

A HUD CONTRACT
TODAY



FORM HUD-9548

INTRODUCTION

- CONTRACT PACKAGE
- USEFUL INFORMATION
- OWNER-OCCUPANT CERTIFICATION



HUD-9548 HUD Sales Contract Package

The Selling Agent is required to have a signed and completed Sales Contract Package, including the Earnest Money deposit, in-hand before submitting an electronic bid for a buyer.

When a bid is accepted, buyers have two (2) business days to submit the complete Sales Contract Package to PEMCO. Having a buyer-executed contract prior to submitting a bid serves as permission to enter a buyer's bid.

The entire Sales Contract Package for Owner-Occupants, Investors, Non-Profits or any other type of buyer can be found on www.HUDpemco.com within the forms tab.

Sales Contract Package

A complete Sales Contract Package consists of the following forms:

Electronic HUD-9548 Sales Contract / Condition of Sale

Completed prior with package, this document can be printed once bid has been submitted through www.HUDhomestore.com.

Electronic filing of HUD-9548 contract addendum

Owner-Occupant Certification (if applicable)
“For Your Protection: Get a Home Inspection”
“Radon Gas and Mold Notice”
Lender Letter of Commitment / Pre-Qualification Letter
“Forfeiture & Extension Policy” (Addendum A, Rev. 10/12/06)
“Lead-Based Paint Addendum” (if applicable)
“Notice to Purchaser Addendum” (if applicable)
Earnest Money Deposit with the “Earnest Money Certification Form”

All documents must be signed in blue ink.

Useful Information

For information on the Form HUD-9548, PEMCO has created a Quick Reference Guide and an auto-fill Sales Contract Package for Owner-Occupants, Investors, Non-Profits or any other type of buyer, which can be found on www.HUDpemco.com within the forms tab.

Owner-Occupant Certification

Buyers will need to decide if they are making an offer as an Owner-Occupant or an Investor before placing a bid. In most cases buyers are not permitted to change this status after submitting a bid. Please check with your local PEMCO office for details on this policy.


Buyers purchasing as Owner-Occupants must sign an Owner-Occupant Certification. Agents are prohibited from allowing a buyer to submit a bid as an Owner-Occupant if the buyer will not occupy the home as their primary residence. Penalties exist for both the Selling Broker and Buyer, including and up to fines and/or imprisonment, if found to be in violation of the Owner-Occupant Certification.

EARNEST MONEY

- PROCEDURE

Contract Area/Office	Number of Payees and Payee Name(s)	Certified Funds Only
1D and 2D Denver Office	two names Make check payable to: "HUD or Buyer Name"	cashier's check or money order(certified funds)

- WHEN IS EARNEST MONEY RETURNED?



Earnest Money Procedure

Earnest Money is the deposit paid by the buyer and is subject to forfeiture if the buyer backs out of the deal after HUD has accepted the buyer's offer after all contingencies have been removed.

EM Procedure

The Earnest Money deposit for Owner-Occupant and Investor contracts is \$500.00 for all contracts with a purchase price of \$50,000.00 and under, and \$1000.00 when the purchase price is \$50,001.00 and over. For vacant lots, the earnest money deposit is 50% of the list price.

The Earnest Money is held by HUD's designated closing agent and made payable to HUD. Earnest Money must be turned in with the Sales Contract Package for acceptance and execution of the contract.

Earnest Money Oregon:

The Earnest Money check must not indicate a termination date or cancellation provision, and Earnest Money deposits shall be accounted for at the sales closing unless the contract is terminated. Verification of an Earnest Money Deposit can be

recognized through either a copy of the certified funds or a letter from the agent on broker letterhead stating that they are holding the funds.

When Is Earnest Money Returned?

If the sale goes through, the Earnest Money is often used as part of the cash down payment and/or other funds needed to complete the loan closing. Otherwise, a buyer gets the Earnest Money back when the transaction closes or when the contract is terminated for reasons other than buyer default (i.e. inspection not acceptable, title issues, loan denial based on property condition, property value, or loan denial).

When a closing does not occur, the Earnest Money deposit will be 100% forfeited, except in certain circumstances, and where proper documentation is not provided. An Investor using FHA Financing will be returned 50% of the deposit if HUD determines the Investor buyer is not an acceptable borrower. Owner-Occupant buyers will be returned 100% of the deposit if there has been a death in the immediate family, a serious illness in the immediate family that resulted in either significant medical expenses or significant loss of income, loss of a job and/or primary income, when HUD determines the buyer is not an acceptable buyer ('insured' properties only), or when a purchaser of an uninsured property was pre-approved for mortgage financing but is then unable to obtain mortgage financing.

If the contract does not close, the Selling Agent will need to submit a Contract Release form to PEMCO in order for the disposition of Earnest Money to be determined and initiated. Once the disposition has been determined, the Selling Agent will receive a letter from HUD outlining disbursement of the money - whether it will be refunded or forfeited. If a Contract Release form is not received the Earnest Money will automatically be forfeited to HUD.

