

HUD Closing Requirements

The following steps must be completed in order for a Selling Broker/Agent to place a bid on a HUD Home:

1. The principal broker must register for and receive a NAID, and recertify annually. Please visit the [NAID Application page on www.HUDHomestore.com](#) for information to complete this process.
2. The principal broker must [register as a Bidder on www.HUDHomestore.com](#). Please [click here to see a short video on registering as a Principal Broker with a NAID](#).
3. The selling agent (if not the same as the principal broker) must register as a Bidder on HUDHomestore. Please [click here to see a short video on registering as a Selling Agent or Associate Broker](#).
4. Find a HUD Home your buyer wishes to purchase by searching on HUDHomestore. Please visit this site frequently for the latest HUD inventory. New listings may appear Monday – Friday.
5. Complete the appropriate sales contract package for your buyer, using the Sales Package Verification Checklist on page 3 of this Quick Reference Guide. Please use **BLUE** ink to complete the sales contract package and ensure your buyer has obtained a valid pre-qualification letter or proof of funds **prior to submitting a bid**.
6. When the contract has been completed, click the “Submit an Offer” button on the lower right corner of the Property Details screen on [www.HUDHomestore.com](#). Enter the requested NAID/license information and click “Verify NAID” to get to the Bid Submission page. Complete the form by answering the questions according to the completed contract package and click “Continue.” Review the Bid Summary page, accept the terms & conditions, and click “Confirm This Bid” to submit. Retain the confirmation number to log back in and track the status of the bid. Please be mindful of the bid submission deadline posted in the property details [by **11:59 pm Central Standard Time (CST) / 9:59 pm Pacific Standard Time (PST)** on the date specified].

Financing Types:

IN (Insurable) – these properties qualify for FHA 203(b) financing and have no obvious Minimum Property Requirements (MPR) repairs. These properties may also qualify for 203(k) financing, a rehabilitation loan for owner occupants only.

IE (Insurable with Escrow) – these properties qualify for FHA 203(b) with Repair Escrow, and have MPR repairs totaling less than \$5,000. The repair escrow is the buyer’s financial responsibility, never a credit to the buyer. The lender holds the repair escrow money until completed (which must be within 90 days after closing) and is responsible for disbursing the funds to the appropriate parties. The escrow repair amount only applies to FHA 203(b) financing. These properties may also qualify for FHA 203(k) financing.

UI (Uninsurable) – these properties do not qualify for FHA 203(b) financing. Typically these properties have MPR repairs exceeding \$5,000 or may not meet other guidelines for FHA financing.

UK (Uninsurable, 203k Eligible) – these properties do not qualify for FHA 203(b) financing, but may qualify for FHA 203(k) financing.

Property Availability and Bid Deadlines:

Properties listed as **IN** and **IE** are available exclusively for owner occupant, nonprofit and government agency bidders for the first 15 days on the market. **The initial bid review is on the 11th day** of listing. All bids received during the first 10 days are opened and reviewed simultaneously (i.e., there is no priority given to bids submitted earlier in the bid period than bids submitted later). If no acceptable offers are received, bids are reviewed daily (Mon. – Fri.) until the exclusive 15 day owner occupant period expires. Properties are then available for all bidders, with bids reviewed daily (Mon. – Fri.).

Properties listed as **UI** or **UK** (and some **IN** or **IE** properties located in HUD-designated revitalization areas) are first placed into the Lottery program for nonprofit organizations, government agencies, or Good Neighbor Next Door participants. If no acceptable bids are received after 7 days in the Lottery program, these **UI** and **UK** properties enter a 5 day owner occupant. Please note that there are no longer any HUD Designated Closing Agents in Washington. Buyer must select their own escrow company upon bid acceptance, and the “Buyer Select Closing Agent Addendum must be included in the contract package.

Earnest Money Deposits must be certified funds (i.e. cashier’s check or U.S. Postal Money Order), made payable to **BOTH “(insert buyer selected escrow company) OR (insert actual buyer’s name).”** Please note that no Money Gram or Western Union money orders will be accepted. Original EMD checks must be delivered to the Local Listing Broker (LLB) assigned to the property within two (2) business days of bid acceptance. We recommend that a copy of the buyer select addendum be provided to the LLB so the LLB may verify the EMD is correct. A copy of the EMD must be included with the original contract package submitted to BLB Resources. Upon contract execution by BLB Resources, the LLB will be instructed to deliver the EMD to the closing agent selected by the buyer.

