



**CITYSIDE
MANAGEMENT
CORPORATION**

Real Estate Management

**New England
BROKER'S GUIDE TO
SELLING HUD HOMES**



TABLE OF CONTENTS

	Page
WHAT IS A HUD HOME?	4
WHO CAN PURCHASE A HUD HOME?	4
WHO CAN SELL A HUD HOME?	4
ANNUAL BROKER REGISTRATION	4
WHEN SHOWING A HUD HOME.....	5
“AS IS” POLICY.....	5
GAINING ACCESS TO THE PROPERTY.....	6
OCCUPANCY OR REPAIRS PRIOR TO CLOSING.....	6
PROPERTY LISTINGS.....	6
FINANCING OPTIONS.....	7
“IN” - INSURABLE: 203(b).....	7
“IE”- INSURABLE WITH ESCROW: 203(b) with Repair Escrow.....	7
“UI” - UNINSURABLE: 203(k)	8
LISTING TIME FRAMES.....	8
GNND, NON-PROFIT, HURRICANE EVACUEE LOTTERY	8
OWNER OCCUPANT PRIORITY BID PERIOD.....	8
INVESTORS.....	8
DAILY - ALL BIDDERS.....	8
ELECTRONIC BIDDING.....	9
Placing the bid:	9
Purchaser Information	9
Broker/Agent information.....	9
BID AWARDS.....	9
ELECTRONIC BIDDING IMPORTANT INFORMATION.....	10
ACCURACY OF BID SUBMISSION.....	10
BID ACCEPTANCE	10
OVER-BIDDING WITH FHA FINANCING	10
PRE-QUALIFICATION.....	10
SALES CONTRACT PACKAGE	11
HUD 9548 SALES CONTRACT LINE BY LINE.....	11
Line 1. Purchasers(s) name(s) and property address.....	11
Line 2. Legal style, Title.	11
Line 3. Purchase Price and Earnest Money Deposit	11
Line 4. Financing Type	11
Line 5. Closing Cost	12
Line 6a. Selling Agent Commission.....	12
Line 6b. Broad Listing Broker Commission.	12
Line 7. Net to HUD	12
Line 8. Purchaser Type	12
Line 9. Contract Closing	12
Line 10. Back up offers	12
Line 11. Addendum Attached	13
Line 12. Purchaser’s Initials	13
Line 13. Purchaser and Broker Information	13

LEAD BASED PAINT ADDENDUM	13
PURCHASER RIGHTS AND RESPONSIBILITIES	13
OWNER OCCUPANT CERTIFICATION	13
RADON GAS/MOLD DISCLOSURE	13
FOR YOUR PROTECTION HOME INSPECTION	13
INSPECTION ADDENDUM TO THE CONTRACT	13
ELECTRONIC FILING ADDENDUM	13
NOTICE TO THE PURCHASER (if offer more than appraised value).	13
PRE-QUALIFYING LETTER OR PROOF OF FUNDS FOR CASH SALE	13
REQUESTING TERMITE INSPECTION AND/OR TREATMENT REPORTS	14
REQUESTING FHA "AS-IS" APPRAISAL	14
UTILITY ACTIVATION	14
EXTENSION REQUESTS.....	14
BID CANCELLATIONS	15
CONTRACT CANCELLATION.....	15
EARNEST MONEY	15
Investors.....	15
Owner/Occupants.....	15
CONCLUSION.....	16

WHAT IS A HUD HOME?

When payments are not paid on a mortgage insured by the Federal Housing Administration (FHA), the lender (mortgagee) forecloses, or accepts a deed-in-lieu. The mortgagee files a claim with the Department of Housing and Urban Development (HUD) for the unpaid principal balance and conveys title of the property to HUD. Once conveyed, the M & M Contractor (Cityside Management) then begins the maintenance and marketing of the property.

WHO CAN PURCHASE A HUD HOME?

