



## The HUD Sales Contract Package

Contract Package (auto-fill version) available for download at: [http://www.hudpemco.com/2S\\_forms.htm](http://www.hudpemco.com/2S_forms.htm)

**Please complete the following checklist prior to submitting your contract.**

### Required Forms:

- HUD-9548 Sales Contract / Condition of Sale
- Electronic Filing of HUD-9548 Contract Addendum
- Earnest Money Guidelines
- Earnest Money Check
- Forfeiture and Extension Policy
- Radon Gas and Mold Notice
- "For Your Protection: Get a Home Inspection"
- Lender Pre-Qualification Letter
- Verification of Funds - Broker letter & bank statement (cash purchases only)

### Additional Forms to Include, if Applicable:

- Owner-Occupant Certification
- Lead-Based Paint Disclosure Addendum
- Notice to Purchaser Addendum (FHA Contracts)
- 203(k) Rehabilitation Financing Lead Addendum

### Accepted Contract Mailing Instructions:

- Contracts for Accepted Bids are due within 2 business days (48 hours) of Bid Acceptance.  
*(Bid accepted Thursday, contract due Monday. Bid accepted Friday, contract due Tuesday.)*
- Send via overnight delivery to: **PEMCO, LTD 1601 Response Rd, Ste. 260, Sacramento, CA 95815**

### Helpful Tips:

- All signatures and initials must be in **BLUE INK!**
- Please send the ORIGINAL contract. We do not accept copies.
- White out is not permitted on HUD documents.
- Cross-outs are not permitted on HUD documents.
- All docs, all signatures & initials must be the HUD Registered Broker, even when it indicates "selling agent" UNLESS you have obtained a Broker Signatory Authorization Letter giving you permission to sign on behalf of your Broker.
- If you do not provide a Broker Signatory Authorization Letter, the only place the selling agent name is referenced is at the bottom of the PSA where it instructs to: *"Type or print the name and phone number of sales person"*
  
- **FHA Amendatory Clause** will not be executed on HUD Sales. HUD Homes are exempt from the clause.
- **FHA Financing** – Lender is required to use the FHA appraisal provided by HUD.
  - You will receive this from PEMCO upon mutual acceptance
  
- **"Repair Escrow"** only applies to FHA 203(b) financing
  - The amount is added to mortgage, but the sales price remains the same
  - It is NOT a gift from HUD!
  - On the HUDHomestore.com listing you will see:
    - Itemized list of required repairs
    - Total cost of these repairs
    - The 110% total that will be added to the mortgage
    - No repairs made prior to closing!



## Original Sales Contract – HUD form 9548

**Important Note:** For HUD home sales, the HUD-9548 Sales Contract is used in lieu of WA state contract forms. Please read the contract carefully, as the terms are different.

### 1. BUYER(S) & PROPERTY ADDRESS

- Print buyer's full, legal name
- Buyer's name on the contract must match the name on the Bid
- The buyer's names need to be written in full and separate in Items 1, 2 and 13 (ex: Timothy Mckinney and Leslie Mckinney)
- Print property address, including City-County-State (address found on HUDHOMESTORE.COM)

### 2. VESTING

- Print buyer's full, legal name exactly as written in Contract Item 1 and on Bid
- Include Vesting after name (*Name, Vesting*)
- Refer to the "Vesting Information" document provided in contract package for instructions on how to properly write vesting
- Corporate entities vesting ex: *KTG, LLC, a Washington Limited Liability Company*
- If uncertain of vesting, leave vesting info blank

### 3. PURCHASE PRICE

- Agreed purchase price must match what is on the accepted Bid
- Earnest Money Deposit - Sales Price under \$49,999 = \$500; Sales Price \$50,000 & up = \$1,000
- The earnest money deposit shall be held by PEMCO

### 4. FINANCING

- Check Financing type: FHA or Cash/Conventional/Other (i.e. VA, USDA, etc.)
- If Buyer is obtaining FHA financing:
  - Check FHA Box plus the FHA type box: 203(b), 203(b) repair escrow, 203(k)
  - FHA financing MUST match listing type established for property on HUDHOMESTORE.COM
    - IN = 203(b)** *no obvious repairs necessary to insure FHA loan to buyer*
    - IE = 203(b) Repair Escrow** *necessary repairs total less than \$5K*
    - UI = 203(k)** *more extensive repairs needed after close of escrow*
  - Print amount of down payment, mortgage amount and term length of loan
  - If using FHA 203(b) repair escrow, list repair escrow amount on last line of section (*repair escrow info found on HUDHOMESTORE.COM*)
- If purchase is Cash/Conventional/Other: Repair escrow does NOT apply!

### 5. CLOSING COSTS

- HUD will pay up to 3% towards closing costs (except Lottery & GNND programs)

### 6. COMMISSION

- Selling Agent Commission: HUD will pay up to 3% of bid price
- Listing Agent Commission: HUD will pay 3% of bid price

### 7. NET TO HUD

- Net Amount = Sales Price minus Closing Costs & Commissions
- Winning bid is always determined by NET to HUD
- REMEMBER: Items 5 & 6 affect the NET to HUD!



