

CONGRATULATIONS!

A Selling Agent's Bid Acceptance Guide

Prepared by Edward Huletz
Blue Dot Real Estate, LLC



Our Role

During this process, our role is to assist with Earnest Money Delivery (EMD), contract help, and selecting a closing agent.



**EQUAL HOUSING
OPPORTUNITY**

Real Estate is an equal opportunity housing provider.
We fully comply with the Federal Fair Housing Act

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Before We Get Started

Our preferred method of contact is email, it's also the fastest way to reach us and get a response.

Edward.Huletz@BlueDotRealEstate.com

If you need to speak to us directly you can reach us at 206-866-5844.

Please leave a brief message with our call coordinator and be prepared to reference the property address you are calling on, including city and state. Your assigned closing coordinator will return your call as quickly as possible. However, please keep in mind the answers to your questions can be answered quicker and more efficiently via email.



Working with HUD

To start with, in a HUD transaction you are dealing with the Federal Government, and unlike a Seller to Buyer Transaction, the Federal Government calls all the shots.

You will be working with HUD contracts, HUD forms, HUD timelines, and following HUD procedures for the entirety of this transaction.



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Selling Agent Responsibilities

- Explain to the purchaser, if their bid does not include closing costs, they will be responsible for the Closing Agent Fee
- If there are not sufficient funds remaining from the line 5 costs at closing, the buyer may still be responsible for the Closing Agent Fee.
- Submit the offer on behalf of the buyer.
- Monitor your HUD Home Store account for bid award notification.
- Complete new addendum “Buyer Select Closing Agent”.
- Submit Buyer Select Addendum with the sales contract and send to Sage.
- Remit Original Earnest Money to the Listing Broker. Provide a copy of the check in the original contract package sent to Sage. EM must be received by our office prior to contract execution and check is to be made payable to Selected Closing Agent.
- Not submitting the Addendum with the contract package will create delays in executing the contract.
- And, be aware, not submitting the earnest money to the listing broker could result in the cancelation of your bid.



Listing Broker Responsibilities

- Contacting the Selling Agent after bid award
 - Answer any questions on how to complete the sales contract
 - Remind agent to complete the buyer select addendum
 - Provide instructions regarding remitting the original earnest money to our office
- Receive Earnest Money and ensure that it is the correct amount and made payable to the correct payee
 - Do not accept EM with errors
 - Notify Sage when no earnest money is received on an awarded bid
- Remit Earnest Money to the Buyer Selected Closing Agent within two (2) business days of contract execution



Understanding “As Is”

- All HUD properties are sold as is. This includes both items called out on inspection reports and any lending conditions that may come up on the appraisal. HUD will not make any repairs and will not allow you to use results from either report as a negotiation tool. No repairs or compensations are allowed.
- There are no warranties, guarantees, or representations about the property, FHA insurable or otherwise.
- As Is really does mean As Is.



Managing the Buyer's Expectations

- It is imperative that you, as the selling agent, understand this, convey this to your buyer, and manage your buyer's expectations going forward.
- Failure to follow these instructions will result in cancellation of your buyer's contract and possibly putting your buyer's Earnest Money Deposit in jeopardy.



Immediate Steps to Take



Immediate Steps to Take

1. Select a closing agent
2. Obtain EMD in the form of certified funds made out to the **CLOSING AGENT** (not our office)
3. Deliver Original EMD to our office with 2 business days:

For Florida Transactions Deliver EMD to:

Blue Dot Real Estate

100 S Ashley St., Suite 600, Tampa, FL 33602

For Maryland Transactions deliver EMD to:

Blue Dot Real Estate

6701 Melford Blvd., Suite 400, Bowie, MD 20714

Our offices are open Monday through Friday 8:30 am – 5:00 pm

We are closed weekends and Holidays



Immediate Steps to Take (cont.)

4. Complete Contract Package
5. Email completed contract package to Edward.Huletz@BlueDotRealEstate.com for review
6. Deliver Original Contract with a copy of EMD to Sage Acquisitions within 2 business days.

Florida Transactions deliver Contract Package and Copy of EMD to:

Sage Acquisitions

1850 Parkway Place, Suite 500, Marietta, GA 30328

Attention: Contracts

Maryland Transactions deliver Contract Package and Copy of EMD to:

Sage Acquisitions

1515 Market Street, Suite 1800, Philadelphia, PA 19102

Attention: Contracts



Selecting a Closing Agent

Must be an Attorney, Title Company, or Escrow Company, and follow applicable federal, state and local laws for your state

- HUD requires all buyer select closing agents to be covered by Errors and Omissions Insurance of at least \$1,000,000
- Portal Access established at time of receipt of title ID
- Must login every 90 days to stay active



Selecting a Closing Agent (cont.)

