



Successfully Selling HUD Homes in the 3P Region

CT, MA, ME, NH, NJ, NY, RI & VT

- Presented by:

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Rev. 9-28-18 - all previous versions are obsolete.

How to Successfully Sell HUD Homes

- HUD Home Overview
- Who Can Buy and Sell HUD Homes?
- Benefits of Buying HUD Homes
- NAID & Broker Registration
- Bidding and Submitting Offers
- E-Signatures – Now Accepted
- Advertising HUD Homes

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What is the M&M Program?

- An outsource program to manage and sell a large number of HUD properties
- 4 Home Ownership Centers (HOCS) located in Philadelphia, PA; Atlanta, GA; Denver, CO; and Santa Ana, CA



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M&M 3.7 – Key HUD Contractor Types

- **Field Service Managers (FSM)** – Private companies contracted by HUD to maintain, inspect and repair assigned properties
- **Asset Managers (AM)** – Private companies (not affiliated with FSMs) who will be responsible for marketing and selling the homes

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What is a HUD Home?

- An FHA insured mortgage that has gone into default
- Lender acquires property, submits FHA insurance claim, then conveys ownership to HUD
- HUD will then sell the home through their Asset Manager (AM), BLB Resources
- A HUD Home can be a Single Family Residence (SFR), Townhome, Condominium or other type of residence up to 4 units

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Who can buy a HUD Home?

- Individuals and investors, HUD-approved non-profit organizations or government entities
- Buyers who can secure a loan or pay cash to secure real estate
- Pre-qualification letter from lender or proof of cash funds is required
- **Priority is given to owner occupants**

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Benefits of Buying HUD Homes

- HUD will pay up to 3% of buyers closing cost (must be negotiated in contract) – **Owner Occupants Only**
- If Condo or townhome, project approval is not required (only on HUD Homes) Per Mortgagee Letter ML 2016-13 which extended ML 2012-18 that replaced ML 11-22
 - ML 11-22 and the Condominium Project Approval and Processing Guide updated, clarified, consolidated and replaced ML 2009-46 B which stated HUD REO condos are exempt from project approval
- IE finance types have option of doing an FHA standard loan with escrow repair
- Owner Occupant priority bidding period
- Low EMD (\$500, \$1,000 or \$2,000)

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Benefits of Buying HUD Homes Cont...

- Good Neighbor Next Door (GNND) program available in certain areas for eligible buyers
- All homes listed on www.HUDHomestore.com nationwide
- Quick response to bids (typically within 24 hrs from bidding deadline)
- FHA 203K owner occupant rehab loan option
- Did you know...? If FHA financing used, termite inspection and treatment is paid by HUD. FSM will only clear the active infestation
- Sealed Bids
- Bid Transparency

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Who can sell a HUD Home?

- Any licensed real estate broker registered with HUD or an agent employed by a HUD registered broker
- A NAID is required to submit a bid but is not required to show a HUD Home
- Broker **and** agent must also register to bid on www.HUDHomestore.com



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- HUD-registered broker or real estate agent must submit bid on behalf of an owner occupant, investor or Good Neighbor Next Door (GNND) purchaser
- Registered non-profit organizations and government entities may submit bids without the use of a real estate broker or agent

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How can I find available HUD Homes?

Listings are featured **Daily** on:

- www.HUDHomestore.com
- Local MLS Boards

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Broker NAID Registration

The screenshot shows the HUD.GOV/HUDHomes website. The top navigation bar includes 'Home', 'HUD News', 'Resources', 'NAID Application', 'Find a Broker', 'Property Contacts', 'Bid Results', and 'Help'. The 'NAID Application' link is highlighted with a red circle. Below the navigation, there is a 'HUD Homes' section with instructions on how to search for HUD homes. To the right is a map of the United States with state abbreviations. Below the map is a 'Search Properties' form with fields for State, County, City, Zip Code, Street, Price From, To, Bedrooms, Bathrooms, Broker Type, Status, and Property Case #. There are 'Search' and 'Clear' buttons. At the bottom, a note states: '*Required fields, except if Property Case # is entered'.

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Registration to bid on www.HUDHomestore.com

- Each selling broker **and** agent must register as a bidder
- Principal broker of office must first have a valid NAID and completed the registration process before associate brokers and selling agents register
- Broker cannot register with more than one NAID per state license
 - Brokers that have a license in multiple states can be linked to multiple NAIDs
- If a branch has multiple NAIDs, Agents may link to all of the Branch NAIDs

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Click the "Bidder" link under the "Register" heading on the upper right hand corner of the page



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Fill in the required fields, including selecting a user name, password, and security questions

Bidder Registration

HUD registered Selling Brokers, Nonprofits, and Government Agencies must register with this site in order to submit and review bids. Selling Agents and Associate Brokers: You must wait to register until after the Principal Broker with the NAID has registered on HUD Homestore (you can check this in part 3 below). For your registration, you will need to know the Principal Broker's NAID.

- Click here to see a short slide on registering as a Principal Broker with a NAID.
- Click here to see a short slide on registering as a Selling Agent or an Associate Broker.

You have selected to register on HUDHomestore.com as a Principal Broker with NAID. By clicking Continue you are verifying that you are HUD's broker of record for this NAID. Once the Principal Broker has registered on HUDHomestore, Selling Agents and Associate Brokers will be able to register.

1. User Name and Password

*User Name: User Name must be at least 8 characters and may contain special characters, such as @ # \$ % & - _ ' / : ; ! * ~

*Password: Password must be at least 8 characters and contain at least 1 uppercase letter, 1 lowercase letter, 1 number, and 1 special character, such as @ # \$ % & - _ ' / : ; ! * ~

*Confirm Password:

2. Security Questions

*Security Question 1:

*Answer:

*Security Question 2:

*Answer:

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Who is an owner occupant?