- 8. TYPE OF OWNERSHIP
  - Select appropriate type of buyer (i.e. owner occupant, investor)
  - **OWNER OCCUPANTS** must occupy the property for 12 months and cannot have purchased a HUD HOME as an Owner Occupant within the past 24 Months.
  
- 9. CLOSING DATE
  - Cash purchases and all types of financing - 45 Days
  - ONLY EXCEPTION: 203(k) financing - 60 Days
  
- 10. BACKUP BID OPTION
  - Choose “may” so that buyer may be a possible back up bidder if award was not made to him/her
  
- 11. ADDENDUMS
  - Check box for Lead Based Paint Addendum if property was built prior to 1978, and attach addendum to contract
  - If buyer uses FHA financing, HUD will pay up to \$4,000 to stabilize LBP issues
  - “Other Addendum” box MUST be checked
  
- 12. BUYER INITIALS
  - Buyer must initial in **BLUE INK** on the line provided for buyer
  - If more than one buyer, put both initials on the same line
  - DO NOT initial on the line provided for seller (this is for HUD)
  
- 13. BUYER INFO & SIGNATURE
  - Print Buyer’s full, legal name
  - Buyer must sign full, legal name in **BLUE INK!**
  - Print complete address of Buyer’s current residence (not property to be purchased)
  - Include Buyer’s phone number
  - Be sure name(s) on items 1, 2, & 3 all match! Same legal name(s), same spelling, same individual(s).
  - Include all Buyers’ social security numbers
    - SS# on contract must match SS# submitted on the Bid. If SS# is incorrect, we will request a copy of identification (i.e. driver’s license **and** social security card)
  - Include date Buyer signed original offer
  
- 14. CERTIFICATION OF BROKER
  - Print Brokerage business name and address
  - Include Brokerage EIN
  - Broker’s NAID number
  - Principle Broker’s phone number
  - Principle Broker’s signature in **BLUE INK!** (This must be the principal broker who is registered with HUD)
  - If selling agent is signing on behalf of principal broker, provide a letter from principal broker on business letterhead authorizing agent to sign on his/her behalf. This letter must be included with contract!
  - Print the name and phone number of the actual sales person (selling agent) on the very last line.
    - This is the **ONLY** area of the HUD contract that lists the selling agent!
    - All other requests for broker/agent name and/or signature on the contract & addenda are for the Principle Broker.
  - The authorizing signature line must not be signed



**- REQUIRED FORMS:**

**ELECTRONIC FILING ADDENDUM 9548**

- Must be read, signed & dated by all buyers
- HUD Registered Broker (*not selling agent!*) must sign & date

**EARNEST MONEY GUIDELINES DOCUMENT:**

- HUD Registered Broker (*not selling agent!*) must sign & date

**EARNEST MONEY**

- Certified Funds - cashier's check or postal money order ONLY  
No personal checks or personal money orders accepted!
  - Purchase price \$50,000 and under, earnest money deposit is \$500
  - Purchase price \$50,001 and up, earnest money deposit is \$1,000
- Check must be payable to "HUD or Buyer's Name"  
*Ex: "HUD or Timothy Mckinney"*  
If more than one buyer on contract (even if married) all full names must be separated by the word "OR"  
*Ex: "HUD or Timothy Mckinney or Leslie Mckinney"*
- No additional verbiage or symbols permitted
- The "Pay To" line cannot be handwritten in. It must be typed print.
- If EM check is issued by a local or regional bank, the check must include a WA state bank address
- PEMCO will send EM to HUD Designated Closing Agent to be held and managed

**Closing Agent for Washington State:**

GBS Partners, LLC  
1030 Avenue D # 8  
Snohomish, WA 98290

Contract Manager - Debra Schmit  
Email: [dschmit@gbspartners.com](mailto:dschmit@gbspartners.com)  
Phone: 360-863-3505  
Fax: 360-863-3507

**FORFEITURE & EXTENSION POLICY**

- Must be read, signed & dated by all buyers on Page 3
- Extensions-are done in 15 day packages except 203(k) which are done in 30 day packages
- The amount of per diem charged past the close date for extensions
  - up to \$25,000 is \$10.00 a day for a 15 day extension = \$150.00
  - 25,001-50,000 is \$15.00 a day for a 15 day extension = \$225.00
  - 50,001- and up is \$25.00 a day for a 15 day extension = \$375.00
- HUD Registered Broker (*not selling agent!*) must sign & date on Page 3

**RADON GAS & MOLD NOTICE & RELEASE AGREEMENT**

- Must be signed & dated by all buyers

**FOR YOUR PROTECTION GET A HOME INSPECTION**

- Buyer must initial & date at the very bottom next to "Be an Informed Buyer"



## REQUIREMENTS FOR PREQUALIFICATION LETTER OR PROOF OF FUNDS (CASH CLOSING)

A prequalification letter or proof of funds (for cash purchase) must be submitted with all Sales Contract Packages. Any offer received without the Pre-Qualification letter will be rejected and the backup bidder will be contacted. Below are the guidelines for submitting acceptable documents to PEMCO.

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

- Must be printed on the Lender's letterhead and signed by the Lender
- Must have Property Address
- Must have HUD Case #
- Must have Purchaser's Name
- