



A Guide to Selling HUD Homes

Michigan Broker/Agent Handbook

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Welcome to MCB

About Michaelson, Connor, & Boul

MCB is a Marketing and Management contractor for the United States Department of Housing and Urban Development. We maintain, market, and facilitate the sale of properties owned by the federal government.

About this Handbook

This handbook is to be used for Brokers and Agents working with Owner-Occupant and/or Investor Purchasers as well as special program purchasers. This document may be revised in the future. It is your responsibility to check for updates and/or revisions of this document on our website: www.mcbreo.com. *The latest revision date of this handbook is printed on the cover and bottom left of each page; **all previous versions are obsolete**.* Some of the content of this handbook will not apply to every sale.

What is a HUD Home?

If a loan insured by the Federal Housing Administration (FHA) goes into default, the lender must take steps to collect on the loan. This may result in the lender taking possession of the collateral Real Estate. If this occurs, the lender may submit a claim against the FHA insurance fund and convey ownership of the property to the United States Department of Housing and Urban Development (HUD). HUD in turn sells the property at market value as quickly as possible. Michaelson, Connor, & Boul is a Marketing and Management contractor for HUD owned residential properties, 1 to 4 units; we maintain and sell these properties in accordance with HUD guidelines.

How are HUD Homes Sold?

HUD homes are listed on the MLS and on the internet. Brokers registered with HUD and their agents may place bids electronically on these properties on behalf of a purchaser. The bid with the highest acceptable net to HUD is selected as the provisional winner, subject to receipt of all required documents. Three back-up offers may also be selected. If the provisional winner does not submit the required contract by the deadline, then the 1st back-up will then be notified to send in their sales package. There is a 15-day limit rule for back-ups.

Who can buy a HUD Home?

Any buyer who can secure a loan to purchase real estate, or can pay cash, is eligible to purchase a HUD home. Purchasers must use a broker or agent who is registered with HUD to submit a bid on a property.

Purchasers must also have a pre-qualification letter from a lender or proof of cash funds in the amount of, or greater than, the property they are purchasing. HUD homes are listed on the MCB website:

www.mcbreo.com

Who can sell a HUD Home?

Any licensed real-estate broker registered with HUD, or an agent employed by a registered broker, may show HUD owned properties and submit bids on behalf of purchasers. Please be sure to register with HUD PRIOR to working with a prospective purchaser. All contracts, addenda and broker registration information are available online at

www.mcbreo.com. They can be filled out by hand or online in the PDF.

What is the Good Neighbor Next Door Program?

The Good Neighbor Next Door program (formally known as the Officer/Teacher program) allows for officers, teachers, firefighters, and Emergency Medical Technicians (EMT)s to purchase insurable HUD properties located in revitalization zones for 50% of the purchase price. Specific requirements for each of these programs can be found on our website. Available properties for this program are listed on our website under "[Available Properties for Sale Reserved List](#)" on the Michigan state page. Agents may submit "intent to purchase" on behalf of a qualified program participant at the full asking price of the property. Under this program, the closing costs and commissions are added to the purchaser(s) half of the loan. Note: There is a different sales contract and addenda for these sales.

What is the \$1 Home Program?

The \$1 Home Program is for Units of Local Government only. When a property qualifies for this program, it is added to the [\\$1 Government Agencies Listing](#) on our website and a HUD registered Unit of Local Government (such as a county, city, or township) can submit a sales contract package, including the intended use of the property, and in the case where there are proceeds, the specific community development programs they will be used for.

Sales Incentives – MICHIGAN ONLY!!

HUD is currently offering a variety of sales incentives to both buyer/agents and purchasers. They include:

\$100 Down Payment - for Owner/Occupants with FHA financing

Note: The \$100 down payment financing is available on most properties through FHA approved lenders. However, the \$100 down offer applies if the purchase price is less than or equal to the appraised value of the property. If the purchase price is greater than the appraised value, the purchaser may obtain a new FHA appraisal to support the higher mortgage amount or must pay cash in the amount of the difference between the appraisal and the purchase price less \$100.

\$2,500 Sales Allowance – applies to both FHA and Cash Buyers

The sales allowance can be used for the following items:

- Closing costs
- Tax pro-rations
- Repairs to the home
- Replacement of items in the home
- Pay down the unpaid principal balance of an FHA insured mortgage

Note: If funds are used for the repair or replacement of items, the incentive will be deposited in a repair escrow account for FHA-financed sales or reimbursed upon submission of receipts.

Eligibility Requirements:

- properties with a purchase price of \$25,000 or greater
- purchasers who are Owner/Occupants

Excluded:

- HUD approved non-profit organizations,
- Good Neighbor Next Door participants
- units of local government

Broker Bonus

Broker/agents are entitled to a \$500 bonus for properties with a purchase price of \$25,000 or greater. This incentive is for owner/occupant purchases only.

Who can advertise HUD Properties?

Any (HUD registered) brokerage can advertise a HUD property but only MCB local listing brokers may post any signage on the property itself. Brokers must follow advertising guidelines set forth by HUD 4310.5 Rev-2, 9-18; Broker Advertising.

Important Information about HUD Homes

HUD's "AS-IS" Policy

HUD makes no representations or warranties concerning the condition of the property, including but not limited to mechanical systems, dry basement, foundation, structural, or compliance with codes, zoning or building requirements and **will make no repairs to the property.** Regardless of whether the property is being financed with an FHA insured mortgage, HUD does not guarantee or warrant that the property is free of visible or hidden defects, termite damage, lead based paint, or any other condition that may render the property uninhabitable or otherwise un-useable. The purchaser is responsible for taking such actions as they believe necessary to satisfy themselves that the property is in a condition acceptable to them, of laws, regulations and ordinances affecting the property and agrees to accept the property in the condition at the time of contract acceptance. Purchasers are strongly encouraged to have a home inspection performed to identify any possible defects.

Access to the Property

All purchasers MUST be accompanied by a broker or agent when viewing any HUD home listed for sale. Buyers may not enter a house without their broker/agent for any reason prior to closing. If there are difficulties gaining access to a property, please contact the Local Listing Broker. The Local Listing Broker information may be found at www.mcbreo.com –click on your **state** and then "Local Listing Brokers."

Brokers and/or agents MUST accompany any individual performing services such as home inspections, appraisals, or certifications. Brokers and agents may only use their keys for their own legitimate use. Keys are not permitted to be lent to any other individuals associated with any sales transactions. All HUD homes may be shown by using one of two master keys (one for the front door and one for padlocks). Brokers and agents may purchase these keys at any Local Listing Broker office for \$2 each.

