

# HUDHomestore.com

## A Home Buyer's Guide to Purchasing a HUD Home

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Audubon Realty, LLC



# Today's Goal

- What is FHA?
- FHA Loan Products
- What is a NAID?
- Navigating HUDHomestore.com
- Understanding the Sales Contract
- Good Neighbor Next Door Program
- Lead Based Paint
- Answer all your questions

# What is HUD's Mission?

- HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination, and transform the way HUD does business.

# What is FHA?

An FHA loan is a mortgage insured by the Federal Housing Administration, a government agency within the U.S. Department of Housing and Urban Development. Borrowers with FHA loans pay for mortgage insurance, which protects the lender from a loss if the borrower defaults on the loan.

Because of that insurance, lenders can offer FHA loans at attractive interest rates and with less stringent and more flexible qualification requirements, including a minimum down payment requirement of 3.5 percent.

*HUD owned properties are FHA foreclosed homes.*

# FHA Case Number

This is HUD's property identification number, unique to each property. It will look something like this:

471-1234567

# FHA Loan Products

- FHA 203b – no appraisal repairs
- FHA 203b with repair escrow - appraisal repairs less than \$10,000
- FHA 203k – rehabilitation loan

# What is a NAID?

- A NAID number is a unique Name Address Identification Number issued by HUD.
- Brokers must register with HUD to receive a NAID number. The same NAID number is used by all agents within the brokerage.
- Process takes several weeks to complete. The NAID must be renewed annually.
- Licensed real estate brokers who are registered with HUD may show HUD properties and submit offers for buyers.
- NAID information is found under the NAID Application tab in HUDHomestore.com

# *So, tell me again. Where do I find HUD Homes that are for sale?*

- Easy! Simply go to [www.HUDHomestore.com](http://www.HUDHomestore.com).
- HUD properties are listed within the Listing Broker's MLS.
- The only exception to this are homes designated in the "Lottery" Listing Period.



Go to: [www.HUDHomestore.com](http://www.HUDHomestore.com)  
 Click on the state of Louisiana

TUESDAY, MAY 22, 2018

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

Traducir al español Login Register  
 » Public  
 » Bidder

HUD Homestore Mobile Apps  
 Now Available  
 iPhone Android Follow

Home NAID Application Find a Broker/Agent Find a Closing Agent Property Contacts Bid Results Help

HUD uses an E-Signature Sales Package. Please see the "E-Signature procedure for HUD Sales Contracts and Addendums" under the Help menu for further information.

### HUD Homes

Search for a HUD home to purchase by doing one of the following:

- ▶ Click a state on the map to the right
- ▶ Click one of the HUD Special Program links below
- ▶ Enter more detailed criteria in the Search Properties area below and click Search

Click on one of the links below to see available properties for HUD Special Programs:

- ▶ [Good Neighbor Next Door](#)
- ▶ [Nonprofits](#)
- ▶ [\\$1 Homes-Government Sales](#)

Properties for Purchase: Available Not available

### Search Properties

Recent Listings (0) Recent Searches (1)

\*State  County  City  Zip Code  Street  Price From - To  Bedrooms  Bathrooms

Buyer Type  Status  Property Case #

Advanced Search ▾

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

- » Resources
  - [HUD Help](#)
  - [HUD Resources](#)
  - [How to Buy a HUD Home](#)
  - [HUD Terms And Acronyms](#)
- » HUD-Approved Lenders
  - [Lead Hazard Information](#)
  - [Fair Housing Information](#)
- » HUD Information
  - [Events and Training](#)
  - [HUD News](#)
  - [Real Estate Statistics & Research](#)
  - [Settlement Costs & Helpful Information](#)
  - [Rehabilitation loans \(203K\)](#)
- » HUD Special Programs
  - [Nonprofit Organizations](#)
  - [Good Neighbor Next Door](#)
  - [Dollar Homes](#)
- » Agency Information
  - [HUD Information](#)
  - [FHA Information](#)
  - [FHA Resources](#)
- » General
  - [Accessibility](#)
  - [Contact Info](#)
  - [Privacy Policy](#)
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  - [Site Map](#)

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[AudubonRealty.com](http://AudubonRealty.com) [LouisianaREO.com](http://LouisianaREO.com) [HUDforLouisiana.com](http://HUDforLouisiana.com)

Click on the FHA Case # link to the right of the photo.  
 This will take you to detailed property information which is specific to that property.

om/Listing/PropertySearchResult.aspx?sState=LA&sLanguage=ENGLISH

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More information will be posted on HUD Homestore in the coming weeks.  
 To view HUD Homes available for auction please click [here](#).

Search Properties Recent Listings (0) Recent Searches (2)

\*State LA County City Zip Code Street Price From - To Bedrooms Any Bathrooms Any  
 Buyer Type All Status All Property Case # Search Clear  
 Advanced Search

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

Search Results for HUD Homes in LA 1 | 2 | 3 | 4 | 5 | Next | Last |

55 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
<a href="#">221-293409</a>	2042 General Taylor Ave Baton Rouge, LA, 70810 East Baton Rouge County	\$100,000	<b>NEW</b>	3	2.00	Exclusive	05/29/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>
<a href="#">221-358380</a>	16247 Hamilton Ave Baton Rouge, LA, 70819 East Baton Rouge County	\$100,000	Extended	3	2.00	Extended	05/23/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>
<a href="#">221-379329</a>	25009 Spruce Ln Amite, LA, 70422 Tangipahoa County	\$40,000	<b>NEW</b>	4	2.00	Exclusive	05/31/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>
<a href="#">221-380764</a>	306 Montsant St New Iberia, LA, 70563 Iberia County	\$40,500	Extended	4	2.00	Extended	05/23/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>
<a href="#">221-381326</a>	3204 Kim Dr Erath, LA, 70533 Vermilion County	\$70,400	Extended	4	3.00	Extended	05/23/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>
<a href="#">221-390199</a>	3561 Rue Delphine New Orleans, LA, 70131 Orleans County	\$115,000	<b>NEW</b>	4	2.10	Exclusive	05/29/2018	<a href="#">View Street</a> <a href="#">Map it</a> <a href="#">Email Info</a> <a href="#">Save</a>

# Understanding Property Details



# Property Condition Codes

**IN – *Insured Property*** – All properties listed as “insured” are available for FHA financing. The originating lender is responsible for making the final determination whether the property meets Minimum Property Standards.

**IE – *Insured w/ Escrow Repairs*** – A property must have less than \$10,000 in required FHA repairs to be an FHA 203b insurable property. The repair requirement is based off the appraisal ordered by the buyer’s lender.

**UI – *Uninsured*** – Properties listed as “uninsured” means that repairs or improvements exceeding \$10,000 are required. These properties may qualify for FHA 203k financing, which is the rehabilitation loan program. Buyers may also opt to purchase with conventional financing or cash.

➤ *See your lender or agent for more details.*

# If you want to be an Owner Occupant

- This must be your primary residence for 12 months and you cannot have purchased a HUD home as an owner occupant in the past 24 months.
- If you are a parent buying a home for children, you are an investment buyer!
- Falsifying HUD documents is punishable by up to a \$250,000 fine and 2 years in prison.

# Important!!

## Bid Submission Deadlines!

Eligible Bidders:

Owner Occupants, Nonprofits,  
and Government Agencies only

Bid Submission Deadline:

3/5/2018 11:59:59 PM CT

Bid Submission Time  
Remaining:

2 Days 0 Hours 59 Minutes



# Exclusive Listing Period

- Exclusive listing period for FHA-insurable homes is 15 days.
- Bids coming in on Friday, Saturday, or Sunday will be grouped together for the Asset Manager's consideration on Monday.
- Bids coming in on a Federal holiday will be grouped with the previous days' bids.
- Bid-submission dates will be extended for bids made on a Friday, Saturday, or Sunday.
- Bids for an earlier listing period are considered separately from bids from a later listing period.
- For detailed information on bid submission, please go to the [HUDHomestore.com](http://HUDHomestore.com) Help tab under Broker/Agents.