- Buyer purchasing property as primary residence for at least 12 months after close of escrow
- **And** has not purchased a HUD Home as an owner occupant within the past 24 months

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CAUTION:

- Falsifying information regarding Owner Occupant Status is considered a felony and is punishable by a fine not to exceed \$250,000 and/or a prison sentence of not more than 2 years (18 U.S.C. 1010, 3559; 3571)

- **Buyers, Local Listing Brokers and Selling Brokers can all be investigated by HUD**



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HUD Home Process

Prior To Listing:

- Field Service Manager (**FSM**) inspects property and ensures it is "Ready to List"
- BLB Resources orders an Inspection and "**AS-IS**" FHA appraisal. BLB Resources also orders BPOs
- Local Listing Broker (**LLB**) lists property in MLS

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HUD Home Process (cont...)

After property is listed:

- A licensed broker/agent shows the property
- HUD registered selling broker submits bid electronically
- BLB Resources reviews bids for acceptability
- Brokers for accepted offers will be notified by www.HUDHomestore.com

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HUD Home Process (cont...)

Updated Change Upon Bid Acceptance:

- As of 5/1/17, e-Signatures are accepted through DocuSign
- BLB Resources will review the information/addendums to be included in the sales package
- After BLB' final verification, BLB will review and verify a draft sales package
- After final verification by BLB, BLB will send out the sales contract package/envelope
- When the document has been signed by all parties, a PDF of the final sales package is delivered to each party, along with a Certificate of Completion from DocuSign
- BLB will then promote the case to Step 8

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EMD Requirements

The earnest money deposit must be in the form of cashier's check, money order or other certified funds with no termination date or cancellation provision and made payable to "(Buyer selected escrow company)"

- Please note, we are now going to allow that EMD checks be made payable to the Buyer Selected Closing Agent (BSCA) only (as opposed to the "BSCA name or Buyer's Name"). If the EMD checks are made payable based off our previous instructions ("BSCA or Buyer's Name"), we will probably still accept those as is, but we are not going to reject EMD checks if they are made payable to the BSCA only.
 - **Original EMD checks must be delivered to the Local Listing Broker (LLB) assigned to the property within two (2) business days of bid acceptance. The Buyer Agent MUST upload a copy of the EMD check and the additional docs from the "E-Signature Additional Instructions" package as ONE PDF document into the EMD UPLOAD option found on the "Checklist" screen.**

The Selling Agent and LLB will receive EMD instructions within the bid acceptance notification emailed from BLB Resources.

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 to \$249,999, the EMD is \$1,000
- Effective 9-28-18, for properties with a sales price of \$250,000 or higher, the EMD is \$2,000
- For vacant lots, the EMD is 50% of the list price
- For CHND properties, 1% of list price (not less than \$500 and not to exceed \$2,000)

These amounts are not negotiable

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HUD Home Process (cont...)

Closing:

- Either sale closes at Closing Agent’s office or package is emailed out for signatures
- Title transferred to new owner
- Buyer is responsible for rekeying the property after the close of escrow
- LLB will remove all signage and lockboxes

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HUD Home Process (cont...)

Importance of Closing Within 30/45/60 Days

Please be advised that the following closing timelines are in effect for all properties listed under the M&M 3.7 contract:

- 30 days for all cash/hard money purchasers
- 45 days for 203 (b), 203(b) Repair Escrow or conventional financing
- 45 days for Non-profit purchasers
- 60 days for 203k financing
- If your transaction does not close within the above timeframes, the sale is subject to cancel
 - Please keep in mind, documents being sent to closing agent is not considered a closed sale
- If you have an O/O transaction, and have conditional loan commitment signed by an underwriter, we may grant a one time extension
- Only exception: if delay is outside of your control, i.e. waiting on past due HOA liens to be paid or a LBP/Termite treatment

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How do I show a HUD Home?

- Homes are vacant with a standard MLS lockbox or combo box at the time of listing
- If keys are missing from lockbox or combo box, please contact the LLB to have it replaced
- Please note that *all purchasers* must be accompanied by a state licensed broker or agent when viewing any HUD Home



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Financing types

- **IN (Insurable)** – Qualifies for FHA 203(b) financing and do not have Minimum Property Requirements (MPR) repairs, may qualify for 203(k) financing, a rehabilitation loan for owner occupants only
- **IE (Insurable with Escrow)** – Qualifies for FHA 203(b) with Repair Escrow, and has MPR repairs of \$11,000 or less (\$10,000 repair limit plus 10% overage allowance). Repair escrow is buyer’s financial responsibility, added to the FHA loan, is never a credit to the buyer, and does not apply if 203(b) financing is not available and utilized. Lender holds the funds, not escrow

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Financing Types (cont...)

- **UI (Uninsurable)** – these properties do not qualify for FHA 203(b) financing. Typically, these properties have MPR repairs exceeding \$10,000 or may not meet other guidelines for FHA financing
- **UK (Uninsurable, 203(k) Eligible)** – these properties do not qualify for FHA 203(b) financing, but may qualify for 203(k) or 203(k) streamline financing

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Alternative Options to IE Financing Prior to Cancellation - 203(k) Financing

- **203(k) Rehab Loan for Owner Occupants Only**
- Enables homebuyers to finance purchase of a house and the cost of its rehabilitation through a single mortgage
- Purpose is to fill a need for the homebuyer to repair or modernize the home without the relatively high interest rates, short repayment terms and/or balloon payments
- 203(k) insured loans save borrowers time and money

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Alternative Options to IE Financing Prior to Cancellation - 203(k) Financing (cont....)