Any individual regardless of race, color, sex, religion, national origin, handicap or familial status may purchase a HUD home. Prospective buyers must use a HUD registered Broker and must have a pre-qualification letter from a lender. Cash buyers must provide proof of cash funds in the amount of or greater than the purchase price of the property.

WHO CAN SELL A HUD HOME?

Only HUD registered real estate brokers and their sales agents may submit electronic bids for HUD owned properties on behalf of buyers. HUD registered brokers may also advertise HUD Homes provided that they include the fair housing logo, identify the home as "HUD owned", do not advertise as distressed or foreclosure sale, and do not represent listing as exclusive.

BROKERS MUST REGISTER ANNUALLY WITH HUD.

ANNUAL BROKER REGISTRATION

To register your company to participate in the selling of HUD homes, the broker of record for the company must complete and submit the following forms along with the supporting documents to Cityside Management's office in Merrimack, NH.

If you are a broker registering with a Federal Tax ID/Employer ID number submit:

1. SAMS Form 1111
2. SAMS Form 1111A
3. IRS form W-9
4. First page of telephone bill, utility bill or bank account statement showing the business address.
5. Copy of the Designated brokers Real Estate License

If you are an individual broker registering with a Social Security number submit:

1. SAMS Form 1111
2. SAMS Form 1111A

3. First page of telephone, utility bill or bank account statement showing the business address.
4. Copy of the Designated Brokers Real Estate License
5. Copy of the Designated Brokers State-issued ID card or driver's license.
6. Copy of the Designated brokers social security card or W-9.

You will need ADOBE ACROBAT READER (5.0 OR newer) to view and print the forms on the website at www.citysidecorp.com.

Once the documents have been received and verified for accuracy, the documents will be sent to HUD for processing. HUD will issue the broker a Name Address Identifier (NAID) number.

ANNUAL REGISTRATION IS REQUIRED.

The processing time to obtain a NAID number is 4-6 weeks. HUD no longer issues temporary numbers. The NAID number is required when placing a bid on the internet.

WHEN SHOWING A HUD HOME.....

When showing a HUD owned home, please remember:

1. Bring your HUD key
2. Sign in at each visit
3. Make sure the property is secure when leaving
4. Report any noted hazards to Cityside Management
5. The water is not on so please do not allow your clients to use the restrooms

“AS IS” POLICY

All HUD homes are sold strictly “AS-IS”. HUD does not make repairs on any property. There are no representations, or warranties, expressed or implied on the HUD homes. HUD does not guarantee the condition of any property, regardless of its FHA insurability. The property may or may not meet local code or zoning requirements. It is the buyer's responsibility to investigate compliance with local regulations. Agents should encourage buyers to have a home inspection conducted by a qualified home inspector to satisfy them as to the condition of the property at the time of the sale. A copy of the Property Condition Report (PCR) should also be reviewed by the buyer. Please note that the PCR is for informational purposes only and should not be considered a warranty of any kind. It is the buyer's responsibility to verify the accuracy of its content. The HUD 9256CN addendum “For Your Protection: Get a Home Inspection” must be signed and submitted as part of the HUD- 9548 Sales Contract.

GAINING ACCESS TO THE PROPERTY

All purchasers **MUST** be accompanied by a broker or agent when viewing HUD homes that are available and listed for sale. Buyers may not enter a home for any reason prior to closing without their agent. Brokers and/or agents must accompany any individual performing services, such as an appraisal, utility activation, or home inspections.

OCCUPANCY OR REPAIRS PRIOR TO CLOSING

Repairs are not to be completed on any HUD property prior to the close of transaction. Buyers are not permitted to move into the property or move their personal possessions to the property. Neither bid acceptance nor ratification of the contract constitutes ownership.

Occupancy or initiating repairs prior to closing will be treated as trespassing and may result in the cancellation of the sale and forfeiture of earnest money. Any broker or agent disregarding this rule may be subjected to suspension of bidding privileges.

