

RX PRO SERIES REO SALES

**A BRIEF GUIDE TO SELLING
REO PROPERTIES**



SELLING HUD HOMES

Asset Management Changes

- Effective October of 2010, HUD awarded contracts to multiple Asset Management companies who market HUD properties
- A new website, www.HUDHomestore.com will have all properties available for bidding
- The appropriate Asset Manager (AM) for each property can be found under AGENT INFO



SELLING HUD HOMES

How to show and sell HUD Homes

- Licensed real-estate brokers who are registered with HUD may show and submit offers on behalf of buyers
- BROKER must register with HUD to receive a NAID number. The same NAID number is used by all agents within the brokerage. Process takes 6-8 weeks to complete and must be renewed annually
- For more information and to register, please go to www.HUDHomestore.com



SELLING HUD HOMES

Listings and Selling Agent Account

- New listings are available daily and can be found at www.HUDHomestore.com
- You will need to create a Selling Agent Account at www.HUDHomestore.com prior to placing a bid for buyers. This requires the brokerage's NAID number
- Go to the upper right corner and click "bidder" to register as a selling agent
- Brokers can also check the status of their bids at www.HUDHomestore.com
- This site is also available to the public to search for active listings



SELLING HUD HOMES

Property Condition Codes

- IN-Insured: All properties listed as "insured" are eligible for FHA financing. The originating lender is responsible for making the final determination whether the property meets Minimum Property Standards
- IE-Insured with Escrow Repairs: Purchasers may qualify for FHA with a repair escrow not to exceed \$5,000. The originating lender is responsible for final determination if the property meets Minimum Property Standards and is eligible for FHA insurance
- UI-Uninsured: Properties listed as "uninsured" means that repairs or improvements exceeding \$5,000 are required. However, FHA financing is before the property is eligible for an FHA 203 (k) mortgage. Purchasers may also opt to purchase with cash or conventional financing. See lender for more details



SELLING HUD HOMES

Listing Periods

- Property listings are updated daily
- For IE and IN properties, in promotion of homeownership
 - owner occupants are given priority during the first 30 days
 - all bids placed during the first 10 days are reviewed and on the 10th day and treated as simultaneously received
 - Additional bids can be received and reviewed up to the 30th day. Investor bids accepted on the 31st day
- For UI properties
 - owner occupants are given priority for the first 5 days
 - Investor bids are accepted on the 6th day
- In the event of a price reduction or relisting, owner occupants get a fresh 5 day priority bidding period



SELLING HUD HOMES

Listing Periods

IN and IE Properties (Insured and Insured Escrow)

14 day pre-list 5 day pre-list	First Look Program for non-profits (NPO) GNND Program
Days 1-10 Exclusive Listing Period	Owner Occupants Only Bids reviewed on 11 th day
Days 11-30 Exclusive Listing Period	Owner Occupants and NPO bids Bids reviewed daily
Days 31-180 Extended Listing Period	If no OO or NPO, then investors can bid; Bids reviewed daily
Days 181+	\$1.00 to local governments



SELLING HUD HOMES

Listing Periods

UI Properties (Uninsured)

14 day pre-list 5 day pre-list	First Look Program for non-profits (NPO) GNND Program
Days 1-5 Exclusive Listing Period	Owner Occupants and NPO bids Bids reviewed on 6 th Day
Days 6-180 Extended Listing Period	If no OO or NPO, then investors can bid; Bids reviewed daily
Days 181+	\$1.00 to local governments

Matt Martin
REAL ESTATE MANAGEMENT

Proprietary and Confidential



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SELLING HUD HOMES

Good Neighbor Next Door

- Properties located within a designated revitalization area may be offered to Firefighters, EMT's, Teachers, and Police
- Buyer will get 50% off of list-price (the 50% is a silent second that will be forgiven after 36 months of primary occupancy in the property)
- Buyer cannot have owned a property in the last 12 months
- Buyer cannot have participated in GNND before

*Note: If you are the Co-Listing Broker on a property sold under the GNND program, **you DO NOT receive a commission***



SELLING HUD HOMES

Access to Properties

- Lockboxes MUST be on many HUD properties
 - Appointments are required in order to track showings
 - You MUST sign and date the sign-in sheet upon entering the property
 - Do not leave a business card
 - Be sure to secure the property when leaving
 - You should accompany every visitor when touring a HUD property. This includes buyers, inspectors, appraisers, or any other company or individual performing services

Note: Failure to abide by these policies can result in cancellation of the sale transaction and forfeiture of the earnest money deposit. In addition, bidding privileges for the selling agent and brokerage firm could be suspended