There are generally 2 types of 203(k) loans

- 203(k) Traditional
- 203(k) Streamlined
- Traditional 203(k) loans have a minimum requirement of \$5,000 and can be used for structural repairs
- Streamlined 203(k) loans are meant for homes that don't require structural repairs and have a maximum cap of \$35,000 in repairs
- Both programs above require repairs to begin within 30 days after close of escrow and be completed within 6 months
- Please refer to your preferred lender for more information about the 203(k) program and details or you may find an FHA approved lender in your area by visiting <http://www.hud.gov/ll/code/llscrit.cfm>

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Alternative Options to IE Financing Prior to Cancellation - 203(k) Financing (cont....)

The types of improvements that buyers may make using 203(k) financing include:

- Structural alterations and reconstruction
- Modernization and improvements to the home's function
- Elimination of health and safety hazards
- Changes that improve appearance and eliminate obsolescence
- Reconditioning or replacing plumbing; installing a well and/or septic system
- Adding or replacing roofing, gutters, and downspouts
- Adding or replacing floors and/or floor treatments
- Major landscape work and site improvements
- Enhancing accessibility for a disabled person
- Making energy conservation improvements
- Much more...

HUD Requires that properties financed under this program meet certain basic energy efficiency and structural standards

To find an approved FHA Lender, please visit: <http://www.hud.gov/ll/code/llscrit.cfm>

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Do I need a Pre-Approval letter to submit a bid?

- **Yes!** Purchaser(s) must have a pre-qualification letter or pre-approval letter from a lender
- If this is a cash sale, verification of cash funds is required
- Please have this documentation **prior** to placing your bid

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How are bids submitted?

- Bids can only be submitted through HUD’s website, www.HUDHomestore.com
- Brokers must have an active NAID number
- The broker and agent must be registered with www.HUDHomestore.com
- Submit bids by 11:59 PM CST by the bid deadline date

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Listing Period Change and Bid Review Update

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Exclusive Listing Period – IN/IE

- There is a **15 day** Exclusive Listing Period for owner-occupant buyers on properties listed as Insured (IN) or Insured with Escrow (IE)
 - If there are no acceptable owner-occupant bids received during the first 15 days, IN/IE properties will be featured in the Extended Listing Period with bids reviewed daily (Monday – Friday)
- The length of the Exclusive Listing Period for Uninsured (UI) is 5 days

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IN/IE Bid Review

- Bids on IN/IE properties will continue to be reviewed on the next business day following the 10th day of the Exclusive Listing Period
 - Bids submitted Mondays through Thursdays will still be reviewed on the same schedule as before, as long as one of those days (or Friday) is not a Federal Holiday

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IN/IE Bid Review Scenario/Example

Normal						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	1 Listed for Sale	2	3	4	5	6
7	8	9	10 Bid Submission Deadline Date by 11:59 pm CT – Sealed Bid ends but still in Exclusive Period	11 Initial Bid Review	12	13
14 Weekend Bid Review (Fri-Sun.) bids opened simultaneously	15 Last day of Exclusive Listing Period	16 Extended Listing Period begins	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

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IN/IE Bid Review (cont.)

- All bids received on Friday, Saturday, and Sunday will be opened the next business day (Monday) and will be considered as received SIMULTANEOUSLY
- If there are no acceptable owner-occupant bids received during the first 10 days on IN/IE properties, bids will be reviewed daily (Monday- Friday) until the 15th day
- If no acceptable owner-occupant bids have been received by the 15th day, IN/IE properties will be featured in the Extended Listing Period, open for all bidders, with bids reviewed daily (Monday – Friday)

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IN/IE Bid Review Scenario/Example

Bid Review Falls on Weekend						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	1	2	3 Listed for Sale	4	5	6
7	8	9	10	11	12 Bid Submission Deadline by 11:59 pm CT – Sealed Bids ends but still in Exclusive Period	13 Exclusive Period Bidding
14 Weekend Bid Review (Fri-Sun.) bids opened simultaneously	15	16	17 Last day of Exclusive Listing Period	18 Extended Listing Period begins	19	20
21	22	23	24	25	26	27
28	29	30	31			

UI Bid Review

- Bids on UI properties will continue to be reviewed on the next business day following the 5th day of the Exclusive Listing Period
- If no acceptable owner-occupant bids have been received by the 5th day, UI properties will be featured in the Extended Listing Period, open for all bidders, with bids reviewed daily (Monday – Friday)

Bid Review over Weekends for all Insurability Types

- All bids received on Friday, Saturday, and Sunday will be opened the next business day (Monday) and will be considered as received SIMULTANEOUSLY
 - If Monday is a holiday, all bids received on Friday, Saturday, Sunday, and Monday will be reviewed on Tuesday
 - If Friday is a holiday, all bids received on Thursday, Friday, Saturday and Sunday will be reviewed on Monday
 - If a holiday falls mid-week, bids received on the day prior to the holiday and on the holiday will be reviewed the following business day, unless there's a listing period change, or the holiday is in the middle of a 5- or 10-day bid-accumulation period
 - For example, if a holiday is on a Wednesday, all bids received on Tuesday and Wednesday will be reviewed on Thursday

Different Listing Periods over Weekends

- **PLEASE NOTE:** Different listing periods that end and start over a weekend or holiday will **NOT** have simultaneous bid openings the following business day.
 - For example, if the Exclusive Listing period ends on a Saturday, and the Extended Listing Period begins on a Sunday, and Monday is not a holiday:
 - Bids from Friday and Saturday will be reviewed first and simultaneously on Monday
 - If no acceptable bids were received on Friday or Saturday, then bids from Sunday will be reviewed

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IN/IE Bid Review Scenario/Example

Listing Period Changes Over Weekend						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
30	31	1	2	3 Listed for Sale	4	5
6	7	8	9	10	11	12 Bid Submission Deadline Date by 11:59 pm CT - Solicited Bid Period ends but listing is still in Exclusive Period
13 Initial Bid Review	14	15	16	17 Last day of Exclusive Listing Period	18 Extended Listing Period begins	19 Extended
20 Friday's bids forwarded first, then Saturday and Sunday as a group	21	22	23	24	25	26
27	28	29	30			

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HUDHomestore Notes

- Bid submission dates will be extended for bids made on a Friday, Saturday or Sunday
 - The Bid Submission Deadline will be Sunday at 11:59:59 PM Central Time
 - If Monday is a holiday, Bid Submission Deadline will be Monday at 11:59:59 PM Central Time

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HUDHomestore Notes (cont.)