PROPERTY LISTINGS

All HUD homes are sold using Electronic Bidding. All bids must be submitted through the internet. Completing the HUD-9548 sales contract and all necessary addenda prior to submitting the bid will eliminate the potential for errors.

To locate a property on the Cityside website go to www.citysidecorp.com

Go to HUD HOMES for SALE (above the pictures)

Click on the state of interest

Search by City, Zip Code, FHA case number or price range

Each listing will provide:

Case Number:	ID # used to reference HUD homes.
Address:	Address, City, Zip Code and County/Parish.
Price:	Current List Price
As-Is Value:	The FHA "AS-IS" Appraised value
Appraisal Date:	00/00/00
Bed/Bath:	Number of bedrooms and bathrooms
Sq. Ft:	Square footage of the home
Year:	Year the home was built

LBP Disclosure:	Click here to view the LBP Addendum (for homes built prior to 1978)
LBP Report:	Click here to view the LBP Report (for homes built prior to 1960)
Financing:	Eligible financing: IN – Insured IE – Insured with Repair Escrow UI – Uninsured
List Date:	Date property listed
Bid Deadline:	Last day bid can be placed by 11:59 PM
Priority:	Owner/Occupant or All Bidders
Property Condition: Status:	Click here to view the Property Condition Report New, Re-list, Reduction
Escrow Amount:	\$000
Escrow Information:	List of repairs

FINANCING OPTIONS

“IN” – INSURABLE: 203(b)

Properties listed IN appear to qualify for FHA 203(b) financing. Minimum Property Standard (MPS) repairs unnecessary.

“IE”- INSURABLE WITH ESCROW: 203(b) with Repair Escrow

Properties listed IE are eligible for FHA financing with repairs to be completed by the purchaser **after** close of the transaction. These MPS repairs must total less than \$5,000. MPS categories include: structure, roof and mechanical systems, such as plumbing, electric and heating. A list of actual repairs and estimated cost appears with the property information.

The repair costs are not paid by HUD. The buyer must finance the repair escrow amount in their FHA mortgage. Until the repairs are completed, the lender holds the “repair escrow” funds. The lender is then responsible for inspecting the repairs and authorizing release of funds.

On the sales contract, the repair escrow amount is not deducted from the Net to HUD nor added to the purchase on line 3. The repair amount should only show on line 4.

REPAIR ESCROW ONLY APPLIES TO FHA FINANCING - Not relevant with conventional financing.

“UI” – UNINSURABLE : 203(k)

Properties listed UI generally are in need of repairs in excess of \$5,000 and may qualify for a FHA 203(k) or the new 203(k) streamlined loan. The 203(k) is a rehabilitation loan for owner/occupants **only**.

LISTING TIME FRAMES

New listings are posted each week on Friday. Re-listed properties and reduced prices will also be posted to the list on Friday.

GNND and NON-PROFIT LOTTERY

Prior to listing any property on the general list, each property is first offered on HUD's lottery. Single family properties in HUD designated Revitalization properties are offered to eligible GNND participants at a 50% discount. A HUD designated Broker must submit the bid for any interested GNND participant on the Cityside website. The lottery winner is responsible for paying the broker commission outside of the closing. Non-profits approved to purchase HUD homes in the area are also given the opportunity to purchase at a discounted price.

OWNER OCCUPANT PRIORITY BID PERIOD

During the initial 10 day bid period, priority will be given to purchasers who are owner occupants. An owner occupant is a purchaser who will live in the house as their primary residence for at least one (1) year and may not purchase another HUD home for two (2) years.

INVESTORS

Investor bids may **not** be submitted during the 10 day owner/occupant priority period. Investors may only bid after the 10 day owner/occupant period has expired. All investor bids will be opened daily on the following business day. Bids received throughout the day shall be considered to be received simultaneously.

DAILY - ALL BIDDERS

Any properties not sold during the 10-day owner/occupant priority will be placed in this category and will remain for all bidders until a price reduction or the property is sold.