From tax liens to utility liens and everything in between, they all need to be cleared. Although the liens themselves will be paid off by HUD prior to closing, any delay will result in Per Diem Penalties for your buyer. For these reasons we strongly recommend that you select a Closing Agent that has experience closing HUD transactions.



Selecting a Lender

Similar to selecting a Closing Agent that is experienced in closing HUD transactions, we also recommend that your buyer selects a lender that has experience funding HUD transactions.

Once selected, it is very important that the lender orders the appraisal right away and continues to work ahead of schedule throughout the transaction. Inevitably, loan conditions will come up. We want to make sure they have plenty of time to resolve them well ahead of schedule to avoid per diem penalties for your buyer.

Our closing coordinator will be following up with them throughout the transaction and we ask that you follow up as well.



On to the Contract



On to the Contract

- Included in your Bid Acceptance email will be instructions on where to go to download your buyer's contract, required forms, and addendums.
- Prior to submitting your contract package, the purchaser(s) must provide you, the selling agent, with a copy of their driver's license.
- Original contract must be signed by buyer(s) in BLUE INK.
- No electronic signatures.



Completing the BSCA Addendum

1. Please type the form – Illegible forms will be rejected
2. Verify the complete company name and full mailing address
 - Address errors will be rejected
 - Multiple Offices – Each office needs its own Title ID
3. Verify email address – ALL Sage correspondence will go to this email address, including the initial contract package.
4. Attach E&O Insurance (1 million dollar policy)
5. Attach license to close transactions in that state
 - Attorney – State Bar License
 - Title Company - State Regulatory Agency License



Completing the BSCA Addendum

- Contract cannot be executed until the BSCA is received and a Title ID is assigned.
- The BSCA must have a title ID to answer “YES” to the question “Have you ever closed a HUD-owned property?”
- Third Party closings under previous HUD Designated Closing Agents DO NOT COUNT.
- Previous HUD Designated Closing Agents must now apply for this Title ID as well.



Earnest Money

Deposit Amounts (certified funds only)

- \$500 for sales price under \$50,000
- \$1000 for sales price \$50,001 and up
- The Selling Agent will be responsible for delivering earnest money on all awarded bids to the Listing Broker.
- The Listing Broker will only accept certified funds, and will verify the correct amount of earnest money and name of the payee.
- The Payee will always be the Closing Agent.
- The Listing Broker will ensure that the earnest money is remitted within (2) two business days of contract execution by Sage to the Closing Agent.
- May be entirely or partially forfeited or refunded if contract fails to close
- Specifics outlined in Forfeiture and Extension Policy



Earnest Money (cont.)

The original Money Order or Cashier's Check must be delivered to our office within two (2) business days. We recommended that you hand deliver the check or overnight your package via FedEx, UPS, or it's equivalent and have it tracked. Please provide the information page from your contract located on the HUD Homestore Site and include the closing company, their mailing address and the closer who will be working on the transaction.

Time is of the essence here. If you're using an overnight service, you will need to get it out by 6:00 pm the same day as acceptance of your bid. Failure to deliver the Earnest Money to our office within two (2) business days will cause your contract to be rejected.



Earnest Money (cont.)

Deliver Original EMD to our office within 2 business days:

For Florida Transactions Deliver EMD to:

Blue Dot Real Estate

100 S Ashley St., Suite 600, Tampa, FL 33602

For Maryland Transactions deliver EMD to:

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We are closed weekends and holidays.



Requirements of Proof of Funds

Prequalification Letter (required on contracts being submitted with FHA or conventional financing):

- Must be printed on the Lender's letterhead
- Must have Property Address
- Must have Purchaser's Name
- Must be dated within 30 days of the bid acceptance date
- Must confirm the type of financing the Purchaser has applied for
- Must confirm the amount the Purchaser has been approved for
- Must confirm the Purchaser's credit has been obtained and reviewed
- Approved loan amount must meet or exceed the gross purchase price



Requirements of Proof of Funds (cont.)