Property Condition Reports

MCB completes a Property Condition Report for each property that is to be marketed. This report is to assist the purchaser in assessing the condition of the property and is provided as a courtesy. It is not in any way a guarantee or warrant that the property is free of visible or hidden defects. All purchasers should be strongly urged to complete a full property inspection with the utilities activated to identify the current condition of the property and any repairs that may need to be completed.

Repairs, Improvements, or Occupancy Prior to Closing

No work is to be done to ANY HUD property prior to completion of the transaction. An accepted bid, or ratified sales contract, is **NOT** a transfer of ownership. Purchasers do not own the home until title of ownership is transferred into their name. Purchasers may not use the home for storage of personal items or occupy the premises under any circumstances prior to ownership.

Occupying or working on a HUD home prior to the transfer of ownership will be treated as *Trespassing*. Failure to abide by this policy can result in the cancellation of the sale transaction, forfeiture of the earnest money deposit and may also involve suspension of bidding privileges for the selling agent and brokerage firm

Lead-Based Paint Inspections and Stabilization

If the purchaser is using FHA financing, except 203(k) and the property was found to have deteriorated lead-based paint, HUD will stabilize the deteriorated lead-based paint in accordance with the stabilization plan and obtain lead clearance by the close of the escrow period or any extension thereof.

Lead-based paint stabilization requires multiple bids from state licensed contractors, completion of the stabilization work and 6 business days to perform a clearance inspection after the work is completed. If the property does not pass the clearance inspection, then the re-stabilization will need to be completed along with another clearance. This process may require extensions of the closing date at no cost to the purchaser. Also, it is imperative to read and understand the Lead-Based Disclosure Addendum required on all sales for properties built prior to 1978. Please be sure to explain this policy to buyers prior to going under contract.

NEW LEAD-BASED PAINT GUIDELINES, effective 9-1-2009

Any FHA Insured Financing, Except 203(k) - \$4,000 Maximum

If deteriorated lead-based paint was identified in the Lead-Based Paint Inspection Report, HUD will only 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.

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. Written notification must be postmarked by the

latest of fifteen (15) calendar days from the date the contract is accepted by HUD or two (2) business days following the date of the Purchaser's signature on the supplemental Lead-Based Paint Disclosure Addendum.

If deteriorated lead-based paint was identified in the Report and the Purchaser does not exercise the option to withdraw from the sales contract, HUD will stabilize the deteriorated lead-based paint in accordance with the stabilization plan and obtain lead clearance by the close of the escrow period or any extensions thereof.

FHA 203(k) Rehabilitation Mortgage Financing

The \$4,000 maximum also applies to 203k credits at closing, as well.

On a 203(k) loan, HUD will credit the buyer the amount in the stabilization cost estimate up to 10% of the purchase price, but no more than \$4,000.

Upon contract execution HUD will procure a lead-based paint inspection and will deliver the Report to the Purchaser by e-mail, along with a lead-based paint stabilization plan, if deteriorated lead-based paint is found, and a supplemental Lead-Based Paint Disclosure Addendum.

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. Written notification must be postmarked by the later of fifteen (15) calendar days from the date of the Purchaser's signature below, or two (2) business days following the date of the Purchaser's signature on the supplemental Lead-Based Paint Disclosure Addendum.

If deteriorated lead-based paint was identified in the Report and the Purchaser does not exercise its option to withdraw from the sales 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.

For more information, please contact Michigan MCB office, 248-827-0200.

Vandalism after Contract

If vandalism occurs after the property is under contract (has an executed purchase agreement by a HUD authorized agent), please complete a police report and make sure to inform our Southfield Michigan office, 248-827-0200.

Broker Registration

In order to register your company to place bids on HUD properties you will need to complete and submit the documents listed below. The requested information can also be entered electronically using the Broker Application Process available on our website (see Broker Registration). This will allow you to fill out the forms on line; please note this does not complete your registration:

IF YOU ARE AN AGENT, YOU WILL NEED TO HAVE THE DESIGNATED BROKER COMPLETE THE REGISTRATION BEFORE YOU CAN BID ON ANY HUD PROPERTY.

If you are a broker registering with a **Federal Tax ID/Employer ID Number** (FID/EIN) you will need:

1. SAMS Form 1111
2. SAMS Form 1111A
3. IRS FORM W-9 Request for Taxpayer Identification (if you are a broker registering with a tax ID number/ employer ID number).
4. First page of a telephone bill, utility bill, or bank/trust account statement showing the business address.
5. Copy of the Designated Selling Broker's State Real Estate License.
6. Copy of Broker Pocket Card, if license has no expiration date.
7. Copy of IRS documents showing Federal Tax Identification number.

Note: If your company has been assigned a Federal Tax ID number you are required to use that number to register.

If you are an individual broker registering with a **social security number** you will need:

1. SAMS Form 1111 (Must be broker's name, **not** a company name)
2. SAMS Form 1111A
3. First page of a telephone bill, utility bill, or bank/trust account statement showing the business address.
4. Copy of the Designated Selling Broker's State Real Estate License
5. Copy of Designated Broker's state issued ID card or drivers license
6. Copy of Designated Broker's social security card.

Upon Completion, send applications via **OVERNIGHT** mail (faxes not accepted) to:

Michaelson, Connor, & Boul
5312 Bolsa Avenue, Suite 200
Huntington Beach, CA 92649
Attention: NAID Coordinator
Phone: (714) 230-3600
Toll Free: (888) 622-7361

Property Listings

To locate property listings, go to www.mcbreo.com; choose your state (in the upper right hand corner) choose **city** or **county**, then the specific city or county and search. You can also search for a specific property by FHA case number, Address, or Zip Code.

When searching by city, county, or zip code, the website will display all the properties in that area. Each property summary contains the case number, address, price, bed/bath, list date, deadline, and eligible purchasers.

Daily bid deadline dates mean that all bids submitted the prior day are reviewed the next business day. Winners are posted at 4pm. If the deadline date has a day such as the first listing below, that means all bids must be submitted prior to midnight on that date and they will be reviewed the next day.


All properties are initially listed and relisted for Owner-Occupants only. If an acceptable bid is not received the property is then made available for investors to bid and the listing will show "All Bidders."