ELECTRONIC BIDDING

Placing the bid:

All bids must be placed on the internet. Go to www.citysidecorp.com

1. Click on HUD HOMES for SALE
2. Click on STATE
3. Select Search mode: By City, Zip Code, Case Number, or Price Range
4. Click on the property
5. Below the information click on Submit Bid
6. Enter Broker federal Tax ID or Social Security Number
 - A. Enter Purchase Price from Line 3
 - B. Enter Financing Type from Line 4
 - C. Enter Closing Costs from Line 5
 - D. Enter Selling Agent Commission from Line 6a.
 - E. Enter type of purchaser from Line 8.

Purchaser Information

The purchaser's full name, social security number, and address are required. Investor bids for a company require the full company name, FIN, and address.

- A. Enter the primary purchaser's SSN or FIN
- B. Enter the last name or company name
- C. Enter the first name
- D. Enter the current address
- E. Enter the city
- F. Enter the state
- G. Enter the zip code

Broker/Agent information

- H. Enter agent/broker phone number
- I. Enter agent/broker fax number
- J. Enter agent/broker name

Bid Awards

Barring any technical difficulties, winning bids are posted to Cityside's web site by 1:00 PM on the next business day following the bid deadline. The posted bid results should be considered preliminary acceptance subject to the review and approval of a correct and timely sales package.

Owner occupant bid acceptance is also subject to verification of compliance with HUD owner occupant guidelines. In the case of an OND/TND sale, the award is subject to verification of information reported on the required HUD 9548-A contract addendum.

When a bid is accepted, the broker is responsible for presenting the original signed contract and addenda to Cityside Management within 48 hours. Preliminary bid acceptance may be cancelled if the package is late or incomplete.

ELECTRONIC BIDDING IMPORTANT INFORMATION

Accuracy of Bid Submission – Purchaser information during bid submission must be accurate. The information entered on your bid cannot be changed after the preliminary acceptance. False information given on submission will result in the cancellation of the preliminary acceptance and the property will be re-listed as available on the website.

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

Over-bidding with FHA Financing - If the purchaser is obtaining FHA financing, your buyer will be required to use HUD's FHA "AS-IS" appraisal. Therefore, if the purchaser overbids the appraised value and is obtaining FHA financing, the purchaser must pay the overbid difference in cash. This is because FHA will not insure a loan greater than the appraised value of the property.

Pre-Qualification of Purchasers – Broker/agents are responsible to see that potential buyers have been pre-qualified for a loan by a lender. A pre-qualification letter on the lender's letterhead must be submitted with the sales contract package.

SALES CONTRACT PACKAGE

All packages must be in the Cityside Management office within 48 hours of bid results. All packages must contain the following:

1. Sales Contract – HUD 9548
2. Lead Base Paint Addendum – with property information on the website (properties built prior to 1978 only)
3. Copy of the Earnest Money – certified check or money order payable to the selling HUD broker and held in their escrow
4. Radon Gas/Mold Disclosure
5. Owner/Occupant Certification (if applicable)
6. Purchaser Rights and Responsibilities
7. For Your Protection Home Inspection
8. Inspection Addendum to the contract
9. Electronic Filing Addendum
10. Pre-qualification letter or verification of funds
11. HUD 9548G- Rehabilitation Financing Lead Agreement (only for buyers financing with FHA 203K)

If the contract package contains errors or omissions, the bid may be cancelled and property re-listed available. Prior to submitting the sales contract package, review the contract and addenda for accuracy and completeness.

Submit contract packages to:

New England
Cityside Management
5 Medallion Center
Greeley Street
Merrimack, NH 03054

Contract package must be received at the above address within 48 hours or it is subject to immediate cancellation without further consideration.

Forms may change. Please check the website for changes and news updates.

HUD 9548 SALES CONTRACT LINE BY LINE

Sales contract may be used in either of two forms-original carbon set or electronic version printed from our website. If using the electronic version, you must submit Electronic Filing of HUD 9548 Contract Addendum. Always use blue ink when completing the contract.