Proof of “cash” funds available (required on contracts being submitted for cash purchase):

- Copy of bank statement verifying funds are available.
- Account number may be “blacked out” on bank statements or other related documents.
- Purchaser’s name must be on the statement, regardless of document type.
- Statement must be dated within 30 days of bid acceptance date.
- Available account balance must meet or be greater than the gross purchase price.



Avoid Common Errors

1. Social Security Numbers
2. The buyer's name must match exactly on lines 1, 2 and 13 (Form HUD-9548)
3. After the contract/bid submission prints out:
 - a) All wet signatures must be in blue ink
 - b) Initials on line 12 acknowledging the Earnest Money Policy



Remember!

You can not use white out or liquid paper on any contractual documents!

Corrections required by Sage may mean writing a new sales contract, a new Pre-Qual Letter, obtaining your buyers' signatures again

Make every effort to submit your contract correctly the first time!

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Review Contract Package

Once, the buyer has completed filling out and signing the contract package, email us a copy so that we can review it for accuracy Edward.Huletz@BlueDotRealEstate.com.

After you receive the okay from our transaction management team, the original contract along with a COPY of earnest money must be delivered to Sage Acquisitions within 2 business days of acceptance of your bid.



Submitting the Contract for a Winning Bid

1. Ensure the entire package is received at Sage's office within two (2) business days of notification.
2. Hand Deliver or Overnight Mail the package.
3. Sage will sign off on the contract and forward it via email to you and the closing attorney.

The ratified contract date is the contract's official "Acceptance Date".

It is recommended that you overnight your package via FedEx, UPS, or it's equivalent and have it tracked. *Time is of the essence.* You have only have two (2) business days to deliver your contract to Sage Acquisitions. Your contract will be rejected if you cannot meet this timeline.



Delivery of Accepted Offer Contract

Florida Contracts:

Sage Acquisitions

1850 Parkway Place, Suite 500

Marietta, GA 30328

Attention: Contracts

Maryland contracts:

Sage Acquisitions

1515 Market Street, Suite 1800

Philadelphia, PA 19102

Attention: Contracts



Corrections required by Sage may mean writing a new sales contract, a new Pre-qual Letter, obtaining your buyers signatures again

Make every effort to submit your contract correctly the first time!



Contract Corrections (cont.)

- It takes 2 calendar days to return corrected contract.
- May require a new contract package.
- Contract will be cancelled or awarded to next highest bidder if the contract returned still contains errors.



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Contract Amendments: Forms Tab

- “Add/Remove Purchaser”
- “Change of Financing”
- “Contract Corrections”
Corrections to Buyer’s Name/Address/Vesting
- These amendments are not valid unless approved in writing by both Seller and Purchaser(s)
- Only Sage is able to modify terms of contract and process any changes to the contract.



Amendment Information

Change Financing from 203K to any other method of financing or cash.

- Contract loses 15 days.
- Retroactive so the contract may now become expired due to this reduction and an extension will need to be filed.
- Support the extension with evidence of ability to close so it can be approved. Fees may NOT be waived.
- Buyer will be responsible for reimbursing HUD for completed termite and LBP inspections and stabilization.



Amendment Information (cont.)

Change Financing from other/cash to any type of FHA

LBP and termite must now be ordered

- Termite 5-7 business days for inspection
 - If WDO found additional time necessary for treatment and clearance
- LBP inspection 7-10 business days for inspection
 - If hazard found additional time for abatement and final clearance



Amendment Information (cont.)

Changing Financing on properties built prior to 1978

- Must submit LBP addendum with amendment that reflects the financing change.
- If changing to 203K must submit the 203K financing LBP addendum in addition to the standard LBP addendum.



Amendment Information (cont.)

Address Changes/Name Changes

- Not necessarily a quick fix and will not be done the day of closing.
- Address changes require research and must be verified before approved. May reveal bigger issues that delay or prevent sale so please be patient.



Amendment Information (cont.)

Escrow Changes

- Repair escrow is the sole discretion of the lender
- Increases and decreases permissible at lender's request
- Contract is executed with TBD to prevent a need for multiple amendments
- If lender requires an actual number and not TBD Sage will be happy to accommodate.
- Send requests to:
 - atlanta.amendment@sageacq.com
 - denver.amendment@sageacq.com
 - philadelphia.amendment@sageacq.com



Amendment Information (cont.)

Buyer Type Changes

Not always approved!

Based on bidding cycles and if the change is permissible.

Remember! Amendments take 72 Hours to Process

Amendments will not be executed the day of closing and failure to follow the above mentioned rules may result in a delayed or rescheduled closing.