# BUT Wait! If I'm an Investor Buyer, when can I bid on a HUD Home?

The exclusive bid submission deadline date and time are listed under Listing Information on the Property Details page. For IN and IE, the investor buyer can bid on the property after the exclusive period has expired. Most often that will be the on 16<sup>th</sup> day on market.



# Eligible Bidders types include:

- Owner Occupants, Nonprofits and Government Agencies Only
- Good Neighbor Next Door Participants Only
- Nonprofits and Government Agencies Only
- All Bidders

# Addendums Tab

This is where you will find important documents pertaining to the property.

- Lead Based Paint Addendum
- Property Condition Report
- Repair Disclosure Addendum
- Buyer Select Closing Agent Addendum
- Sales Contract Package

# Lead Based Paint

*If your loan type is FHA 203b and the property was built prior to 1978* - Upon contract execution HUD will procure a lead-based paint inspection. If deteriorated lead-based paint was identified in the report, HUD will perform stabilization if the cost estimate is \$4000.00 or less. If the cost estimate is greater than \$4000.00, HUD at its sole discretion may:

- (1) cancel the sales contract, or
- (2) allow the purchaser to amend the contract financing to FHA 203k or conventional. In the event that HUD cancels the sale, the purchaser will be entitled to a 100% refund of earnest money.

# Lead Based Paint (cont.)

The Purchaser shall have the right to review the inspection report, paint stabilization plan and cost estimate.

If the cost estimate is \$4000.00 or less and the Purchaser is dissatisfied with the information provided, the Purchaser may withdraw from the contract and receive a full refund of earnest money by providing written notification to HUD of the intention to withdraw.

# Lead Based Paint (cont.)

If deteriorated lead-based paint was identified in the Report and the Purchaser does not exercise their option to withdraw from the sale contract, HUD will stabilize the deteriorated lead-based paint in accordance with the stabilization plan.

In addition, HUD will obtain a 3<sup>rd</sup> party lead clearance by the close of the escrow period or any extensions thereof.

# Lead Based Paint (cont.)

*If your loan type is FHA 203k and the property was built prior to 1978-* At closing the Purchaser shall receive a credit in an amount not to exceed \$4000.00, representing the Seller's contribution toward the cost of stabilization and clearance testing. The Credit shall appear on the FORM HUD-1 SETTLEMENT STATEMENT and shall be deposited in the 203(k) repair escrow account. If the actual cost of stabilization exceeds the credit provided or if the property fails a clearance examination, the Purchaser will be responsible for any additional costs.

The Purchaser shall have the right to review the inspection report, paint stabilization plan and cost estimate. If the Purchaser is dissatisfied with the information provided, the Purchaser may withdraw from the contract and receive a full refund of earnest money by providing written notification to the Seller of the intention to withdraw.

# Lead Based Paint, cont.

If deteriorated lead-based paint was identified in the Report and the Purchaser does not exercise its option to withdraw from the sale contract, the Purchaser shall stabilize the deteriorated lead-based paint as part of its work plan for the property rehabilitation and shall obtain lead clearance **before occupancy**. Purchaser shall complete the 203(k) Rehabilitation Financing Lead Agreement form.

***No FHA Financing of Property Constructed Prior to 1978:***

The purchase of this property is not being financed with an FHA insured loan. The Purchaser has an inspection contingency that expires 15 days from the date of the Purchaser's signature below. The property is being sold as is with respect to all conditions including, subject to the above contingency, the potential presence of lead or lead based paint hazards.



# Property Condition Report (PCR)

The Property Condition Report will provide some important information regarding the condition of the mechanical systems and plumbing within the home.

If the property has damaged plumbing, the water will not be activated for an inspection or appraisal.

If the property does not have damaged plumbing, water can be activated for inspections only. If the Buyer's appraisal requires active utilities, the appraiser must go to the property while utilities are active, during the approved inspection period.

# Repair Escrow Disclosure Addendum

HUD's FHA appraisal may include required repairs. Since repairs cannot be made to a HUD home prior to closing, the Buyer will escrow for the repairs. The Repair Escrow/Disclosure Addendum is an outline of repairs as determined by HUD's appraisal. This is for informational purposes only. The costs for said repairs may not be accurate and in fact, may not be listed. Your Buyer's lender will order an FHA appraisal and any repairs noted on that appraisal (up to \$10,000) must be escrowed by the Buyer. The Buyer will make the repairs after closing, the appraiser will confirm the repairs are complete and the Buyer's escrow funds will then be returned.