SELLING HUD HOMES

Sales Contract Package

- A complete sales contract package will include:
 - HUD-9548 Sales Contract and Conditions of Sale
 - HUD-9548 Contract Addendum
 - Lender Letter/Prequalification
 - Copy of Earnest Money Check and Earnest Money Certification Form
 - "For Your Protection: Get a Home Inspection" form
 - Radon Gas and Mold Notice
 - Forfeiture and Extension policy
 - Forms that may be required:
 - Lead Based Paint
 - Flood Zone Addendum
 - Owner occupant certification
 - Notice to Purchaser
- ALL necessary documents must be delivered to the appropriate Asset Manager within 2 BUSINESS DAYS
- YOU MUST ALSO ELECTRONICALLY SUBMIT:
 - HUD-9548 Sales Contract and Conditions of Sale
 - HUD-9548 Contract Addendum
- A populated version of the contract package will be available for you to print from the Final Offer Submission Page and from you HUD Home Store Selling Account



SELLING HUD HOMES

Earnest Money

- Deposit Amounts (certified funds only)
 - \$500 for sales price less than \$50,000
 - \$1,000 of sales price for properties \$50,001 and up
- EM is payable to HUD at “US Department of HUD”
- EM is submitted with the contract package to the Asset Manager-the AM will submit the EM to the closing agent. The contract will not be executed without the physical earnest money check
- May be entirely or partially refunded, refer to Forfeiture and Extension policy for more information



SELLING HUD HOMES

Bidding Process

- All HUD homes are sold via an online electronic bidding process
- Only brokerages with an active NAID number may place bids on buyers behalf
- Bids may be submitted 24/7, but are not reviewed over Holidays or weekends
 - Daily bid deadline is at 11:59pm EST
- On the bid deadline day all offers are reviewed and then accepted, rejected, or counter-offered
 - Winning bids are usually posted at Noon the day after the close of bidding
 - Backup offers are posted along with the winning bid
 - If two acceptable bids are the exact same amount, there is a random electronic drawing
 - Bid Confirmation number will be provided



SELLING HUD HOMES

1. Is the townhome association FHA Approved? Does not matter, as long as the home will go FHA, (meaning it is an FHA insured property) it does not matter if the association is FHA approved. *Note- Buyers are responsible for obtaining all HOA docs. HUD no longer provides these.

2. I have an investor buyer, can they bid on the home? On FHA insured properties, the bidding will open to investors after 20 DOM.

3. There is a repair escrow listed, what now? If your buyer is obtaining FHA financing, they must put an amount in escrow and make the necessary repairs after closing. Buyer will obtain a bid prior to closing. The amount of the bid +10% will be the escrow amount.

4. Will HUD check for LBP in the property? If the property was built before 1978, is listed insured, or insured with escrow, and your buyer is obtaining FHA financing (203b), HUD will test the property for LBP. If found, they will remove the LBP up to \$4000 prior to closing. You the selling agent does nothing during this time, you just wait till its removed.

5. How many offers are on the property? There is no way to find this out.

SELLING HUD HOMES

DOES HUD DO ANY INSPECTIONS ON THE PROPERTY BEFORE IT GOES ON THE MARKET?

- **HUD DOES AN INITIAL INSPECTION TESTING THE MECHANICALS, APPLIANCES, & PLUMBING. THE INFO IS PUT IN THE PCR (PROPERTY CONDITION REPORT) WHICH CAN BE FOUND ON THE PROPERTY PAGE ON HUDHOMESTORE.COM. THIS SHOULD NOT BE USED IN PLACE OF A BUYER HOME INSPECTION.**

THE LIST PRICE IS THE FHA APPRAISAL AMOUNT

- **THIS IS IMPORTANT TO NOTE, BECAUSE IF THE BUYER BIDS ABOVE THE LIST PRICE AND IS OBTAINING FHA FINANCING, THEY WILL NEED TO BRING THE DIFFERENCE TO THE TABLE. IF THE BUYER IS OBTAINING CONVENTIONAL OR VA FINANCING, THEN A NEW APPRAISAL WILL BE ORDERED. PROVIDED THE CONVENTIONAL OR VA APPRAISER CAN FIND COMPS TO JUSTIFY A HIGHER SALES PRICE THE SALE WILL CONTINUE AS NORMAL.**
- **HOW LONG DO I HAVE TO COMPLETE THE SALES CONTRACT AND WHERE DOES IT GO?**
- **THE SALES CONTRACT PACKAGE MUST BE RECEIVED BY CHRONOS SOLUTIONS LLC IN TEXAS WITHIN 48 HOURS OF BID AWARD NOTICE.**

SELLING HUD HOMES

DOES THE LENDER HAVE TO ORDER AN FHA APPRAISAL?

- YES, AND THE BUYER WILL NOT BE ABLE TO SEE THE ORIGINAL FHA APPRAISAL COMPLETED BY HUD

CAN YOUR BUYER PERFORM ANY REPAIRS ON THE PROPERTY PRIOR TO CLOSE?