OAKLAND

	Property Case	Address	Price	Bed/Bath	List Date	Bid Deadline	Eligibility
	261-873711	3097 Margaret St Auburn Hills, MI 48326	\$32,000	2/1.00	07/18/2008	07/27/2008	Owner-Occupant (Investors bid on 07/28/2008)
View Map View Property Details							
	261-884738	45 OAKMONT Auburn Hills, MI 48326	\$105,000	2/1.00	07/11/2008	Daily	All Bidders
View Map View Property Details							
	261-814059	2311 LIVERPOOL ST Auburn Hills, MI 48326	\$108,500 Price Reduced	4/2.00	07/11/2008	Daily	All Bidders
View Map View Property Details							

Selecting a case number or the property picture will display the detail:

Property Detail Page

Property 261-849914	Details	
 <p data-bbox="440 1161 552 1188" style="text-align: center;">View Map</p>	<p data-bbox="873 359 1479 415">Address: 4790 WILLIAMSON ST, Dearborn MI 48126 WAYNEcounty</p> <p data-bbox="873 426 1170 453">Price: \$104,400</p> <p data-bbox="873 464 1170 491">As-Is Value: \$116,000</p> <p data-bbox="873 501 1138 529">Bed/Bath: 4/2.00</p> <p data-bbox="873 539 1130 567">Sqft: 1,408</p> <p data-bbox="873 577 1344 604">Year: 1941 (Lead Based Paint)</p> <p data-bbox="873 615 1414 680">LBP Disclosure: Click here to view the LBP Disclosure Addendum</p> <p data-bbox="873 699 1414 764">LBP Disclosure: Click here to view the LBP Inspection</p> <p data-bbox="873 783 1425 810">FHA Financing: Insured with Repair Escrow (IE)</p> <p data-bbox="873 821 1101 848">203K Eligible: Yes</p> <p data-bbox="873 858 1198 886">List Date: 07/18/2008</p> <p data-bbox="873 896 1409 924">Bid Deadline: Daily at 23:59:59 Pacific Time</p> <p data-bbox="873 934 1528 961">Eligibility: All Bidders</p> <p data-bbox="873 972 1463 1037">Property Condition: Click here to view the Property Condition Report</p> <p data-bbox="873 1056 1528 1083">Status: Property Available for Bidding</p>	
	<p data-bbox="873 1087 1143 1144">Escrow Amount: \$1,320</p> <p data-bbox="1062 1152 1507 1209">Only HUD registered Brokers can place a bid.</p> <p data-bbox="1062 1213 1479 1270">Click here to find a HUD registered broker in your area.</p>	
	<p data-bbox="873 1278 1479 1335">MORE INFORMATION: Click here to learn how to submit a bid.</p> <p data-bbox="1062 1339 1414 1367">Click here to connect to MCB.</p> <p data-bbox="1062 1377 1490 1434">Click here to learn more about HUD homes.</p> <p data-bbox="1062 1438 1101 1465"><></p>	
	<p data-bbox="883 1493 1078 1535">Submit Offer</p>	
	Special Comments	
	Escrow Information	
	Replace missing entry door and door frame	\$440
	Repair plumbing	\$605
	Replace sink and faucet in kitchen	\$165
Repair plaster over sink in kitchen	\$110	

Elements of the property detail page:

- Address: property address and zip code
- Case Number: This is the FHA case number, beginning with (261,262, or 263). It should be used to reference HUD properties. When faxing documents to us please be sure to label all pages with the specific case number.
- Price: the current list price of the property
- As-Is Value: the appraised value of the property
- Bed/Bath: the number of bedrooms and bathrooms
- Sqft: square footage of the property
- Year: year built – All properties that were built prior to 1978 require a Lead-Based Paint Disclosure Addendum as part of the sales package.
- LBP: Lead-Based Paint Disclosure Addendum
- LBP: Lead-Based Paint Inspection
 - *Properties just awarded a Bid Acceptance:* From your State Page click on 'Bid Results', choose the appropriate city, and submit. Locate the specific property and then click on the 'click here' of "For Bid Results Detail Click Here".
- FHA Financing: financing types: the insurability of the property.
 - IN= Insured
 - IE= Insured with Repair Escrow
 - UI= Uninsured
- 203K Eligible: property can be purchased with a 203(k) streamline or 203(k) rehab loan
- Listing Date: original list date of the property
- Bid Deadline: the last day you can place a bid by 11:59pm Pacific Time
- Eligibility: who can bid on the property
- Property Condition Report: link to the PCR for the property.
- Status: current property status
- Escrow Amount: if the property is IE – this is the amount of the repair escrow. This amount is equal to the repair amount plus the 10% contingency. Under a 203(b) repair escrow loan, this amount would be added to the purchaser's loan.
- Escrow Information: breakdown of repair escrow items

Financing Categories

IN – Insurable – 203(b)

- Properties listed IN appear to qualify for FHA 203(b) financing. There should not be any Minimum Property Requirements (MPR) repairs necessary.

IE – Insurable with Escrow – 203(b) Repair Escrow

- Properties listed IE are eligible for FHA financing with repairs to be completed by the purchaser after the close of escrow. These repairs must be Minimum Property Requirements (MPR) Repairs totaling less than \$5,000. MPR categories include: roof, structural, and mechanical systems, such as plumbing, electric, and heating.
- The cost for the repairs **is not** paid by HUD; however, the buyer may finance the repair escrow amount in their mortgage. The lender is responsible for inspections of the repairs and authorizing the release of funds.
- On the purchase agreement, the repair escrow amount is not deducted from the net to HUD or added to the purchase price on line 3. The repair escrow amount should only show on line 4 where it reads...
 - Said mortgage involves a repair escrow amounting to \$_____.
- **REPAIR ESCROW ONLY APPLIES TO FHA FINANCING – not cash or conventional transactions.**

Note: Per FHA guidelines, the lender has final determination regarding insurability and escrow requirements.

UI – Uninsurable – Conventional, Cash or 203(k)

- Properties listed UI generally are in need of extensive repairs and are usually purchased with cash or conventional financing. The only type of FHA financing they may qualify for is a FHA 203(k) loan. 203K FHA financing is a rehabilitation loan for Owner-Occupants purchasing properties that have over \$5,000 dollars worth of MPR repairs. Not all UI properties will qualify for FHA 203(k) financing.

Electronic Bidding – How to Place A Bid

Bids MUST be submitted electronically through the internet. *Have your HUD Sales Contract 9548 (1/99) and all necessary addenda filled out completely **prior** to submitting a bid on a property.*

Bidding on the Internet

To submit bids via the internet, go to www.mcbreo.com and choose your state.

You can search for properties by case number, address or zip code. To search for a list of properties in a specific city or county; click on the appropriate City or County from the Index and "submit".