Line 1. Purchasers(s) name(s) and property address. Fill in all the purchaser's names and complete HUD property address. Put the FHA case number in the designated box. These contracts are not assignable. The person whose social security number was used to place the bid must appear on the contract.

Line 2. Legal style, Title.

Fill in the purchaser's name and legal style. The HUD designated closing agent prepares the deed to transfer ownership according to this line. i.e.: married couple, single person, a married person.

Line 3. Purchase Price and Earnest Money Deposit

Enter the purchase price (bid amount) and earnest money deposit. Earnest Money must be in the form of a certified check, cashiers check or money order. All checks must be made payable to the Selling Broker

Sales price up to \$50,000 = \$500

Sales price over \$50,000 = \$1,000

Vacant lot = half of purchase price

Line 4. Financing Type

Only one box may be checked.

If purchaser is applying for FHA financing and property is listed IN: check 203(b);

If property is listed IE: check 203(b) with repair escrow. Check the box and enter the amount of escrow on the line provided.

If property is listed UI: check 203(k). Put "TBD"(To Be Determined) in spaces for down payment, mortgage loan amount and months; or

check the box for cash or conventional financing if purchaser is paying cash or applying for conventional or other financing not involving FHA.

Line 5. Closing Cost

Closing cost up to **3%** of the purchase price.

Note: This line must be left blank for GNND sales

Line 6a. Selling Agent Commission

Commission up to 5% of the purchase price.

Note: This line must be left blank for GNND sales. Sales commission must be negotiate independently of this contract

Line 6b. Broad Listing Broker Commission.

This line is no longer used. Leave blank or enter zero.

Line 7. Net to HUD

Subtract lines 5 & 6a from line 3 = Net

Line 8. Purchaser Type

Owner/Occupant, Non-Profit or Investor – Misrepresenting a purchaser as an owner/occupant is a serious offense that may constitute fraud and may result in an investigation by the Office of Inspector General of the U. S. Department of Housing and Urban Development. Such investigations focus not only on the buyer, but also on the broker or agent representing the buyer.

Leave the discount amount blank unless sale is to GNND buyer or qualified Non-Profit

Line 9. Contract Closing

All sales must close within 60 days for New England states.

Properties may close in less than the designated number of days – however the appropriate number of days must be on the contract. Fill in the name of the HUD's designated closing agent or "Designated Closing Agent".

Line 10. Back up offers

This information will be completed on the web site when you place your bid. It is not necessary to complete this section of the contract. A bidder accepting a back-up position when placing the bid electronically may be contacted by Cityside Management in the event the first bidder defaults. Send your signed contract package only if you are the winning bidder. All others will be discarded.

Line 11. Addendum Attached

Check Lead Based Paint Addendum if appropriate.
Check "Other Addendum Attached."

Line 12. Purchaser's Initials

ALL purchasers must initial. This section relates to the seller's rights to retain the earnest money deposit as liquidated damages if the buyer defaults.

Line 13. Purchaser Information

Be certain all information is written in correct boxes

1. Type or Print
2. Signatures – All purchasers' signatures are required
3. Social Security Number or EIN/FIN for all purchasers
4. Purchaser address and phone number
5. Date contract signed

Broker Information

1. Broker name and business address
2. Broker's FIN number
3. Broker's NAID number
4. Signature of Broker – stamps not permitted
5. Agents full name
6. Agents phone number including area code

2. Lead Base Paint Addendum

Addendum specific to property on the website if appropriate
Broker and purchaser INITIALS where indicated

3. Purchaser Rights and Responsibilities**4. Owner/Occupant Certification****5. Radon Gas/Mold Disclosure****6. For your Protection: Get a Home Inspection****7. Inspection Addendum to the contract****8. Electronic Filing Addendum****9. Notice to the Purchaser (if offer more than appraised value)****10. PRE-QUALIFYING LETTER OR PROOF OF FUNDS FOR CASH SALE**

A pre-qualifying letter or commitment letter from a bank on the bank's letterhead is required. The letter should state the eligible amount equal to or greater than line 3 of the sales contract. For cash sales, proof of funds can be a bank statement, letter from bank, or verification that cash funds will be available at time of closing.