Under Contract Properties



Home Inspections-Optional, but highly recommended

- 15 day Due Diligence Period – Owner Occupants.
- Borrower will be allowed to get a home inspection any time during the process.
- Cannot begin process until contract signed.
- 72 hours to complete home inspection after last utility is turned on.
- Must turn off utilities after inspections.



Utilities

- Utilities will not be activated unless you, the listing agent, requests it by going to Sageacq.com and selecting the proper form.
- Utilities will only be activated for a 72 hour period and the buyer will be responsible for any costs associated with the activation.
- Utility Activations forms can be found under forms at Sageacq.com



Termite Letters

Stipulations for HUD to provide a Termites and WDO Letter:

1. State or Zone Mandated
2. FHA financing

Must meet either of the above conditions

1. HUD will fund treatment and repairs
2. If the property does not meet above conditions:
 - a. Buyer can have inspection performed at any time at their own cost if their contract is accepted
 - b. Buyer will be responsible for treatment and repairs



LBP Stabilization

Stipulations for HUD to complete an LBP assessment:

1. Built before 1978
2. Owner-Occupant
3. FHA financing

Must meet all of the above conditions

1. Requests made to FSM for inspections through AM via P260 at contract execution
2. HUD will fund up to \$4,000
3. For stabilization exceeding \$4,000 HUD will (at their sole discretion):
 - a. cancel the sales contract and buyer receives 100% EM back
 - b. allow to change financing to 203(k), conventional, or 203(k) streamline (only if less than \$5,000)



LBP and WDO

To inquire about the status of or receive a copy of the applicable reports email:

atlanta.lbpwdo@sageacq.com

denver.lbpwdo@sageacq.com

philadelphia.lbpwdo@sageacq.com



Under Contract Vandalism

Download Report Vandalism/Change in Condition form, complete and email to appropriate HOC:

- atlanta.vandalism@sageacq.com
- denver.vandalism@sageacq.com
- philadelphia.vandalism@sageacq.com

Options for moving forward towards closing are:
postponing closing and postponing extension fees.

If requesting an extension then include Extension Request Form.



REMEMBER: Buyers cannot move in or start repairs prior to closing!

Selling agents must accompany buyers, inspectors, etc. to HUD Properties at all times prior to closing.



Closing Activities



Pre-closing Activities

The Closing Agent establishes a closing file immediately upon receipt of a complete contract package from Sage.

A complete contract package includes:

- Signed sales purchase contract (HUD-9548) with any addendums and amendments
- Earnest Money - Certified Funds ONLY (Cashier's Check or Money Order)
- The Closing Agent requests all HOA fees, taxes, utilities and any other demands.
- Closing Agent forwards all applicable demands with supporting documents to Sage for approval.
- Demands remitted no later than 10 days prior to closing to ensure timely payment and approval.



Pre-closing Activities

Fees requiring payment in advance of closing

The Closing Agent/Selling Agent cannot pay fees for, including but not limited to, Paid Assessment letters, Deed or Transfer stamps without prior approval from Sage

- Reimbursement on the HUD-1 out of the seller proceeds for payment of these fees will not occur without prior approval from Sage.
- Send requests with supporting documents to Sage.
- Approval to pay and seek reimbursement on the HUD-1 will be sent back to remitter via email within two (2) business days.
- Reimbursement will not occur if the file fails to close.



Pre-closing Activities

The Closing Agent shall process and handle any and all loan documents the lender requires for a customary HUD closing.

To ensure there are no delays, the Closing Agent shall provide timely processing and delivery of the signed loan documents to the lender.

Please be notified in some instances a sale may be cancelled by HUD and/or Sage due to title issues.

In these instances, the purchaser will not be reimbursed for fees incurred prior to the cancellation.



Closing Timelines

FHA/Conventional closes 45 days from contract acceptance

Cash Closing closes 30 days from contract acceptance

203K Closing closes 60 days from contract acceptance

Quicker closings are allowed and encouraged. Sage Acquisitions will always facilitate earlier closings if possible.



Extensions

Extensions are purchased by the buyer and granted in 15-day 'packages'. The amount is based on the purchase price of the home. If the contract closes prior to the use of all 15 days, the remaining 'per-day fee' will be pro-rated to the buyer and refunded by escrow.