1. **Have your completed HUD Sales Contract 9548 (1/99) in front of you as the line numbers below refer to it.**
2. Click on the "Submit Offer" button on the property details page
3. Enter Brokers Federal Tax ID or SSN (the number used to register with HUD) and the number of purchasers.
4. Enter Purchase Price from **line 3**
5. Enter Financing Arrangement from **line 4**
6. Enter Closing Costs (up to 3%) from **line 5**
7. Enter Selling Agent Commission (up to 5%) from **line 6a**
8. The Type of Purchaser from **line 8**

Purchaser Information – The purchaser's full name, SSN, and address are required in order to submit a bid. If a company is purchasing the property; the company name, FIN, and address are required in order to submit a bid. For two buyers, use the drop-down box.

1. Enter the **Primary Purchaser's** Social Security Number or Federal Identification Number.
 - If the SSN/FIN on the bid does not match the SSN/FIN on the contract **YOUR BID MAY BE CANCELLED.**
 - The primary purchaser cannot be removed from the sales contract. If the primary purchaser cannot complete the sale then the contract must be cancelled and the property re-listed and bid again.
2. If a company is purchasing the property, enter the company name. (otherwise leave blank)
3. Enter purchaser's last name
4. Enter purchaser's first name

Purchaser Information Continued

5. Enter the purchaser's address
6. Enter the purchaser's city
7. Enter the purchaser's state
8. Enter the purchaser's zip code

Broker/Agent Information (This is the buyer's broker/agent, not the HUD registered broker)

9. Enter broker/agent phone number
10. Enter broker/agent fax number - used to notify the broker/agent of an "accepted" (signed) contract and the appropriate Closing Agent Instructions.
11. Enter broker/agent name
12. Enter broker/agent e-mail address – used to notify the broker/agent in the event a correction to the HUD Sales Contract or Addenda is needed.

IMPORTANT NOTE: If your bid is posted on the internet as the Accepted Bid (under bid results on our website) you must overnight mail your original Sales Contract and Addenda **within 2 business days of acceptance** to the following:

MCB Michigan Office
100 Galleria Officentre, Ste. 414
Southfield, MI 48034

Main Line: (248) 827-0200
Toll Free: (877) 827-7781
Fax: (248) 827-2100

Electronic Bidding – Regulations

Accuracy of Bid Submission

The purchaser information entered on the bid must be accurate. If an erroneous Social Security Number, Federal Identification Number, Purchaser, or Company name is used in lieu of the actual SSN/FIN, Purchaser, or Company name, your bid may be rendered invalid. The information entered on your bid cannot be changed after it has been provisionally accepted. Submission of false information will result in the cancellation of the provisional bid acceptance and the property will be placed back on the market for competitive bidding or awarded to a back-up bidder.

Multiple Owner-Occupant Bids

Owner-Occupant purchasers may only have one accepted offer at a time. If for some reason the provisional bid or contract for an Owner-Occupant must be cancelled, you will not be able to submit another bid on behalf of that Owner-Occupant until your cancellation request has been processed. Upon completion of processing, a cancellation letter will be faxed stating the disposition of the earnest money deposit. Submission of bids during this transition period will only cause delay in your client's ability to place a new bid.

Accepted Bids

Accepted bids will be posted on the MCB website after 4 P.M. (Easter Standard Time). It is the broker/agent's responsibility to check the website. Agents are also notified by e-mail. Please make certain that the e-mail address you use when submitting your bid is correct, as this is the primary way we correspond with you.

If your bid is accepted, you are responsible for delivery of the original signed sales contract and addenda to Michaelson Connor & Boul **within 2 business days of acceptance.** Therefore, you must have your Sales Contract and addenda, including your Purchaser's Earnest Money in certifiable funds (cashiers check or money order) and Pre-qualification letter or verification of cash funds for a cash sale, **prior** to submitting your bid. If your sales package is submitted incomplete, your bid acceptance may be cancelled.

Electronic Bidding – Important Information

Michaelson, Connor, & Boul reserves the right to accept or reject any and all bids, and assumes **no responsibility** for any inadvertent errors in the listing information. MCB is not responsible for errors or equipment failures that may occur in the electronic transmission of bids.

IMPORTANT NOTE: Once a bid is accepted, you may not change the purchase price, closing costs or commissions whatsoever. Any change will negate the initial offer and result in cancellation of the transaction.

Placing Bids

Bid results will be posted daily at 4:00 P.M. Eastern Standard Time. (EST) If you place your bids prior to 4:00 PM EST you may be bidding on a property that has already been awarded. Therefore your bid will not be considered. To avoid this situation, it is suggested that you wait until after 4:00 P.M. EST to place bids for your client.

Over-Bidding with FHA Financing

If your purchaser is obtaining FHA financing you will be **required** to use HUD's FHA "AS-IS" Appraisal (unless HUD's Appraisal is over 6 months old at the time of contract "Acceptance"). In this case, your purchaser will be required to obtain a new FHA "AS-IS" appraisal at their expense. If you bid in excess of the appraised value, **the purchaser must pay the difference between bid amount and appraised value in cash.** This is because FHA will not insure a loan for greater than the appraised value of the property.

Bidding for Investors

For the first ten (10) days on all new listings, preference is given to Owner-Occupant buyers. (Some cities have extended Owner-Occupant periods – this information would be noted on the Property listings on the website). Price reductions are sometimes made on properties. For 5 days following a price reduction, preference will be given to Owner-Occupant buyers. This guideline also applies to any property being **re-listed** on our website. Bids by investors will not be accepted until the Owner-Occupancy Period bid review process has been completed and no offer accepted.

Bid Results are posted at 4 P.M. (EST)

Listings with a Deadline of "Daily"

Bids are reviewed on the following Business Day after they are submitted. If a listing has a deadline of "Daily" you must submit a bid by **11:59 P.M. Pacific Time (PT). The winner (if there is an acceptable offer) will be posted on the following day at 4:00 PM (ET).**

Important Note: Bids submitted on Friday, Saturday, or Sunday on properties listed with a deadline of "Daily" will be reviewed on Monday (or the following Business Day). Please check the website for announcements regarding bid deadlines on federal holidays.

Back-up Offers

In the event that there is more than one acceptable bid received, MCB will award to the highest net bidder and hold back-up offers. Back-up bidders will be notified by email at the time of the bid award. The completed contract package should be completed and held by the agent until further notification. **Back-up offers are held for 15 days or until contract is "ratified" (signed by HUD) whichever comes first.** If the awarded bid cancels within 15 days (and the contract has not been ratified by HUD) the back-up offer will be contacted by email and advised to send the necessary documentation, **within 2 business days of acceptance.**

Low Valued Properties

HUD has a continued interest to sell low valued properties in the state of Michigan (Appraised Values at \$5,000 and below). After the initial exclusive listing periods have ended without an acceptable bid, a daily review will be generated on low value properties. We encourage brokers to submit offers on low valued properties for their clients daily, or until they no longer have an interest in the property. Low Valued properties will be reviewed on a daily basis after all exclusive listing periods have been completed.