If the appraisal required repairs are greater than \$10,000, the property is deemed FHA uninsurable but an FHA 203k loan can be obtained.

# Buyer's Select Addendum

The purchase contract is eligible for participation in the HUD “Buyer Select” pilot closing agent Program. It is the responsibility of the purchaser to choose their own escrow/closing company.

HUD will not pay for the escrow/closing service. It will be the responsibility of the purchaser.

# Buyer's Select Closing Date Extension Policy

If the closing date stipulated in the contract cannot be met, the purchaser(s) may request an extension of the closing date. Extensions of time to close are at the Seller's discretion and, if granted, will be under the following guidelines:

- The request for extension must be received by the Asset Manager no later than 5 calendar days prior to the expiration date of the contract.
- The extension will be granted for a 15-day calendar period.
- The extension fee for a 15-day calendar period will be \$375.00 (\$25 per day).

# Submitting a Bid

- In Property Details, scroll to the bottom of the page
- HUD Registered Bidder?
- Submit an Offer

## NAID Verification For Selling Brokers, Nonprofits, Or Government Organizations

This is the starting point for placing a bid on a HUD Home. To place a bid, you need a NAID. NAIDs (a HUD term for Name Address Identifier) are issued to Real Estate professionals and various Nonprofit and Government organizations to enable them to place bids on HUD homes. Individuals should use the "Find a Broker" link above to find a Selling Broker who can make a bid on their behalf. Selling Brokers should first have their principal broker register the organization's NAID with HUDHomestore.com. After this initial registration, individual selling agents and associate brokers can register their license numbers with HUDHomestore.com

### Case Number: 221-293409

[Back to Property Details](#)

**Eligible Bidders:** Owner Occupants, Nonprofits, and Government Agencies only  
**Bid Submission Deadline:** 5/28/2018 11:59:59 PM CT  
**Bid Submission Time Remaining:** 6 Days 4 Hours 2 Minutes

**BEFORE YOU START YOUR BID**

You have 15 minutes to complete your bid. If you exceed this limit, you will receive an HHS750 error and will have to start the bid all over again. You must have the following information BEFORE starting the bid: Each purchaser's name, address, phone number, cell number (if available), email address, and Social Security, EIN, or ID Number. Also have the Title Company/Buyer's Select Closing information: company name, address, phone number, escrow officer, and, if needed, the backup escrow officer, the officer's phone number, and email address.

#### Property Information

**Address:** 2042 General Taylor Ave  
Baton Rouge, LA, 70810  
East Baton Rouge County

**List Price:** \$100,000.00

The following can submit a bid on this property:

- > HUD-Registered Selling Brokers
- > HUD-Registered Government Agencies
- > HUD-Registered Nonprofits

\* NAID Type:

\* NAID:



The reCAPTCHA below works with the following browsers:  
Internet Explorer version 9 or later,  
and the latest versions of Edge, Chrome, Safari, and Firefox  
Please select the checkbox below.



**Verify NAID**

\* Required Field



HUD Homestore  
Mobile Apps  
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Login Register

» Public  
» Bidder



Home NAID Application Find a Broker/Agent Find a Closing Agent Property Contacts Bid Results Help

## Bid Submission

Time Remaining for Bid Submission: 14:57

HUD Case Number: 221-293409  
Address: 2042 General Taylor Ave  
Baton Rouge, LA, 70810  
East Baton Rouge County

Sale Type: IE (Insured Escrow)  
List Price: \$100,000.00

1. 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.

3. \* The agreed purchase price of the property is: \$

4. \* Purchaser is:

- applying for HUD/FHA insured financing 203(b)
- applying for HUD/FHA insured financing 203(b) repair escrow
- applying for HUD/FHA insured financing 203(k)
- applying for Conventional or other financing not involving HUD/FHA
- paying Cash

5. \* Seller will pay reasonable and customary costs, but not more than actual costs, nor 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: \$

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

6b. If broker identified below is not the broad listing broker, broad listing broker will receive a commission of: \$

7.