- If the listing period remains the same on Friday, Saturday, and Sunday (and Monday if it's a Federal holiday), agents/brokers can submit only one bid during that time period for a single buyer
- If the listing period changes on Saturday, or Sunday (or Monday if it's a Federal holiday), agents/brokers will be able to submit two bids for the same buyer during that time period:
 - One bid during Exclusive Listing period and one bid during the Extended Listing period

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HUDHomestore Notes (cont.)

- The Bid Submission Deadline and the Bid Submission Time Remaining will let the agent/broker know how much time they have to place their bids in each of the listing periods

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How are Bids Accepted?

- Bids are accepted based on HUD's guidelines which include considering the highest net, not the highest offering price
- An owner occupant may bid on more than one property, **however**, BLB Resources will award only one acceptable bid that is in the best interest of HUD.

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How will I be notified if my bid is accepted?

- When BLB Resources accepts a bid, the selling agent who submitted the winning bid will be notified by www.HUDHomestore.com
- BLB Resources will also endeavor to notify the agent by e-mail or a phone call
- Currently all other bidders are **not** notified
 - Please log into your HHS Profile to check the status of your bid



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Mortgagee Letter 2015-17

- Per a national HUD directive from headquarters, the FHA Appraised value has been removed from the HUDHomestore website indefinitely. We have been instructed not to give this value out, which means that we will also no longer include this value in any of our listing reports or within the disclosures document on the Addendums tab of the HUDHomestore website.
- Key points follow; however, please review the entire Mortgage Letter for all details
 - <http://portal.hud.gov/hudportal/documents/huddoc?id=15-17ml.pdf>

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Mortgagee Letter 2015-17 Cont...

- HUD will not provide a copy of the appraisal, which is obtained for marketing purposes only
- If a purchaser is securing financing, their lender will take appropriate steps to determine if they must obtain an appraisal, including reviewing [Mortgage Letter 2015-17](#)
- All appraisals obtained by the lender are at the purchaser's expense, and the purchaser must pay in cash the difference between the bid amount and the appraised value

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Mortgage Letter 2015-17

Summary of Insured REO Sales Policy Changes		
Policy	Existing Requirements	Revised Requirements
REO Appraisal	<ul style="list-style-type: none"> Used to establish REO list price and Used to calculate maximum mortgage amount 	Used to establish list price only
Summary of Insured REO Sales Policy Changes		
Ordering a new appraisal	Permitted only when <ul style="list-style-type: none"> REO appraisal not available or REO appraisal expired or REO appraisal has material deficiencies 	Required for all FHA-insured REO sales transactions
Responsibility for determination of compliance of property with Minimum Property Requirements	<ul style="list-style-type: none"> REO Asset Managers and underwriting mortgagee 	Underwriting mortgagee only
Loan-To-Value ratio for investment properties	<ul style="list-style-type: none"> 1 Unit - 75% 2-4 Units - 85% 	75% for all 1-4 unit investment properties
Maximum mortgage amount	Based on lesser of <ul style="list-style-type: none"> appraised value or sales price or original REO list price 	Based on adjusted value
Financing Upfront Mortgage Insurance Premium on \$100 Down loans	Only if total loan amount does not exceed appraised value	Upfront Mortgage Insurance Premium may be financed with no restriction

HUD Homes Sales Incentives – Philadelphia HOC

- Effective October 1 2016, the following sales incentives are available on all properties sold within the Philadelphia HOC Region:
 - Buyer Bonus: \$100 down payments on HUD Homes financed with FHA-insured IN, Insured with Escrow IE or FHA 203k eligible financing
 - If your lender has any questions regarding this Philadelphia HOC \$100 Down Incentive Program, please have them call 1-800-CALL-FHA and speak to an Underwriter
 - Agent Bonus: Real Estate Selling Agents (agent for buyers) get \$500 for every HUD Home purchased with a FHA Rehab Loan.
 - In order to qualify for the Broker bonus, the bid must have been awarded on or after October 1, 2016 and the purchase must be made with an FHA 203(k) loan.

Lottery & GNND Program

- Certain properties that are noted in the system as being in a lottery area of interest are listed in the lottery program.
- Properties in designated Revitalization areas also assigned to lottery program
 - Please note that only single unit residences in revitalized areas go into the lottery program (2-4 units in revitalized areas do not go into lottery program)
- These properties are only available for Good Neighbor Next Door (GNND) participants, HUD approved Non-Profit organizations and government entities



Lottery Bidding Process

- Listed and sold exclusively through HUDHomestore.com – not found on MLS
- Must submit full priced offers
- HUD does not pay closing costs or commissions for these sales
 - *Neither listing agent nor selling agent will receive a commission unless you sell the property to a GNND participant, with a separate negotiated commission agreement between you and the buyer*

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Good Neighbor Next Door (GNND)

Designated properties in Revitalization areas available at 50% discount of list price to:

- Officers
- Teachers
- Emergency Medical Techs
- Firefighters
- **Properties must be located in the area or district where the GNND participant works or services**



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GNND Participation and Stipulations

- Buyer must meet HUD's eligibility requirements
- Buyer signs a second mortgage and note for the discounted amount of the list price
- No interest or payments are required on "silent second" if buyer fulfills the three-year occupancy requirement
- Additional addenda are required for these sales
- Neither buyer nor his/her spouse may have owned any residential property during the year prior to the date of submitting a bid on the home intended to purchase
- Neither buyer nor his/her spouse may have ever purchased another home under the GNND sales program

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How much does HUD pay toward closing costs and commissions?