Bid Notification Emails

MCB does send bid acceptance notifications, however, these notification emails are a courtesy and it is the responsibility of the selling agent to view bid results to see if the bid has been awarded. Late contracts may not be accepted. The accepted offer could be cancelled, and the property re-listed.

Preparing the Sales Package

By completing the entire sales package with the purchaser prior to submitting the offer, the selling agent will not only ensure the accuracy of the bid submitted to the contract, but also be able to meet the contract

package submission timeline, by sending it in overnight mail or dropping it off at the Southfield, Michigan office.

Please make copies prior to dropping off a sales package at the Southfield, Michigan office – We do not make copies in our office.

The Sales Package

Contract documents must reach our office within 2 business days after the internet posting of bid results (bid acceptance). The successful bidder MUST submit a completed sales package by **OVERNIGHT MAIL, which consists of the following:**

1. Sales Contract – HUD form 9548 dated (1/99)
2. Conditions of Sale – Signed by all purchasers
3. **Copy** of Earnest Money – Certified Check or Money Order
4. Forfeiture and Extension Policy – (revision date 10-12-06)
5. Pre-qualification letter or for cash sales; verification of funds.
6. Owner-Occupant Certification – HUD form 9548D (1/98) – if applicable.
7. Radon Gas and Mold Notice and Release Agreement.
8. Lead Based Paint Disclosure Addendum – downloaded from web listing or bid results
9. Agreement to Abide by HUD’s Earnest Money Policy
10. Agency Disclosure Form
11. For Your Protection: Get a Home Inspection.

Please note: Newer versions of addenda may be available. Please check our website at www.mcbreo.com under Announcements or on the FORMS page.

Errors and Omissions:

If your contract package contains any errors or omissions your bid may be cancelled and awarded to the back-up bidder, if applicable, or the property will be placed back on the market.

Please be careful when filling out the contract and addenda and be sure they are complete and correct.

The Sales Contract

Sales Contract- HUD Form 9548 (1/99): Line by Line

Electronic Version: You may download and submit an electronic version of this form with your bid information automatically entered. The Sales Contract and Conditions of Sale (the second page of the contract) must be signed by all buyers and must be original signatures (preferably in blue ink). Do not make copies of the PDF contract. The Sales Contract must be legible (use the original form from the printer). To produce a completed form, enter the HUD case number and your confirmation number. Enter the appropriate information on lines **1,2,12**, and **13** (see below). If you elect to complete the sales contract manually, please follow the directions below.

Line 1 – Complete the Purchaser(s) name(s) and Address of the property including City, County, and State. Fill in the HUD case number in the designated box (upper right). These contracts **are not assignable**. The Purchaser(s) whose name and social security number were used to place the bid must appear on the contract.

Line 2 – Fill in the purchaser(s) name and the style in which title is to be taken such as “single”, “married”, “tenants in common”. The HUD closing agent will prepare a deed to transfer ownership according to this line. This line may **not** be left blank or read “to be determined”.

Line 3 – Enter the purchase price (the bid price), the Earnest Money deposit amount, and note that the Earnest Money deposit shall be held by the brokerage representing the purchaser, in a trust account. Earnest Money deposits **must** be in the form of certifiable funds (i.e. Certified Check, Cashier’s Check, or Money Order).

Earnest Money amounts are determined by the Sales Price. **Please use one of the two dollar values listed below. No other amounts should be indicated.**

- Sales price **up to \$49,999** earnest money = **\$500.00**
- Sales price **\$50,000 and up** earnest money = **\$1,000.00**
- Vacant lot: ½ of the Purchase price of the property

Line 4 – Financing Type

If your purchaser is applying for FHA Financing, the box indicating “Purchaser is applying for FHA insured financing.” must be marked. The TYPE of FHA financing must also be indicated.

FHA Financing Options

- Properties listed IN: The box 203(b) should be marked
- Properties listed IE: The box 203(b) with repair escrow should be marked
 - In addition the repair escrow amount should be marked and entered where the contract states “Said mortgage involves a repair escrow amounting to \$_____.”
 - ONLY IF THE PURCHASER IS OBTAINING AN FHA 203(b) REPAIR ESCROW LOAN – do not fill in an escrow amount if the purchaser is paying cash or a conventional loan not involving FHA.
- Properties listed UI: The box 203(k) should be marked.
 - If the property qualifies for 203(k) financing.

Please leave all other mortgage information BLANK

- Down payment, mortgage amount, and months

If your purchaser is applying for Non- FHA financing:

The box indicating “Purchaser is paying cash or applying for conventional or other financing not involving FHA” should be marked.

- If purchaser is paying **cash**, please circle the word cash and be sure to include a verification of funds in your package.

Line 5 – Closing Cost up to 3% of the purchase price; this must be the same amount as submitted on the offer.

- **Do not include any sales allowance or incentive amounts** on this line unless instructed to do so on the bid acceptance notification.

Line 6a – Selling agent commission up to 5% of the purchase price and must be the same amount as submitted on the offer.

- Do not include any sales allowance or incentive amounts on this line unless instructed to do so on the bid acceptance notification.

Line 6b – Should be zero.

Line 7 – Net to HUD – Line 3 minus the total of Lines 5 and 6a. (Please be sure your math is correct on this line.)

Line 8 – Purchaser type: Please mark the applicable option (i.e. Owner-Occupant, Investor, Non-Profit etc.). Leave Discount amount blank. (Discounts are for GNND and Non-Profit purchasers only).

Misrepresenting a purchaser as an Owner-Occupant is a **SERIOUS** offense that may constitute fraud and may result in an investigation of the Broker, Agent, and Purchaser by the Office of the Inspector General.

Line 9 – Sales transaction shall close not later than 60 days from seller's acceptance. Properties may close in less than 60 days but 60 days MUST be on the contract. If closing does not occur within 60 days, then extension fees will apply.

All closings must have HUD's designated closing agent involved. If you are planning on using a different title company, then fill in the second blank on line 9. Otherwise leave this empty.