The above is outlined in greater detail in the Forfeiture and Extension Policy of the Sales Contract Package. HUD's Earnest Money forfeiture policy must be explained to each purchaser prior to a contract being written. If the buyer does not win the bid, the Selling Agent must return the Earnest Money to the buyer within one day.

NOTE: The Lender will need a copy of the canceled Earnest Money check in order to give credit back at closing. Or, if a money order/certified check/cashier check was used, a bank statement from the buyer showing that the money was drawn from their bank account will be required.



Contract Submission

The original documentation must match the electronic bid and all required addenda, and a copy of the Earnest Money deposit in the appropriate form (Cashiers Check or Money Order only) must be included. Documentation rejected for omissions or errors are subject to reconsideration or reinstatement.

Submitting the Contract for a Winning Bid

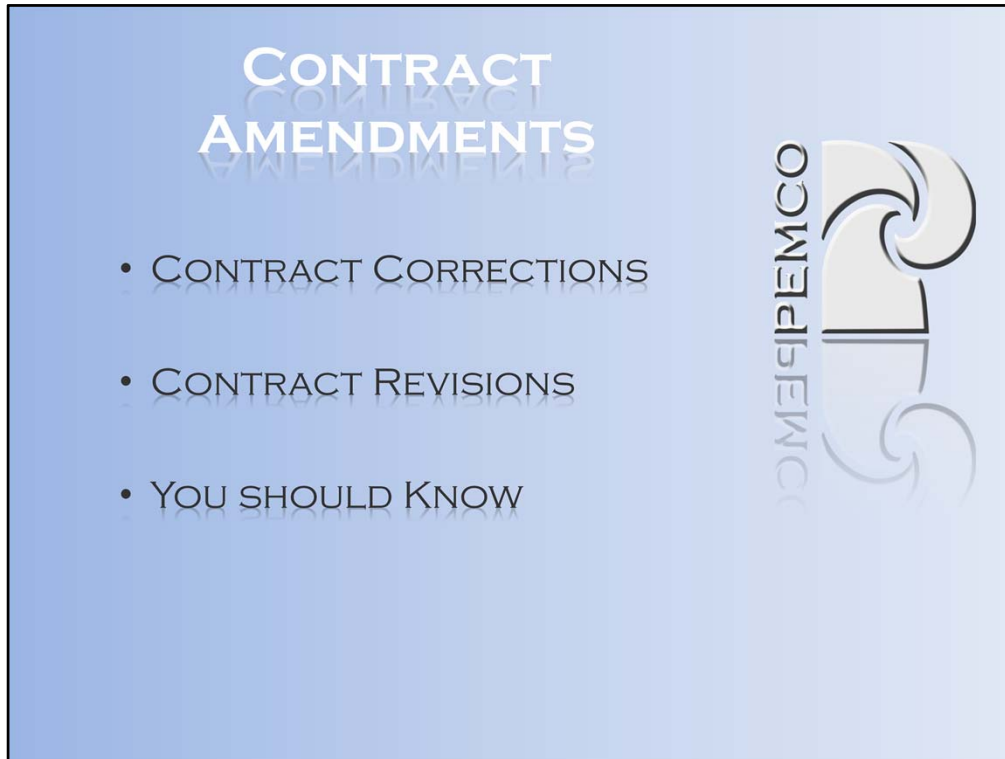
If acknowledgement of the winning bidder has been received, submit the buyer's signed, complete and correct Sales Contract Package to PEMCO within two (2) business days of the bid's official acceptance (when it is posted to the Internet) by PEMCO's close of business (5:00 p.m.).

Contract Packages must be hand-delivered or sent via over-night mail to the PEMCO office for your area. Faxed or e-mailed versions will not be accepted. If sending via over-night delivery, obtain a receipt and tracking confirmation from the delivery service provider.

Once a Contract Package is received, the agent will receive an email notification that the contract has been received in PEMCO's office. PEMCO will then review the

contract for accuracy, sign the contract, and then forward it via-e-mail to the selling agent and also the designated closing attorney's office.

This ratification process is 48 hours (unless delayed) , as PEMCO's Contracts Department is reviewing all accepted offer contracts which have been submitted to our office. It is at this point, when PEMCO has ratified your contract that the contract becomes binding. The date PEMCO ratifies the contract is also the contract's official "acceptance date."



Contract Amendments

In certain areas PEMCO, Ltd now accepts contract amendment and correction forms by email. Please email all amendments to the area outlined on www.HUDpemco.com. To avoid confusion, please do not submit multiple copies of the same document or request. Please allow 72 hours for processing. All communication regarding this amendment will be directed to the email address identified at the time of bid submission. Once amendments are approved they are emailed to both the agent and HUD's designated closing agent.

Contract Corrections

If PEMCO receives the Contract Package on time, but corrections are required, a Correction Notice via fax or email allotting two (2) business days to get the noted corrections back into PEMCO's office will be sent to the email address provided via the bid notice.