Closing Costs:

- HUD will pay up to 3% towards a buyer's closing costs, if negotiated in the bid and contract – **Owner Occupants only**
- All costs will be paid in full compliance with the guidelines provided in HUD Handbook 4000.1 (IV, B, 2, iv)

Commissions:

- HUD will pay up to 6% commission, unless otherwise noted (i.e. \$2,000 total on some properties)
 - Up to 3% to the selling broker, unless otherwise noted
 - 3% to the listing broker, unless otherwise noted

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Closing Costs Paid Automatically by HUD

- Proration of property taxes and any special assessments such as HOA fees, utility bills
- Recording fees and charges for the deed (i.e., normal amount charged per page for recordation)
 - – HUD will NOT pay for a lender's certification

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Commission Restrictions

- Commission is disbursed to the Brokerage and exactly as it is shown on the contract.
- Commission entered by the selling broker on the electronic bid must match the commission on the sales contract
- Both **closing costs** and **commission** amounts **must be shown** on the contract and be deducted from the purchase price, reducing the NET to HUD

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Commission Restrictions Cont.

- **Effective 12-15-16**, HUD will **no longer** pay a sales commission to the Selling Broker (Buyer's Broker) on an Investor sale if the investor/buyer is also the Selling Broker (Buyer's Broker) on that file.
 - For example, if Selling Agent John Doe is representing themselves on a HUD sales transaction, and their sales contract is for Investor purchaser type, then HUD will not be paying the Selling Broker commission to John Doe.
- This would also affect the Selling Agent commission if the Selling Agent (Buyer's Agent) is somehow **affiliated** with the buyer and the buyer is an Investor type.
 - For example, if Selling Agent John Doe places an Investor-purchaser bid for XYZ Co., and they are also affiliated (or own a stake) with XYZ Co., then they will not receive a Selling Agent commission.
- This new policy only applies to the Selling Broker side, and only if the Selling Broker is also the Investor buyer on the same sales transaction.
- HUDHomestore will not be programmed to accommodate this change; however, BLB will be screening purchaser types and contracts accordingly. We will provide future communication to inform you of any updates or additional addenda added to the sales contract packages.

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How can I Cancel my Client's Bid?

- Prior to bid acceptance, agents may cancel, modify or withdraw bids by logging in on www.HUDHomestore.com
 - Note: multiple bids are not allowed for the same property, the previous bid must be cancelled prior to placing a new bid on the same property
- After bid acceptance, please complete the cancellation request form available on BLB Resources' Agent Resources page corresponding to your state <https://www.blbresources.com/resourcemap>
- Fax to (248) 301-6647 or email to 3Pcancellations@blbresources.com

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Cancellation after Bid Acceptance

- Signed cancellation form
- Reason and supporting documentation
- Determination of EMD Status
- If no documentation is submitted with the Cancellation Request form, the EMD will be automatically forfeited
- When BLB Resources receives a cancellation request, we will process the request within 2 business days

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Back-up Bids - UPDATE

UPDATE - Effective immediately, Back-up bids will no longer be awarded. Back-up bids will be reviewed solely at seller discretion*

- * Buyer should be recommended to still check the backup box on line 10 of the contract if they want their offer considered in the event that it is in HUD's best interest to review/accept backups
- Back-up bids still apply to GNND and Nonprofit properties

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How is a HUD Home financed?

- Depending upon the condition of the house and the mortgage amount, an FHA 203(b) loan or an FHA 203(k) loan may be used
- Buyers may also obtain conventional financing or pay cash

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May I obtain a copy of the appraisal?

- HUD will not provide a copy of the appraisal, which is obtained for marketing purposes only
- If a purchaser is securing financing, their lender will take appropriate steps to determine if they must obtain an appraisal, including reviewing [Mortgage Letter 2015-17](#)
- All appraisals obtained by the lender are at the purchaser's expense, and the purchaser must pay in cash the difference between the bid amount and the appraised value

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HUD's As-Is Policy

HUD makes no representations or warranties concerning the condition of the property and will make no repairs to the property.

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Buyer's Home Inspection

- BLB Resources recommends the purchaser retain the services of a home inspection company
- The purchaser has **15 days from contract ratification** to conduct a home inspection
- Utilities may be turned on for up to 72 hours for buyer's inspection, at buyer's expense
- Deposits and fees for activating utilities may be required by the FSM – please contact BLB Resources for further instructions
- Please don't wait to do this inspection, get it done first thing
- 15 day inspection is not a free pass (not a contingency to the contract)

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Prior to Close of Escrow, Buyers May NOT:

- Do home improvements, repairs or landscape modifications
- Occupy the property
- Change any locks
- Store personal property on the premises

These actions are **strictly prohibited**, are a **breach of contract**, and may be grounds for cancellation of the sale and forfeiture of the EMD

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What is the extension policy?