Line 10 – Back-up offers- Do not apply; a back-up offer will be contacted by MCB, if applicable. You should only send in a Sales Contract Package, if you are the accepted bidder. ***(Contract packages received that are not the awarded bidders will be discarded without notification).***

Line 11 – If the property was built prior to 1978, please mark line 11 "Lead Based Paint Addendum" **'IS'** attached. If the property was built in 1978 or later "Lead Based Paint Addendum **'IS NOT'** attached."
Always mark 'Other Addendum 'IS' attached'.

Line 12 – **HAVE PURCHASER(S) INTIAL CONTRACT HERE** – Please double check to ensure that ALL purchasers have initialed this blank before sending in the sales contract package.

Line 13 – Purchaser information: Please be sure all information is written in the correct boxes.

- Type or Print name(s).
- **SIGNATURE(S)** – ALL purchasers' signatures are **required**.
 - ***(Powers of Attorney are not acceptable.)*** Contracts that are received without the purchasers' signature may be

cancelled immediately and placed back on the market or awarded to a back-up offer, if applicable.

- Social Security Number or EIN/FIN for **ALL** purchasers.
- Primary purchasers' address and phone number.
- **DO NOT** let purchasers sign in the "Seller" or the "Authorizing Signature & Date" sections; these are to be used by the authorized HUD signing agent **ONLY**.

Certification of Broker (MUST be completed by the NAID Registered broker or Authorized Agent.)

- Broker's Name and Business address
- Broker's EIN or SSN (the number used to register with HUD).
- SAMS NAID # (the number issued by HUD upon registration).
- Signature of NAID Registered broker or Authorized Agent.

(MUST BE ORIGINAL (preferably in blue ink) – COMPUTER GENERATED SIGNATURES AND SIGNATURE STAMPS ARE NOT ALLOWED)

- Broker's phone number with area code.
- Selling Agent's full name
- Selling Agent's phone number with area code.

Conditions of Sale: page 2 of the HUD Sales contract Form 9548 (1/99). This form must be **signed** by ALL purchasers. (Initials are not acceptable).

*****PLEASE NOTE: ALL INITIALS AND SIGNATURES ON THE SALES CONTRACT MUST BE ORIGINAL AND PREFERABLY IN BLUE INK. *****

The Sales Package - Addenda

Copy of Earnest Money Deposit

A **copy** of the earnest money deposit in the form of certifiable funds (i.e. a money order, Cashier's or Certified Check) is a required portion of the sales contract package. The actual check is held by the buyer's agent brokerage until the contract is accepted by HUD. It is then deposited to the brokerage's trust account.

Forfeiture and Extension Policy – Version 10/12/06

This form is an explanation of HUD's policy on forfeiture and refund of earnest money deposits for Owner-Occupants and Investors, and the guidelines for requesting an extension of the closing date.

Please be sure **ALL THREE (3)** pages of this document are **read** and the last page **signed by all purchasers**.

Pre-Qualification Letter or Proof of Funds for Cash Sale

A Letter of Commitment or a Pre-Qualification Letter- from an industry recognized bank or mortgage underwriter is required. This letter should include the pre-qualification amount. For Cash Sales, provide verification of cash funds. This can be a bank statement, letter from a bank, or other forms of verification that provide sufficient evidence that cash funds will be available.

Owner-Occupant Certification – HUD Form 9548D (1/98)

Required for all Owner-Occupant Purchases – MUST have purchaser(s) printed name(s), signature(s), and date(s). The Broker Certification section must be completed by the **NAID Registered Broker** or **Authorized Agent** (not the selling Agent) and must have their printed name, signature, and date. (***ALL SIGNATURES MUST BE ORIGINAL-STAMPS or COMPUTER GENERATED ARE NOT ACCEPTABLE.***)

Radon Gas Mold Notice and Release Agreement

This agreement must have the purchaser(s) printed name(s), signature(s), and date.

Lead Based Paint Addendum

If the property was built prior to 1978, this addendum is **required**.

The Lead Based Paint Addendum can be found on our website as follows:

- **Currently listed properties:** From your State Page enter the specific case number in "Property Case Number", submit, and then click the "View Property Details" link.

- **Properties just awarded a Bid Acceptance:** From your State Page click on 'Bid Results', choose the appropriate city, and submit. Locate the specific property and then click on the 'click here' of "For Bid Results Click Here".

The registered broker must complete this form. The Broker's initials are required under the Financing Type and the Selling Broker Acknowledgement, as well as their signature(s) and date(s) on the last page.

The purchaser(s) initials are required on **ALL LINES** under the Purchaser Acknowledgement, as well as their signature(s) and date(s) on the last page.

Agreement to Abide by HUD's Earnest Money Forfeiture Policy

For Your Protection: Get a Home Inspection

This form must indicate whether the buyer will be performing a home inspection or not. It must be dated and signed by the purchaser(s).

Agency Disclosure

Selling broker's agency disclosure.

After the Contract has been signed by a HUD Authorized Agent

After the Sales Contract has been ratified, it will be faxed to the broker/agent along with the closing agent instructions cover sheet. This will identify HUD's Designated Closing Agent for the transaction and the expiration date of the contract. If you cannot close by the expiration date, you MUST submit an extension request PRIOR to the expiration of the contract.

MCB Request Forms

***** PLEASE NOTE: THE FOLLOWING REQUEST FORMS CAN ONLY BE HONORED AFTER THE CONTRACT AND SALES PACKAGE HAVE BEEN RATIFIED BY A HUD AUTHORIZED AGENT.**

Requesting Appraisals and Termite Inspection Reports

FHA "As-Is" appraisals and Termite Inspection Reports are available, by winning bidder(s) request, for use in obtaining a mortgage loan. If, for any reason, the winning bidder(s) lender requires a new or updated appraisal report, the cost of that report will be the responsibility of the winning bidder(s). To request an appraisal and/or Termite Inspection Report, the winning bidder(s) must complete the appropriate form located on our website www.mcbreo.com and from your state page click the FORMS link on the left hand side of the page. Once completed, the form can be faxed to the following appropriate number.

Michigan: (248) 827-2100.

Home Inspection

We strongly recommend that all properties under contract have a home inspection performed with the utilities activated. The purchaser has a period of 15 days after the sales contract has been ratified (officially signed by HUD), to conduct this home inspection. In order to activate the utilities, please complete the "Request to Turn on Utilities" form located on our website at www.mcbreo.com; then from your State page; click the link "Forms" on the left hand side of the page. Please fax this completed form to the

appropriate State office (listed below) for authorization. This form will be faxed back to you and **you** may use it to **activate** the utilities for the property for a **period of 72 hours**. *Any costs associated with utility activation will be at the buyer's expense.*

Michigan: (248) 827-2100

MCB Addenda

Adding or Removing Purchasers

You may add or remove a purchaser, if absolutely necessary. This can be done by printing the "Addendum to ADD Purchaser" or "Addendum to Remove a Purchaser" from our website on the FORMS Page. Please have these forms completed and signed by all purchasers and fax to the appropriate State office. **Michigan: (714) 230-3885**

*****Important Note:** At least one of the original purchasers must remain on the contract. If the bid was placed in only one purchaser's name, they cannot be removed.