**\* Purchaser is:**

- Owner-Occupant (will occupy this property as primary residence)
- Investor
- Nonprofit Organization (should be a HUD approved Non Profit Agency)
- Other Government Agency

**\* If seller does not accept this offer. Seller**

- may hold such offer as a back-up to accepted offer
- may not hold such offer as a back-up to accepted offer

**Purchaser Information**

**Primary Purchaser Information**

**\* ID Type:**  Individual SSN  Business EIN  ITIN/US Govt ID

**\* SSN/EIN/ID Number:**

**\* Confirm SSN/EIN/ID Number:**

**Company Name:**

**\* First Name:**

**Middle Name:**

**\* Last Name:**

**\* Address:**

**\* City:**

**\* State:**

**Secondary Purchaser Information**

**Enable Secondary Purchaser**

**ID Type:**  Individual SSN  Business EIN  ITIN/US Govt ID

**SSN/EIN/ID Number:**

**Confirm SSN/EIN/ID Number:**

**Company Name:**

**First Name:**

**Middle Name:**

**Last Name:**

**Address:**

**City:**

**State:**



# Bid Acceptance

- When your bid has been accepted, it is conditional on receipt and review of HUD's Sales Contract Package.
- The sales contract package must be received by Chronos Solutions within 2 business days of acceptance. (If bid acceptance is received on a Monday, the contract package must be received by Chronos Solutions on Wednesday. If bid acceptance is received on a Friday, the contract package must be received by Chronos Solutions by the following Tuesday.)
- There is zero tolerance for contract package error.

The Sales contract must be  
signed in

**BLUE INK**

# How to fill out the sales contract package correctly

- Information provided in the sales contract must match the information submitted in the bid.
- If a correction is needed, fill out the contract package with the corrected information and include an addendum which explains the correction:
  - Buyer's name spelled incorrectly
  - Buyer's address is incorrect
  - Buyer's financing type is incorrect
  - You cannot change the terms of the contract

# Sales Contract Package

- Information Page - auto fills the entire contract
- Sales Contract checklist
- Instructions for Sales Contract
- Sales Contract
- Conditions of Sale
- Electronic Filing of HUD-9548 Contract Addendum
- For Your Protection: Get a Home Inspection
- Owner Occupant Certification
- Selling Broker Commission Addendum
- Purchasers Rights and Responsibilities
- Forfeiture of Earnest Money Policy
- Buyer's Select Closing Agent – Closing Date Extension Policy
- Radon Gas and Mold Notice
- Flood Zone Addendum
- Buyer Select Closing Agent Contract Addendum
- HUD Closing Instructions
- Lead Based Paint Addendum – if property was built prior to 1978
- Earnest Money Receipt Confirmation

# Information Page

- Must match the accepted Bid – reference your Bid Confirmation which can be found in your HUD Homestore account under Review Bids
- Title Style: As a single person, As a married couple, etc.
- Selling Agent/Broker Information must match what HUD has on file on the most recent Broker NAID renewal/application
- Closing Agent/Escrow Company Information – this is Buyer's choice. Escrow officer's email should not be a generic business account like [closings@abctitle.com](mailto:closings@abctitle.com). You will need to ask the title company for their Title ID and State License numbers.

# Sales Contract

- John H Doe and Mary P Doe – not John H and Mary P Doe
- If Buyer is a Corp, LLC etc., the sales contract package must include their legal entity state documentation as well as confirmation of signing authority.
- Financing type – FHA 203b, FHA 203b with repair escrow, FHA 203k
- Financing type – Cash, Conventional or Other financing not involving FHA
- Seller will pay reasonable and customary buyer closing costs up to 3% (customary for the area). If these costs are not addressed in the accepted bid, HUD will not pay any of the costs, including the title and closing fee.

# Sales Contract (cont.)

- Owner Occupant Purchaser must occupy the home as their primary residence for 12 months and can not have purchased a HUD owned home as an owner occupied buyer in the last 24 months.
- Discount at closing – Good Neighbor Next Door, Non-Profit Organization, etc.
- The sale will close not later than 45 days with an insured or uninsured financed offer, not later than 30 days with a cash offer and not later than 60 days with FHA 203K financed offer.
- Social Security numbers must be accurate.