- 15 calendar day increments only. Fees will be based on Contract Sales Price of property
- Extensions will be for a period of fifteen (15) calendar days. Fees will be based on the Contract Sales Price of the property:
 - \$10 per day for properties with sale prices \$25,000 or less
 - \$15 per day for properties with sale prices from \$25,001 to \$50,000
 - \$25 per day for properties with sale prices greater than \$50,000
- The applicable fee must be submitted with the request in the form of a certified or cashier's check or money order
- Extension requests must be submitted to 3Paddenda@blbresources.com
- All extension fee checks are made payable to "U.S. Department of HUD"

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May I give my buyer a key at closing?

Please **do not** give your buyer a key at closing. Purchasers should be advised that they are responsible for re-keying the locks of the property immediately after closing for their own security



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E-Signatures – Now Accepted

- As of 5/1/17, E-Signatures are accepted through DocuSign
- All parties privy to the sales contract will receive direct emails at designated times in the workflow requiring verification and e-Signatures of the sales contract documents

75

E-Signatures – Now Accepted Cont.

- All agents must be opting into the E-Signature process unless a paper contract submission is approved by BLB. HUD's expectation is that most sales contracts will be conducted via E-Signature. The Buyer's Agent and buyers will only be allowed to proceed with hard copy sales contracts if they have an extenuating reason for not being able to proceed via E-Signature. Our P260 database will also need to be noted thoroughly with any exceptions
 - **EXCEPTION = NO EMAIL ADDRESS** – If a buyer does not have an email address or immediate access to a computer/Internet, then request permission from BLB to do a paper contract as we will note the P260 record with as much information as possible. If your buyer *does* have a computer and internet, but no email address, we recommend they get a free email account from Gmail, Yahoo, or the other countless of e-mail services available online

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E-Signatures – Bid Submission

There are a number of changes to the Bid Submission screen on HUDHomestore.com...some are below

- **Selling Agent Registration on HUDHomestore**
 - Selling Agents (Buyer Agents) MUST register for their own Selling Agent/Bidder account on HUDHomestore and submit their bids under that account. It's not only against HUD policy to submit a bid under their Broker's HUDHomestore account or that of another Selling Agent, it conflicts with the E-Signature process and will cause issues down the road
- **Purchasers (New)**
 - Previously, when submitting a bid, the Selling Agent would enter a primary purchaser and possibly a secondary purchaser
 - The Bid Submission screen now allows for a primary purchaser and up to three (3) additional purchasers
 - A phone number and email are required for each purchaser. Although a cell phone number is optional for the primary purchaser during bid submission, it is highly recommended to include one since it may have to be used as a method of verification. Verification is required before signing the electronic document

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E-Signatures – Bid Submission - Update

Upon Agent/Broker Placing a Bid

- **Purchaser Financing Option:**
 - The Agent/Broker must now differentiate between "conventional and other financing" and "cash" (depending on the type of financing that will be utilized)



- **Purchaser – Not Living in the Property:**
 - If a bidder is an Owner Occupant, the Agent/Broker will have an option to state whether they will be living at the property. At least one purchaser must live occupy the property and sign the Owner Occupant Addendum

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E-Signatures – Bid Submission Cont.

- **Conflict of Interest Question (New)**

- The Selling Agent is required to respond to a question concerning whether the purchaser is affiliated with HUD, or companies contracting with HUD, including asset managers, field service managers, appraisers, listing brokers, and closing agents
- If one or more purchasers has a conflict of interest, an additional dialog box displays asking whether one of the purchasers is a HUD employee
- If there is a conflict of interest and the purchaser is a HUD employee, an automated email is sent to the Selling Agent stating that they have 7 days to upload the HUD Conflict of Interest form
- If there is a conflict of interest with one of the purchasers who is not a HUD employee (i.e., does not have an approved Conflict of Interest form), the bid is automatically rejected

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E-Signatures – Bid Submission Cont.

- **Designated-Signer Requirement (New)**

- The Selling Agent is required to enter the name of the individual in their company that is responsible for signing contracts.
- This individual is referred to as the E-Signature Signer or Designated-Signer
- Initially, these fields are populated with the contact information for the NAID registered broker in HUDHomestore.com. This information can be changed at this stage of bid submission or at a later time after a bid is accepted
- A Broker Authorization form will be included within the “E-Signature Additional Instruction” package, which will be sent to the Selling Broker (Buyer’s Agent) upon bid submission

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E-Signatures – Bid Submission Cont. - Update

- **Accepted Bids, EMD Upload via “Checklist” Screen:**

- Selling Agents seem to be having trouble locating the “Checklist” link. Once they login to their Bidder account on HUDHomestore, they should click into “Bidder Functions” and select the “ACCEPTED BIDS” tab from the menu bar. The “Checklist” link will be located on the right-hand corner of that screen (refer to screenshot below):

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E-Signatures – Bid Submission Cont. - Update

After the Asset Manager (BLB) Accepts a Bid

- Bidding Broker/Agent will now get a single email notifying them that their bid has been accepted with the subject line of "SELLING BROKER/AGENT BID ACCEPTANCE NOTIFICATION"(this is referring to the email notification that the HUDHomestore site sends out, not referring to the bid acceptance notices sent out by BLB Resources directly)
 - This HUDHomestore email will outline the verification and document upload requirements
- If the Closing Agent has no HUD Title ID (or if one of the following documents listed below is missing or expired), the E-Signature checklist on the Accepted Bid screen of HDUHomestore will require uploads of those documents (it will feature individual upload links for each of the corresponding documents)

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E-Signatures – Bid Submission Cont. - Update

