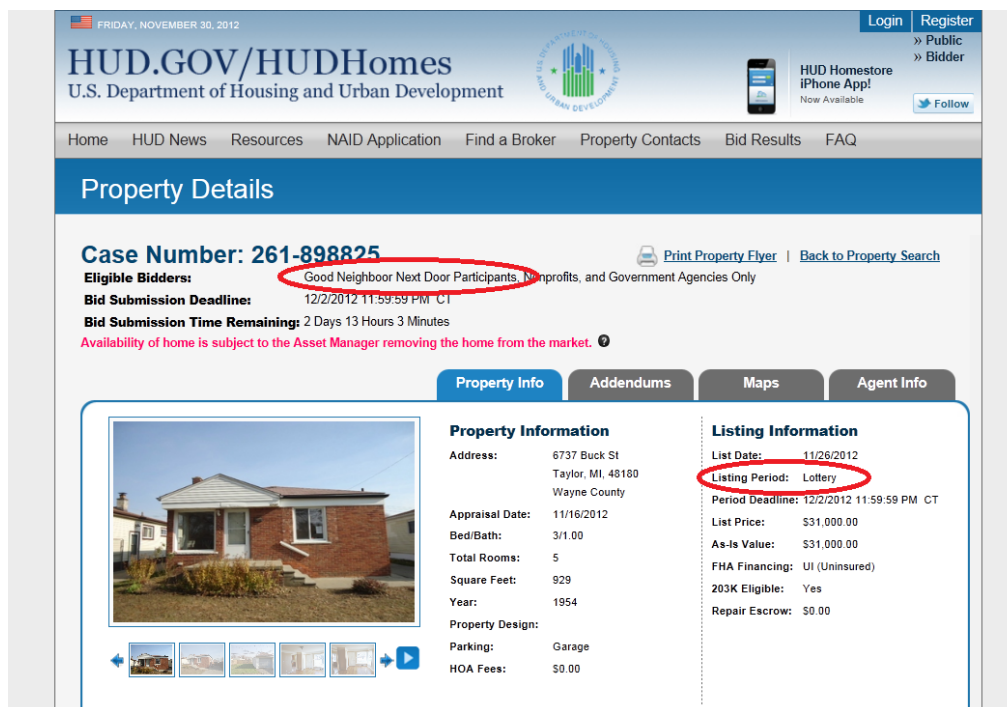
\*Required field, except if Property Case # is entered

Search Results for HUD Homes in MI 112

17 listings found List Gallery Save Search Email Search View Map Export to Display 10

Property Case	Address	Price	Status	Bed	Bath	Listing Period	Bid Open Date	Details
261-612203	11864 Riad St Detroit, MI, 48224 Wayne County	\$6,000	NEW	3	1.00	Lottery	12/05/2012	View Street Map Email Info Save
261-674849	6601 Grandville Ave Detroit, MI, 48226 Wayne County	\$7,500	NEW	3	1.00	Lottery	11/30/2012	View Street Map Email Info Save
261-714261	7266 Evergreen Ave Detroit, MI, 48226 Wayne County	\$11,000	NEW	3	1.00	Lottery	12/01/2012	View Street Map Email Info Save
261-611325	7601 Steinhilf Ave Detroit, MI, 48226	\$4,000	NEW	3	1.00	Lottery	11/30/2012	View Street Map Email Info Save

4. GNND properties state Good Neighbor Next Door Participants under the “eligible bidders” category, and are listed in the LOTTERY phase for 7 days



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Property Details

Case Number: 261-898825 Print Property Flyer Back to Property Search

Eligible Bidders: Good Neighbor Next Door Participants, Nonprofits, and Government Agencies Only

Bid Submission Deadline: 12/2/2012 11:59:59 PM CT

Bid Submission Time Remaining: 2 Days 13 Hours 3 Minutes

Availability of home is subject to the Asset Manager removing the home from the market.

Property Info Addendums Maps Agent Info

Property Information

Address: 6737 Buck St  
Taylor, MI, 48180  
Wayne County

Appraisal Date: 11/16/2012

Bed/Bath: 3/1.00

Total Rooms: 5

Square Feet: 929

Year: 1954

Property Design:

Parking: Garage

HOA Fees: \$0.00

Listing Information

List Date: 11/26/2012

Listing Period: Lottery

Period Deadline: 12/2/2012 11:59:59 PM CT

List Price: \$31,000.00

As-Is Value: \$31,000.00

FHA Financing: UI (Uninsured)

203K Eligible: Yes

Repair Escrow: \$0.00