# Conditions of Sale

- Assessments are prorated to day of closing
- Seller makes no warranties or representations concerning the condition of the property
- It is important for a Buyer to have a home inspection – if FHA insured financing is used, \$200 of the cost of the home inspection can be financed into the mortgage
- Lender letter is now included in the sales contract package
- Seller may cancel the contract if it is determined there are title issues that Seller is unable or unwilling to remove
- No repairs can be preformed on the property prior to closing
- Buyer cannot take possession of the property prior to closing
- Risk of loss or damage is assumed by Seller prior to closing
- If property is being offered with FHA insured financing, Sellers acceptance constitutes a commitment to insure.

# Conditions of Sale (cont.)

- Buyer understands that Seller's list price is Seller's estimate of fair market value.
- Defective Lead Based Paint is defined as cracking, scaling, chipping, peeling or loose paint on all exterior and interior surfaces.
- Lead Based Paint inspections are now performed and paid for by HUD on properties built prior to 1978 and that are being financed with FHA insured financing *after the contract has been ratified.*
- *If a LBP inspection was performed prior to contract acceptance, the results will be disclosed by HUD.*
- The effective date of the contract is the date it is signed by Seller
- Falsifying information is a felony.

# Electronic Filing of HUD-9548

- HUD-9548 is the sales contract.
- All parties certify, warrant and represent that no content of the HUD-9548 contract has been altered or omitted in any manner.
- True and accurate copy.
- Broker and Buyer have read and understand “Conditions of Sale” and acknowledge that no contract or binding agreement exists unless and until the executed HUD-9548 is returned to purchaser.
- Falsifying information is a felony and punishable by a fine not to exceed \$250,000 and/or a prison sentence of not more than 2 years.

# For Your Protection: Get a Home Inspection

- The Buyer has a 15 day inspection period from the date the purchase contract is executed.

# Owner Occupant Certification

- Buyer must occupy property as their primary residence for 12 months.
- Buyer cannot have purchased a HUD owned property as an owner occupant in the past 24 months.
- Broker certification is required on this form.

# Selling Broker Commission Addendum

- Full and complete satisfaction of any compensation due Selling Broker

# Purchaser's Rights and Responsibilities Addendum

- Condition of Property
- The Importance of a Home Inspection
- 15 Day Contract Cancellation Contingency for Owner Occupant
- Applicable to FHA 203K Financing
- Other Important Information
  - KEYS ARE NOT PROVIDED TO BUYER OR SELLING AGENT

# Forfeiture of Earnest Money Policy

- Failure to close will result in forfeiture of earnest money except in the following special exceptions
  - **Owner Occupant – 100% will be refunded**  
Death in the family, recent serious illness that alters Buyer's ability to purchase, loss of job or income at no fault of the Buyer, HUD determines insured sale purchaser is not an acceptable borrower, uninsured sale *pre-approved* purchaser is unable to obtain financing and for other good cause as determined by the field office.
  - **Owner Occupant – 50% will be refunded**  
Uninsured sale - Despite good faith efforts, Buyer is unable to obtain financing
- Owner Occupant – 100% will be Forfeited in cases where no documentation is submitted or documentation fails to provide an acceptable cause for Buyer's failure to close or documentation is not provided within a reasonable time following contract cancellation. Chronos Solutions must receive documentation within 10 days following contract cancellation.
- Investor
  - Uninsured sale – none
  - Insured sale – HUD determines purchaser is not an acceptable borrower, 50% will be returned



# Buyer's Select Closing Agent – Closing Date Extension Policy

Extensions of the time to close are at the Seller's discretion:

- BSCA Extension Request Form
- Cause of Delay
- Must be received by Asset Manager no later than 5 calendar days prior to contract expiration
- 15 day extensions – fee of \$375 (\$25/day) in certified funds
- At time of closing, unused fee is prorated to the Buyer
- Granting of initial extension does not obligate Seller to grant future extension requests
- Extension fees will be retained by the Seller if the closing does not occur

# Radon Gas and Mold Notice and Release Agreement

- HUD owned properties are sold AS-IS.
- Seller has no knowledge of radon gas or mold in, on or around the property other than what is described on the website of the Seller or otherwise made available to the Purchaser.
- Radon is an invisible, odorless gaseous radioactive element.
- Mold is a general term for visible growth of fungus.
- Real Estate Brokers/Agents are not qualified to advise purchasers on radon or mold treatment or its health and safety risks.
- Purchasers are encouraged to obtain the services of a professional to conduct inspections and tests regarding radon and mold prior to closing.