The amount of EMD required is determined by the sales price as follows:

- For properties with a sales price of \$50,000 or less, the EMD is \$500
- For properties with a sales price of \$50,001 or more, the EMD is \$1,000
- For vacant lots, the EMD is 50% of the list price
- For GNND properties, 1% of list price (not less than \$500 and not to exceed \$2,000)

The failure by a **Purchaser** to close on the sale of property within the allowable period (45 days, plus any extensions approved by HUD), may result in the forfeiture of the ENTIRE earnest money deposit, except where special circumstances exist. These situations will need to be documented and granted by HUD. Please note that the 15-day inspection period applies to owner-occupant purchasers only. Investors may inspect the property but will forfeit the entire earnest money deposit regardless of the inspection results.

Sales Package Verification Checklist for Owner Occupant and Investor Purchasers

_____ **Sales Contract** (Please use **BLUE** ink to complete forms)

_____ FHA Case Number is correct

_____ Property Address includes City, State, and County

_____ **Purchase information matches the accepted bid**

- Line 3: Purchase Price, EMD amount is accurate, buyer selected escrow company
- Line 4: Chosen financing type matches bid submission (escrow amount must show TBD if 203(b) repair financing is being used)
- Line 5: Closing Costs
- Line 6a: Selling Agent Commission
- Line 6b: Listing Broker Commission
- Line 7: Net to HUD
- Line 8: Appropriate purchaser type is indicated (e.g.: owner occupant, investor)
- Line 9: must be 30 days for Investors or Cash financing; 45 days for 203(b), 203(b) repair, or conventional financing; or 60 days for 203k financing; buyer selected escrow company

_____ Purchaser(s) initialed Line 12 of the Sales Contract

_____ Purchaser(s) signed and dated the sales contract (under line 13)

- Purchaser(s) address (cannot be P.O. Box)
- Purchaser(s) SSN (must match bid submission)
- Purchaser(s) phone number

_____ Brokerage information including name, address, NAID, EIN, phone number, and broker’s original signature

_____ Selling Agent name and phone number is correct

_____ **Earnest Money Deposit (COPY OF CHECK is included in Sales Package)**

_____ Certified check OR U.S. Postal Money Order is attached

_____ Funds payable to **BOTH “buyer selected escrow company or actual buyer’s name”**

_____ ORIGINAL check is delivered to Listing Agent within 2 business days of bid acceptance

_____ **Addenda**

_____ Purchaser(s) signed the “Conditions of Sale”

_____ Purchaser(s) **AND** broker signed the “Electronic Filing of HUD-9548 Contract Addendum”

_____ Purchaser(s) signed the “Radon Gas and Mold Notice Agreement”

_____ Purchaser(s) **AND** broker signed the “Individual Owner Occupant Certification” if purchaser is an owner occupant

_____ Purchaser(s) **AND** broker signed and initialed the “Lead Based Paint Addendum” if property was built prior to 1978

_____ Purchaser(s) **AND** broker signed the “Additional LBP Information Receipt Addendum” if property built prior to 1978

_____ Purchaser(s) **AND** broker signed the “Carbon Monoxide Detector Addendum”

_____ Purchaser(s) **AND** agent **initialed and signed** “Forfeiture and Extension Policy” (all 3 pages)

_____ Purchaser(s) signed the “For Your Protection, Get a Home Inspection” form

_____ Purchaser(s) **AND** agent signed the “Flood Zone Disclosure & Addendum” if property is located in a FEMA Flood Zone

_____ Purchaser(s) **AND** agent signed the “Washington Buyer Select Closing Agent Addendum”

_____ Agency Disclosure

_____ **Completed** “U.S. Dept. of HUD Closing Instructions and Certification” Addendum must be signed by escrow officer and included

_____ Purchaser **and** Selling Agent **and** Escrow Officer **initialed and signed** “Additional Escrow Instructions”

_____ **GNND properties**

_____ Purchaser(s) and Selling Agent signed the “Agreement to Execute a Second Mortgage and Note”

_____ Purchaser(s) employer completed and signed the “Employer Verification of Participant Employment”

_____ Purchaser(s) completed the “Good Neighbor Next Door Sales Program Personal Information Questionnaire”

_____ Purchaser(s) completed and signed the appropriate Officer, Teacher, or Firefighter/Emergency Responder Pre-Qualification Questionnaire

_____ Purchaser(s) completed and signed “Attachment A: Note”

_____ Purchaser(s) completed and signed “Attachment B: Second Mortgage”

_____ **Prequalification Letter or Certification of Cash Funds**

_____ **Financed Sale: Prequalification Letter is attached**

_____ Letter includes purchaser(s) name, amount of prequalification, applicable financing program type (e.g. conventional, FHA, etc.), and lender’s contact information including loan officer’s email address

_____ Letter is printed on lender’s letterhead, signed by loan officer, and dated within past 30 days

_____ Cash Sale Proof of Funds must include purchaser(s) name, amount available, dated within past 30 days