- E-Signature checklist now allows verification or updating of Purchaser(s), Signing Broker, and Closing Agent, and uploading of the following documentation:
 - Closing agent's state license and insurance coverage (if required)
 - Earnest Money check
 - Proof of Funds
 - Prequalification Letter
 - Articles of Incorporation (for investors)
 - Broker Designated Signer Letter of Authorization.
 - Refer to screenshot on next slide
 - **Agent/Broker Checklist after bid acceptance**
 - Requires uploads for:
 - Closing Agent's state license
 - Closing Protection Letter (CPL) or E&O Insurance
 - HUD uses the terms "Closing Protection Letter" and "E&O Insurance" interchangeably

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E-Signatures – Bid Submission Cont. - Update

Save Closing Agent Changes
Edit Closing Agent

Company Name: FIRST AMERICAN TITLE
 Company Phone Number: (530) 873-5527
 Company Address: 415 Century Park Dr
 City: Yuba City
 State: CA
 Zip Code: 95991
 BSCA ID: FIR5TA0286
 Escrow Officer: Bryant Closing Agent Demo
 Escrow Officer Email: bry256@outlook.com
 Escrow Officer Phone:
 Backup Officer:
 Backup Officer Email:
 Backup Officer Phone:

One or both Closing Agent documents has expired. Please upload an updated document and fill out the expiration dates. HUD cannot close on the property unless the Closing Agent forms are up-to-date.

Select the file by clicking the Browse or Choose File button and then click Upload. Upload one file at a time. These file types are permitted: pdf, doc, docx, jpg, jpeg, and png. File upload size limit is 10MB.

A Copy of Closing Agent's State License
 Expiration Date (MM/DD/YYYY): (required if document uploaded)

A Closing Protection Letter (CPL) evidencing errors and omissions insurance coverage
 Expiration Date (MM/DD/YYYY): (required if document uploaded)

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E-Signatures – Bid Submission Cont. - Update

- Other Uploadable Docs after bid acceptance:
 - Copy of Earnest Money Check
 - Buyer Proof Funds
 - Prequalification Letter
 - Articles of Incorporation – for Corporate Investors
 - Broker Designated Signer letter of Authorization – if anyone other than the principle broker will be signing the contract

E-Signatures – Bid Submission Cont. - Update

E-Signature Steps After the Asset Manager Verifies the Checklist and Initiates the Sales Package

- Bidding Broker/Agent gets an email with a DocuSign link to review the contract and clicks **Finish** to move to the next step (or clicks the "Click to Reject the Sales Package" button to cancel the E-Signature process)
- Broker responsible for signing the contract gets an email with a link to sign the contract and clicks **Finish** to go to the next step
- Each Purchaser gets an email with a link to sign the contract and click **Finish** to go to the next step. Primary buyer signs at bottom of sales contract; additional buyers initial at the bottom of the following page
- Closing Agent gets an email with a link to sign the contract and clicks **Finish** to go to the next step
- Asset Manager gets an email with a link to sign the contract and clicks **Finish** to go to the next step

At this point the E-Signature process is complete

HUD Sales Contract

In light of the new E-Signature process being implemented on 5/1/17 - Sales Contract packages and corresponding instructional guides that are found on the "Addendums" tab on www.HUDHomestore.com website have been removed

This **E-Signature Additional Instructions** package contains instructions for the additional items that will need to be manually signed by buyers on all sales transactions (some of the addenda in the package will be required for all cases, some on an as needed basis) – these will still be available on the Forms page on the BLB Resources website corresponding to your state <https://www.blbresources.com/resourcemap>

Please **do not submit your state contract forms**, as we can only accept the HUD contract packages



E-Signatures Additional Instruction Package - Update

Any bid that was accepted on or after 8-11-17 no longer required the addenda listed below prior to sales ratification (refer to bullets below).

No Longer Required (as of 8-11-17):

- Additional Escrow Instructions
- Additional LBP Information Receipt Addendum
- Flood Zone Property Disclosure and Addendum
- Carbon Monoxide Addendum

Previous to 8-11-17 our Sales Dept. sent out an E-Signature Additional Instructions package that contained instructions and the additional documents listed below. These addenda were required to be manually signed by buyers (not included in the DocuSign sales contract email). The Buyer's Agent was then required to print the forms, scan them, and upload them onto the "Earnest Money Deposit" section at the bottom of the E-Signature "Checklist" screen of their "Accepted Bids" tab on their HUDHomestore profile

However, the aforementioned steps are no longer valid as the addenda listed above has now been incorporated into the sales contract documents that are included in the DocuSign emails

E-Signatures Additional Instruction Package Cont.

The Buyer's Agent is only responsible for uploading the items listed below as **one PDF file** into the "Earnest Money Deposit" section at the bottom of the E-Signature "Checklist" screen of their "Accepted Bids" tab on their HUDHomestore profile. They should print and complete the required documents listed below (if applicable), and then scan the docs together and upload them as one PDF file.

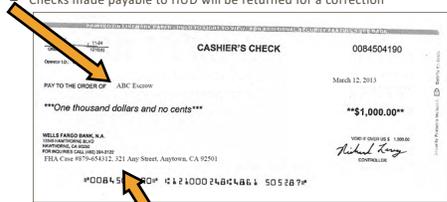
Required Items:

- EMD (must be uploaded by Buyer's Agent)
- POF/Lender Letter (must be uploaded by Buyer's Agent)
- LLC docs (if applicable)
- Broker Authorization (if applicable)
- Agency Disclosure (optional)

Please also remember that the Buyer's Agent will still be required to provide the original copy of the EMD check to the LLB's office within two (2) business days of bid acceptance. Although the Buyer's Agent will also have to attach a copy of the check onto the "Checklist" link on HUDHomestore within two (2) business days of bid acceptance, they will also need to provide you with the hard copy, as per previous instructions.