After the sales contract package has been reviewed and signed by a HUD Authorized Agent, it will be sent to the selling agent via e-mail, fax, or mail. A copy will be submitted to the closing agent who will subsequently issue closing instructions. If the buyer cannot close by the expiration date, an extension request must be made prior to the expiration date. Failure to do so may result in cancellation of the contract and forfeiture of earnest money.

REQUESTING TERMITE INSPECTION OR TREATMENT REPORTS

Termite inspection reports are available by lender request. The lender must submit request on lender letterhead to the appropriate Cityside Management Office.

REQUESTING FHA “AS-IS” APPRAISAL

Appraisals are available by lender request. To obtain an appraisal the lender must submit a request on lender letterhead to the appropriate Cityside Management Office.

UTILITY ACTIVATION

Once the sales contract has been executed, a Home Inspection is recommended. It is the selling agent/brokers responsibility to approve and monitor the request for utility activations. Once the form is approved by the HUD selling agent, it should be faxed to the appropriate Cityside Management office. The cost to turn on utilities is the purchaser's expense. Any damages occurring during the inspection may be the cost of the buyer.

EXTENSION REQUESTS

Cityside may grant an extension to close and each extension will be for a period of 15 days. The extension fee is \$10.00 per day in 15 day intervals. The initial 15 day extension request will be provided to owner/occupant purchasers free of charge if accompanied by documentation that indicates proper and timely loan application was made, the delay is not the fault of the purchaser, and that the mortgage approval is imminent.

Extension Requests requirements:

1. The request is submitted on the “Request for Extension of Closing Date” form to HUD's closing agent prior to contract expiration.
2. Documentation with the extension request must reasonably establish the closing will succeed within the extension period.
3. The extension must be accompanied with certified funds in the amount of \$150.00 made payable to HUD.

4. The \$150.00 extension fee will be held by the closing attorney. If the closing occurs prior to the end of the extension period, the unused prorated portion of the fee will be credited at closing.
5. Extension fees are not refundable and any extension approval does not obligate Cityside to grant further extensions.

BID CANCELLATIONS

“Bid Cancellation Prior to Acceptance” – complete and fax to appropriate Cityside Management office.

“Bid Cancellation After Acceptance” - complete and fax to appropriate Cityside Management office. This form must be signed by the purchaser.

CONTRACT CANCELLATION

Cancellation requests must be submitted if the contract has been ratified and the purchaser cannot close the transaction. Reason for the cancellation with supporting documents must be submitted. The purchaser **MUST** sign the cancellation form.

EARNEST MONEY

The following provisions will be enforced in all instances except where HUD is unable to close the sale, in which case the entire deposit will be returned.

Investors:

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

Owner/Occupants:

- Full refund of deposit
 - Serious illness or death of the purchaser or an immediate family member which would affect the purchaser’s financial ability to close.
 - Loss of job or substantial loss of income to purchaser

- For insured sales – When the purchaser was pre-approved (commitment was obtained) and despite good faith efforts is unable to secure financing.
- 50 percent forfeiture of deposit
 - For uninsured sales - The purchaser is unable to secure mortgage financing.
- 100 percent forfeiture of deposit
 - No documentation submitted
 - Documentation received fails to provide an acceptable reason for purchaser's failure to close.
 - Documentation is not provided within a reasonable time following contract cancellation.

CONCLUSION

Selling HUD owned homes can be both exciting and lucrative. We at Cityside Management are anxious to help you in any way possible should the need arise. Feel free to contact us at any time.

For New England – (603) 423-0313