Corrections could be anything from needing to write a new sales contract, getting buyers to sign again, or a new lender commitment letter. All documents must be original, legible and signed in blue ink. White-out, liquid paper, etc. cannot be used on any

contractual document.

If the contract is returned to PEMCO still containing errors after a request for corrections was made, the contract will be rejected and the acknowledgement canceled. The property will be returned to the market on the next re-list date or a back-up bidder will be considered.

Contract Revisions

For revisions to an existing executed contract, submit to PEMCO's office for approval and implementation. All revisions are handled on a per-case basis for consideration of revisions. Changes to the indicated method of financing will always require a new original contract.

Amendments to Contracts

In certain PEMCO offices (Atlanta, Denver) it is allowed to use amendments for changes to a ratified contract instead of requiring a whole new contract.

The types of changes that may be made are as follows:

- Adding or removing a buyer with one of the original bidders remaining
- Correcting a buyer's name to match loan documents by adding or removing a first name or middle initial, etc., verified by identification
- Correcting the property address to match the deed to HUD or loan documents after confirming the address
- Changing vesting on line 2 (i.e. broker put single person on line 2 but the buyer is actually married)
- Changing financing
- Increase or decrease of escrow

CONTRACT EXTENSIONS

- EXTENSION FEES

Property Sales Cost	Per Day Fee	Time Frame	Extension Fee to Buyer
\$0 - \$25,000	\$10/day	15-day increments	\$150.00
\$25,001 - \$50,000	\$15/day	15-day increments	\$225.00
\$50,001 +	\$25/day	15-day increments	\$375.00



INFORM YOUR BUYER

- CONTRACT CANCELLATION
- TERMITE AND LBP
- WORKING WITH A LENDER
- VANDALISM



Contract Cancellation

If you are made aware that a purchaser is not going to close, please contact PEMCO's Closing Department IMMEDIATELY. Request for return of the Earnest Money deposit must be in writing and accompanied with the necessary documentation to justify a refund.

Atlanta- cancellations@pemco-limited.com

Denver – cancelden@pemco-limited.com

Sacramento – cancelSac@pemco-limited.com

Use the Contract Cancellation and Earnest Money Disposition Request form on www.HUDpemco.com. All requests must be delivered to PEMCO, Ltd. within 15 days of the cancellation. Not meeting these criteria will result in automatic forfeiture of the entire Earnest Money deposit.

Important Reminder!

An accepted bid, or ratified sales contract, is NOT a transfer of ownership. No work is to be done to any HUD property prior to the completion of the transaction.

Purchasers may not change the locks on the property, use the home for storage of personal items, begin repairs, or occupy the premises under any circumstances prior to ownership.

Termite Letters, WDO Letters and LBP Inspections

HUD provides updated termite letters for properties where the buyer is using FHA Financing or if the State or Zone the property is located mandates it. Upon the receipt of an inspection work order from the Vendor, the FSM Vendor shall order necessary treatment/repairs, if the cost of the treatment/repairs does not exceed \$1,000.00.

HUD provides Lead Based Paint inspection for properties where the buyer is using FHA Financing or if built prior to 1978. Upon the receipt of an inspection work order from the Vendor, the FSM Vendor shall order an inspection and necessary stabilization, if the cost of the stabilization does not exceed \$4,000.00.

If the property does not meet the required conditions for HUD to provide a Termite or WDO Letter, the buyer can have an inspection performed at any time at their own cost once the contract is accepted. In the event there is infestation and damage, the buyer will also be responsible for funding the treatment and repairs.

The Termite Inspection Report is a standard state form which reveals whether there is any earth-to-wood contact on the property, if there were any areas of the structure that were not inspected, and if it appears that any previous termite treatment has been performed. The inspection letter often contains exclusions of liability printed on the back.

Working with the Lender

Submit all paperwork to the lender, including any HOA notifications. A closing date will not be set until the closing attorney receives the executed contract and closing instructions from the lender. Remind the lender that the closing package must be at the attorney's office 5 days prior to the closing date. All properties require a closing inspection 5 days prior to the scheduled close date.

Vandalism

If a property has been vandalized while under contract, complete the Vandalism Report form electronically, save the document, and email it to your area's PEMCO office Vandalism Department.

Atlanta- vandalismatl@pemco-limited.com

Denver – vandalismden@pemco-limited.com

Sacramento – vandalismsac@pemco-limited.com

You should also attach any supporting photographs to the email. A Vandalism Specialist will file your form and contact you regarding PEMCO's course of action.

HUD will respond to any vandalism while under contract as follows

1. Proceed with the purchase of the home in its current As-Is condition.
1. Terminate the contract based upon the Vandalism or Theft and the Earnest Money deposit will be refunded.
 - The contract cancellation request can be found at www.hudpemco.com under the forms tab.
 - Please complete the Cancellation Request form and submit to cancelden@pemco-limited.com

Please remember it is the purchasers and selling brokers responsibility to keep the contract active and not allowing it to expire. If the contract expiration date is allowed to pass without an extension, the contract will be cancelled and earnest money deposit will be forfeited.

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QUESTIONS?