# Flood Zone Addendum

- For properties located in the FEMA Special Flood Hazard Area.
- Purchasers agree, if using FHA financing and flood insurance is available through the National Flood Hazard Insurance Program, they will obtain flood insurance throughout the duration of their ownership.
- Coverage shall be equal to, or greater than the replacement value of the improvements as indicated on the appraisal.
- Purchasers agree to make flood insurance a condition of any future sale.

# Buyer Select Closing Agent Contract Addendum

- It is the responsibility of the Buyer to choose their own escrow/closing company.
- HUD will not pay for the escrow/closing service.
- Authorize Chronos Solutions to release a copy of the sales contract and all addenda to the closing agent/escrow company listed on the form.
- Must match HUD-9548 sales contract – line 9.
- To be eligible to close HUD transactions, the closing agent must have a minimum of \$1 million in Error & Omissions Insurance.

# HUD Closing Instructions

- General settlement instructions for the closing agent/escrow company.
- Must be signed by the Closing Company Representative
- All 5 pages of the closing instructions must be included in the contract package.

# Utility Activation Procedures

- Utility activation is the responsibility of the Buyer.
- Utilities can be activated for a period of no more than 72 hours.
- A cost of \$125 will be collected from the Buyer prior to approval to cover the cost of re-winterizing the property. This is only between Oct 1<sup>st</sup> - March 31<sup>st</sup>.
- Chronos Solutions must authorize all utilities to be activated *before* the utilities can be turned on.

# Good Neighbor Next Door

HUD offers certain single family properties for sale to police officers, pre-kindergarten-12<sup>th</sup> grade teachers, fire fighters and emergency medical technicians at a 50 percent discount.

HUD requires the GNND buyer to sign a second mortgage and note for the discount amount. There is no interest or payments on the second mortgage provided the buyer fulfills the 3 year occupancy requirement.

After the buyer lives in the home for 3 years, they can sell the home and keep any equity and/or appreciation.

If the buyer moves out of the home prior to the 3 year requirement, they will have to repay HUD on a prorated schedule.

“Lottery” listings only will include homes designated in the Good Neighbor Next Door program.

*These homes are in this program for 7 days.*



# Good Neighbor Next Door (cont.)

- The buyer may not own a home as a primary residence in the 12 months prior to submitting the bid.
- They must certify that it is their good faith intention to remain employed as a law enforcement officer, teacher, firefighter or EMT for one year beginning with their purchase.
- Single unit homes, townhomes and condominiums are available in this program.
- Buyers can use FHA, Conventional, VA financing or cash to purchase the home.
- HUD does not pay buyer closing costs in the GNND program.
- The list price is the purchase price. The 50% discount is taken from the list price.



# Good Neighbor Next Door (cont.)

- Revitalization areas are designated by HUD and authorized by Congress and are intended to promote the revitalization of that area through expanded homeownership opportunities. GNND participants contribute to community revitalization by becoming homeowners through this program.
- If more than one GNND bid is submitted, the decision as to which offer is accepted is based on a lottery drawing as all offers will be identical.
- Earnest money deposit requirement is an amount equal to one percent of the list price but no less than \$500 and no more than \$2000.
- HUD does not pay listing or selling broker commission on properties sold in the GNND program. However, HUD will authorize up to 5% commission to be paid by the buyer to the selling brokerage.

# Keys!

As a Reminder:  
Keys are not provided to  
the Buyer or Selling  
Agent at closing.

# Additional Information:

[www.HUD.gov](http://www.HUD.gov)

[www.HUDhomestore.com](http://www.HUDhomestore.com)