Changing Financing

If Financing must be changed, you must complete and submit the "Addendum to Change Financing" form from our website on the FORMS Page. If you are changing from an FHA 203(b) to a 203(b) with Repair Escrow or, if you are increasing a repair escrow amount, you must attach the home inspection report showing the required repairs. If you are changing to 203(k) rehab financing, you must attach a 203(k) HUD Plan review completed by a certified 203(k) consultant. The signed and completed form with additional documentation (if applicable) can be faxed to the appropriate State office. **Michigan: (714) 230-3885.**

This form is not required for the Streamline 203K Loan.

Also, an updated Lead-Based Paint Addendum, if applicable.

**** Please note: Approval or Denial of Addendums to the contract are entirely within the Seller's discretion.*

Extension Requests

Extensions of closing dates, if granted, are issued in 15-day increments upon written request. Extensions of time to close the sale are entirely within the Seller's discretion. An extension request must be submitted to **HUD'S Designated Closing Agent PRIOR** to the expiration of the contract. All extension requests must include the following:

1. Extension Request Form (can be found on the FORMS Page of our website)
2. A letter from the Lender
 - Must establish the cause of the delay
 - Must state when the closing will occur
3. Extension Fees (see table below)

Purchase Price of Property	Price per day	Total
\$25,000 or less	\$10.00	\$150.00
\$25,001 to \$49,999	\$15.00	\$225.00
\$50,000 or more	\$25.00	\$375.00

Extensions will be for a period of fifteen (15) **calendar** days.

- Extension fees will be retained by the seller, if a closing does not occur.
- At the closing, extension fees will be prorated, as of the date of closing. Any unused portion of the fee will be refunded to the purchaser.
- The granting of one extension shall not obligate the Seller to grant additional extensions, and the Seller shall declare a Default for the Purchasers' failure to close the sale upon the expiration of the original closing period or upon expiration of the extensions.
- Extension requests must be filed regardless of the nature of the delay of settlement. Purchase agreements must be kept current to avoid expiration of the closing date and possible cancellation of the contract. If there is a title problem preventing closing, or if the closing agent is causing the delay, an extension must be filed by the agent. If extensions are not kept current and the contract expires, the transaction will be cancelled.
- Extensions filed after the expiration of the contract will not be considered.

- **CONTRACT WILL BE CANCELLED ON THE DATE OF EXPIRATION, IF AN EXTENSION HAS NOT BEEN FILED.**
- ***ALL EXTENSIONS MUST BE SUBMITTED TO THE HUD DESIGNATED CLOSING AGENT. MCB WILL NOT ACCEPT ANY EXTENSIONS SUBMITTED DIRECTLY TO MCB.***

Re-keying the property after Settlement

Purchasers should be advised that they are responsible for re-keying the locks of the property immediately after settlement for their own security.

Cancellations of Bids (Prior to Acceptance, After Acceptance, and Ratified Contracts)

Cancellation requests will be reviewed and processed within 72 hours of being received. We will respond with a letter of cancellation informing you of the disposition of the earnest money deposit.

Cancellations of Bids Prior To Acceptance

If you place a bid by mistake or made an incorrect bid, please print and complete the "Bid Cancellation Prior to Acceptance" form from the FORMS Page on our website. This form should be faxed to the number listed on the form (714-908-5702). If we do not receive your cancellation request and your bid is posted as the accepted bid, you must fill out the "Bid Cancellation after Acceptance" form.

Cancellations of Bids after Acceptance

If your offer has been posted as the winning bid and you would like to cancel, please print and complete the "Bid Cancellation after Acceptance" form from the FORMS Page on our website. This form should be filled out completely and signed by the purchaser(s) and faxed with supporting documentation, if applicable to the appropriate state office. **Michigan: (248) 827-2100**

Cancellation of Ratified Contracts

If the contract has been ratified (signed by HUD) and the purchaser cannot close the transaction, you must submit a typed cancellation request on your company letterhead. This request should contain the following.

- ✓ Case Number
- ✓ Property Address
- ✓ Purchaser(s) Name
- ✓ Agent's Name
- ✓ Reason for the cancellation
 - As detailed as possible
- ✓ **Purchaser(s) Signature (REQUIRED)**
- ✓ Supporting Documentation for Cancellation
 - Broker/agent Explanation
 - Inspection Reports
 - Lender letters
 - Etc...

Disposition of Earnest Money Deposits

The Failure by a purchaser to close on the sale of the property within the allowable time period, including any granted extensions, will result in the refund or forfeiture of the earnest money deposit. Please review the specific circumstances below for both owner/occupant purchasers and investors.

Owner-Occupant Purchasers (with proper documentation) (100% Refund Policy)

The entire earnest money deposit will be returned to an Owner-Occupant Purchaser who fails to close after the sales contract was ratified (signed by HUD) because:

- There has been a death in the immediate family.
- There has been a recent serious illness in the immediate family that has resulted in significant medical expenses or substantial loss of income, thus adversely affecting the purchaser's financial ability to close the sale.
- There has been a loss of employment by one of the primary breadwinners, or substantial loss of income through no fault of the purchasers.
- In the case of an FHA-insured sale, HUD (or a direct endorsement lender using HUD guidelines) determines that the purchaser is not an acceptable borrower.
- For other good cause, to be determined by MCB.

(50% Refund Policy)

In the case of an uninsured (not involving FHA) loan where, despite good faith efforts by the purchaser, there is an inability to obtain a mortgage loan from a recognized mortgage lender, 50 percent of the earnest money deposit will be returned.

(100% Forfeiture Policy)

For either insured or uninsured loans, there will be a 100 percent forfeiture of the deposit in those instances where no documentation is submitted, where the documentation fails to provide an acceptable cause for the purchaser's failure to close, or where the documentation is not provided within a reasonable time frame following contract cancellation. (i.e. 90 days)

Investor Purchasers:**(100% Forfeiture Policy)**

The failure by an investor to close on an uninsured sale will result in the forfeiture of the entire earnest money deposit.