Property Sales	Cost Per Day Fee , Time Frame	Total Extension	Fees to the Buyer
\$0 - \$25,000	\$10 per day in 15-day increments =		\$150.00
\$25,001 - \$50,000	\$15 per day in 15-day increments =		\$225.00
\$50,001 +more	\$25 per day in 15-day increments =		\$375.00

- Fee and Request Form must be submitted to Sage 5 days prior to expiration.
- Hard copies must be remitted with the fee to Sage's office.
 - Payments must be submitted in the form of certified funds and must be made payable to HUD
- Must include supporting documentation; including current lender letter or proof of cash funds and extension fee.



Extensions (cont.)

- Extension email:
 - For FL properties email: atlanta.extension@sageacq.com
 - For MD properties email: philadelphia.extension@sageacq.com
- Sage will return via email the executed extension form indicating approved or denied to the selling agent.
- Waived fees available for Delays by HUD, Sage, or the FSM (field service manager).
- Owner Occupants (O/O) will be granted one free extension when there has been a delay with financing and all buyer documents have been submitted timely.
- Two free extensions will be granted (in 15-day increments) for 203k loans.

Note: Buyer will not be reimbursed for lender lock rate extensions, regardless of the cause of delay.



Cancelling the Contract

- If you are made aware that a purchaser is not going to close, please contact Sage ASAP.
 - Do not let the contract just cancel on its own!
- Use the “Contract Release” and “Earnest Money Disposition Request” forms from the Sage Website to initiate contract cancellation processes accompanied with the necessary documentation to request a refund.
 - For Florida Contracts Email: atlanta.cancellation@sageacq.com
 - For Maryland Contracts Email: philadelphia.cancellation@sageacq.com
- An email will be sent to the selling agent and listing broker and the BSCA with the determination of release of Earnest Money.
- Failure to submit a cancellation will result in automatic forfeiture of Earnest Money.

Note: It is Important to submit these forms prior to the expiration of sales contract



Pre-Closing Walk Through

- Recommend that you complete the day prior to or the day of closing.
- If lockbox removed coordinate with LLB to retrieve key for buyer.
- If there are issues, vandalism, etc., contact Sage ASAP.
- Closing will be postponed to attend to issues.
 - Extension fee will be waived

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Closing Protocol

- Closing documents need to be into the closing agent's office from the lender at least 5 days prior to closing.
- Closing Agent will send to Sage for review.
- When approved, Sage will return the documents to the closing agent electronically.
- Two (2) business days after closing has occurred, a final post-closing package is due to Sage by the Closing Agent.



Post Closing

- The buyer can now have utilities activated for permanent use and occupy the premises.
- Keys will not be provided to the selling agent or the buyer.
- Buyer must have locks re-keyed post closing at their expense.



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Post Closing Timeline

The Closing Agent performs all necessary post closing activities, including, but not limited to, those outlined to ensure HUD is able to accurately and timely reconcile the closing. The Closing Agent must retain copies to verify completion of each task.

Day of closing

- Closing Agent updates P260 with actual closing date to confirm closing.

No later than one business day after closing

- Net proceeds wired to the U.S. Treasury via FEDWIRE using the HUD form (SAMS-1103) and wire information provided by Sage at the time of contract execution.
- Delivery of deed for legal recordation in the appropriate county and provide written verification to the Taxing Authority and HOA.



**We are here for your
success.**



We are here for your success.

It is our priority to help you get this property closed as quickly and efficiently as possible. As we stated at the beginning of this presentation working on a HUD transaction is not the same as a typical real estate transaction. We understand this and we also understand that there may be some issues that come up along the way that will need to be addressed. We are here to guide you. As long as you follow our lead and manage your buyer's expectations, we will get this closed!

Please feel free to email us as at Edward.Huletz@BlueDotRealEstate.com if you have further questions or need advice. Our closing coordinator will be reaching out to you shortly to introduce themselves to you and answer any questions you may have. Thank you for taking the time to preview this presentation.

Edward Huletz

Blue Dot Real Estate



Additional Information

www.HUD.gov



Blue Dot Real Estate is an equal opportunity housing provider. We fully comply with the Federal Fair Housing Act

All forms and Addendums can be located at
Sageacquistions.com



This Presentation has been provided to you as a courtesy from
Edward Huletz, Blue Dot Real Estate, Inc.



For additional questions related to the HUD home purchasing process,
or if you are interested in purchasing a HUD home please contact us:

Blue Dot Real Estate

Edward Huletz

Edward.Huletz@BlueDotRealEstate.com

206-866-5844