- NO

HOW DO I GET THE PROPERTY DEWINTERIZED?

- HUD SENDS THE BUYER'S AGENT A UTILITY ACTIVATION REQUEST FORM

MY BUYER FOUND ITEMS ON THE INSPECTION AND NOW WANTS TO CANCEL, CAN THEY GET THEIR EARNEST MONEY BACK?

- NO! PREPARE YOUR BUYERS FOR THIS PRIOR TO SENDING IN THE EM. A LENDER DENIAL LETTER IS JUST ABOUT THE ONLY WAY TO GET THE EM BACK.
- **GMR NAID# GRTRMD6254**

DIFFERENCE BETWEEN FREDDIE MAC & FANNIE MAE PROPERTIES

- **FREDDIE MAC= HOME STEP PROGRAM**
- **FANNIE MAE=HOME PATH PROGRAM**

DIFFERENCE?

“THE MAIN DIFFERENCE BETWEEN FANNIE AND FREDDIE COMES DOWN TO WHO THEY BUY MORTGAGES FROM: FANNIE MAE MOSTLY BUYS MORTGAGE LOANS FROM COMMERCIAL BANKS, WHILE FREDDIE MAC MOSTLY BUYS THEM FROM SMALLER BANKS THAT ARE OFTEN CALLED "THRIFT" BANKS. THE TWO COMPANIES ARE PART OF A COMPLEX PROCESS THAT KEEPS MONEY MOVING THROUGH THE U.S. HOUSING ECONOMY, ALLOWING MORE PEOPLE TO AFFORD TO BUY HOMES THAN WOULD OTHERWISE BE ABLE IF FANNIE AND FREDDIE DID NOT EXIST.”

CITED FROM: [HTTP://WWW.DIFFEN.COM/DIFFERENCE/FANNIE_MAE_VS_FREDDIE_MAC](http://www.diffen.com/difference/fannie_mae_vs_freddie_mac)

FANNIE MAE PROPERTIES



Offer Preparation Tips for Selling Agents

Overview

The following information is presented to assist you with submitting an offer that will expedite presentation to Fannie Mae.

The listing agent will only submit complete offers to Fannie Mae.

A complete offer:

- **Is received through HomePath Online Offers.**

Many tutorials and job aids are available at www.homepath.com under the **Real Estate Professionals** tab.

- **Has evidence of the offer of Earnest Money as reflected in Section 1b of the Real Estate Purchase Addendum. (Waived for public entity buyers.)**

There is no requirement for certified funds for offer submission and negotiation. Contact the listing agent for the name of the settlement vendor selected by the seller. The check should be payable to that settlement vendor (or listing agency if the settlement vendor does not process earnest money deposits). Wired funds may be substituted for a check.

- **Contains the following:**

- Signed local offer or contract form
- Signed Fannie Mae Real Estate Purchase Addendum
- Owner Occupant Certification form if applicable



NOTE: A prequalification letter or proof of funds is not required for offer submission but is required for acceptance. Fannie Mae may request a prequalification letter to continue negotiations. The prequalification letter requirements are detailed in Section 1 of the Real Estate Purchase Addendum. You may provide that section to the buyer's lender so that that the lender understands and covers those points in the letter they provide. The seller may require additional acknowledgements by the lender in order to negotiate a sale.

FANNIE MAE PROPERTIES

- **1. ASK LISTING AGENT IF THE PLUMBING SYSTEM HOLDS PRESSURE BEFORE OFFERING**
- **2. SUBMIT OFFERS ON HOMEPATH.COM. DO NOT SEND OFFERS TO LISTING AGENT. 3 ITEMS NEEDED TO SUBMIT OFFERS - 1. 7 PAGE PA 2. REPA 3. OOC CERT (IF APPLICABLE)**
- **3. KEEP COUNTERING!**
- **4. MAKE SURE CLOSING DATE IS ACCURATE**
- **5. FANNIE MAE WILL PAY ASSESSMENTS OUTSIDE OF PROPERTY IMPROVEMENTS**
- **6. ASK SELLER TO REPAIR PLUMBING ITEMS IF DEWINT WAS UNSUCCESSFUL, HOLD FIRM.**
- **7. CONSIDER USING SELLERS TITLE, THEY WILL PAY TITLE INSURANCE.**

FANNIE MAE PROPERTIES

**PLEASE DO NOT HESITATE TO EMAIL WITH ANY QUESTIONS ABOUT HUD OR
HOMEPATH HOMES, I AM GLAD TO HELP!**

THANK YOU,

- **ED DROPPS**
- **GREATER MIDWEST REALTY**
- **EDDROPPS@HOTMAIL.COM**
- **763-238-0696**

REO WEBSITES

- WWW.HUDHOMESTORE.COM
- WWW.HOMEPATH.COM
- WWW.HOMESTEPS.COM