(50% Forfeiture Policy)

Fifty percent of the earnest money deposit on an FHA-insured sale will be returned to an Investor Purchaser where HUD (or a Direct Endorsement Lender using HUD guidelines) determines that the Purchaser is not an acceptable borrower.

Failure to Abide by HUD's Earnest Money Policy

To participate in HUD's sales program, real estate brokers must abide by HUD's Forfeiture of Earnest Money Policy in which they certify that they will comply with HUD's instructions on the disposition of earnest money deposits. If the broker on a sale which fails to close is holding the earnest money deposit, as the closing agent, in an escrow or client's trust account, written instructions must be provided to that broker (from MCB) as to the disposition of such funds. If the broker fails to comply with those written instructions, Limited Denial of Participation (LDP) action(s) may be taken for the brokerage's NAID Number, which affects all users of the NAID.

The HUD Sale Transaction (Step by Step)

Prior to listing:

1. Lender deeds property to HUD
2. Property is inspected and secured by MCB
3. Property is prepared for market
4. Property is appraised
5. The price is determined
6. Property is listed on the MLS and on the internet

After property is listed:

7. Real estate agent may show property to prospective purchaser(s)
8. Real estate agent completes sales package with purchaser(s)
9. Real estate agent submits a bid electronically
10. Bids are reviewed to determine best net offer to HUD
11. Bid acceptance posted on internet

After an accepted offer:

12. Earnest money held by Real Estate Broker
13. Sales Package is sent via overnight mail
14. If the sales package is complete and correct, the sales contract is signed, forwarded to HUD's Designated Closing Agent, and a copy is given to the Real Estate Agent.

After a ratified sales contract:

15. Earnest money delivered to HUD's Closing Agent
16. Open escrow with HUD's Closing Agent
17. Buyer secures financing
18. Purchaser(s) perform a home inspection
19. Sale closes at Closing Agent's Office
20. Purchaser(s) re-key the locks after close of escrow

Contact Information

Michaelson, Connor, & Boul Headquarters Office

5312 Bolsa Ave., Suite 200
Huntington Beach, CA 92649
Phone: 714-230-3600
Toll Free: 888-622-7361
Fax: 714-230-3699

Michigan Regional Office

100 Galleria Officentre, Ste 414
Southfield, MI 48034
Phone: 248-827-0200
Toll Free: 877-827-7781
Fax: 248-827-2100

HUD's Michigan Closing Agents

Custom Closing Services, Inc.
28423 Orchard Lake Road
Farmington Hills, MI 48334
Phone (248) 324-9000

Otsego County Abstract & Title
120 East Main Street
Gaylord, MI 49735
Phone: (909) 732-5765
Fax: (909) 732-7288

MCB Michigan Contract Package Checklist – Sales Contract

Date: _____ Agent: _____

Case Number: _____ Phone #: _____

Property Address: _____

Please complete and check off all of the following prior to submitting a bid:



Original Sales Contract – HUD form 9548 dated 1/99 (PDF or Carbon)

- Line 1: All purchasers on contract and property address
- Line 2: Title Name(s) & Style (individuals taking title)
- Line 3: Purchase Price
- Line 3: Earnest Money Amount
 - Sales price under \$50,000 = \$500
 - Sales price \$50,000 over = \$1000
- Line 3: Earnest Money held by the name of the Selling Broker
- Line 4: Check Financing type – FHA financing must match listing type or UI
 - IN = 203(b)
 - IE = 203(b) Repair Escrow (also fill in amount of escrow)
 - UI = property may qualify for 203(k) financing
 - All properties may be financed with Conventional Financing
- Line 5: Closing Costs may not exceed 3% of the purchase price
- Line 6a: Selling Commission not to exceed 5% of the purchase price
- Line 6b: Equals 0
- Line 7: Net Amount - Line 3 minus lines 5, 6a, and 6b
- Line 8: Type of ownership (Owner-Occupant or investor)
 - *OWNER-OCCUPANTS must occupy the property for 12 months and have not purchased a HUD HOME as an Owner-Occupant within the past 24 Months.*
- Line 9: Closing Date must be 60 Days
- Line 11: Lead Based Paint Addendum must be attached if the property was built prior to 1978
- Line 12: Purchaser must initial
- Have Purchaser(s) print name(s) and sign
- Include all Purchasers' Social Security number's, current place of residence, phone number, and date of offer
 - Social Security Number MUST match the purchaser's Social Security number submitted on the bid.
- Broker Information including office address, **broker signature** (not a stamp) Tax ID number, NAID, agent's name, and phone number

--- The Sales Contract must match the bid submitted. Amounts may not be adjusted or primary purchaser changed.

--- Any sales incentives should not be included on the contract.

MCB Michigan Contract Package Checklist – Addenda

Copy of Earnest Money Deposit check

- Sales price up to \$49,999 earnest money deposit = \$500
- Sales price \$50,000 and up earnest money deposit = \$1,000
- Certified Check or Money Order only
- Made out to the Selling Broker, to be held in a trust account

Radon Gas and Mold Notice and Release Agreement

- Must be dated and signed by all purchasers

Owner-Occupant Certification – HUD form 9548D dated 1/98

- *If purchaser is an Owner-Occupant*
- **OWNER-OCCUPANTS** must occupy the property for 12 months and have not purchased a HUD HOME as an Owner-Occupant within the past 24 Months.
- Misrepresenting a purchaser as an Owner-Occupant is a **SERIOUS** offense that may constitute fraud and may result in an investigation of the Broker, Agent, and purchaser by the Office of the Inspector General.

Lead Based Paint Addendum

- Must be downloaded from the website from the original listing or bid results – www.mcbreo.com
- Must be signed by all purchasers and the Broker or Agent

Forfeiture and Extension Policy - Version 10/12/06

- Must be read and signed by all purchasers

Broker's Agreement to Abide by HUD's Earnest Money Forfeiture Policy

- **Broker MUST sign – Stamps are not allowed.**

Pre-Qualification or Pre-Approval letter from a lender

- If property is being purchased with cash: verification of cash funds (bank statement or similar documentation)
- Pre-qualification or Pre-approval letter must include pre-approval amount and the name of the purchaser on the sales contract.

Over-Bidding with FHA financing

If purchaser is obtaining FHA financing, it is required to use HUD's FHA "AS-IS" Appraisal (unless HUD's Appraisal is over 6 months old). In this case, the purchaser will be required to obtain a new FHA "AS-IS" appraisal at their cost. Therefore, if the purchase price is greater than the appraised value and FHA financing is being used, the **purchaser must pay the overbid difference in cash**. This is because FHA will not insure a loan for greater than the appraised value of the property.