Earnest Money Deposit (EMD)

- Must be certified funds
 - Funds must be a Cashier's check from a bank or a US Postal Money order
 - Checks from credit unions, Western Union, Money Gram, etc. are not acceptable
- Made payable to: **"(Buyer selected escrow company)"**
 - Checks made payable to HUD will be returned for a correction



Please also reference the property address and FHA Case Number.

Investor Documentation

- If purchaser is an LLC, please include articles of incorporation
- If purchasing under a trust, please include trust documentation

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Agency Disclosure

Please ensure that the Sales Contract Package includes the Agency Disclosure from your brokerage. Please note that this is **NOT** a BLB Resources or HUD form

DUAL AGENCY CONSENT AGREEMENT

PROPERTY ADDRESS: _____

SALES CONTRACT NO: _____

BUYER(S) OR TENANT(S): _____

NOTE: Please see the Agency Disclosure form required by your Brokerage or BLB Resources or HUD form.

(1) This Dual Agency Consent Agreement is an addendum to and made part of contract of this agency.

(2) Seller and Buyer (or landlord and tenant, as the case may be) hereby acknowledge and agree that _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction.

SAMPLE

(3) The Broker/Agent may not disclose to the Buyer (or tenant) that the Seller (or landlord) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction.

(4) Property information available through the Multiple Listing Service or otherwise, including but not limited to, the Seller's (or landlord's) financial condition, is not to be disclosed to the Buyer (or tenant) or to any other party. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction. _____ (Broker/Agent) is acting as a dual agent for both the Seller and Buyer (or landlord and tenant) in this transaction.

(5) Both parties are advised to seek independent legal and tax advice with regard to this transaction, and with respect to the disclosure of this Dual Agency Consent Agreement.

I have read and understand the above agreement.

Buyer (Tenant): _____ Seller (Landlord): _____ Broker/Agent: _____

Date: _____ Date: _____ Date: _____

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Proof of Identity

- Copies of documentation may be submitted to show that legal name on contract package matches the bid submission
- This may include a copy of the purchaser's driver's license, passport, Social Security card, and/or a recent paystub that shows the Social Security Number
- This is optional – as needed

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2

Workflow of E-Signature Contract

- **Asset Manager Verification**
 - BLB Resources will review the information/addendums to be included in the sales package
 - After BLB' final verification, BLB will review and verify a draft sales package
 - After final verification by BLB, BLB will send out the sales contract package/ envelope
- **E-Signature Signing Ceremony**
 - The Selling Agent who placed the bid is the first recipient of the envelope. Their responsibility is to review the purchaser information and populate a few additional fields, if necessary. The purchaser information can be modified. The Selling Agent may also reject the envelope
 - Please note that the Buyer/Selling Agents DO NOT sign the contract...they review and approve and then it goes to the NAID's Broker of Record for signature. Again, the Selling Agent is not going to be signing the e-signature contract at all, unless they are also the Broker associated with the NAID used to submit the bid
 - After the Selling Agent confirms, the sales contract envelope proceeds as follows: Designated-Signer (NAID Registered Broker or Authorized Broker), Purchasers (all simultaneously), BSCA, Asset Manager (BLB)
- **Ratified Sales Contract**
 - When the document has been signed by all parties, a PDF of the final sales package is delivered to each party, along with a Certificate of Completion from DocuSign
 - BLB will then promote the case to Step 8

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3

FSM Inspection Request Forms

- No changes have occurred with this process
- Please view the "Agent Info" tab of the Property Details on www.HUDHomestore.com for the FSM assigned to the property
- Original **utility request form** and deposit (if applicable) **must be sent to FSM after contract ratification. Do not send the utility request forms to BLB Resources for processing. BLB Resources does not process utility activation requests**
- Purchaser's inspection may **not** be done until the signed form is returned from the FSM
- It is the Purchaser's responsibility to activate utilities. Neither BLB Resources nor the assigned FSM will activate utilities

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4

Questions About the Process?

Our Customer Service Department would be happy to assist you if you have any questions regarding how to complete your sales contract package. Please call (877) 877-5822.

Or by email:

- 3Psalesteam@blbresources.com
- 3P Sales and Customer Service Team Leader, Amy Beltz: abeltz@blbresources.com

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May I advertise HUD Homes?

Yes! Any agent may advertise HUD Homes. Please abide by the following guidelines:

- Advertise HUD homes in a professional, ethical and positive manner
- Please refer to properties as “HUD Homes,” “HUD-owned,” or “HUD-acquired”
- Always include the Equal Housing Opportunity Logo and/or statement on **any and all** advertising, including signage, websites, flyers, etc.



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Advertising Guidelines

- Note any flood plain zones, or other warning information as it appears on the property’s internet listing, if applicable
- Adhere to all federal, state, county, city and real estate commission advertising regulations and the **Truth-in-Lending Act** when advertising HUD Homes
- When showing HUD Homes, always secure the property (all doors, windows, etc.) **Please put the key back in the lockbox**

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Things **NOT** to Do

- Advertise homes before they are listed for sale to the general public
- Use HUD or FHA Logos and Seals - HUD Handbook 4000.1 - I, A, 6, n, ii, (1) (2)
- State or imply the price of the property differs from the list price shown on the HUD website
- Do not give out the HUD keys

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Things **NOT** to Do

- Refer to or advertise HUD Homes as “distressed,” “repo,” “foreclosed,” “repossessed,” “must sell” or any other adjectives with notable negative connotation
- Place signage in/on any HUD property (except LLBs)
- Destroy, damage, or remove the advertising or signage of another HUD-registered selling or listing agent

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Where Can I Advertise?

• Newspapers	• Internet
• Homes Magazines	• Post Cards
• Flyers	• Message Boards
• Billboards	• Email Lists
• Seminars	• Craigslist
• Social Media	• TV or Radio




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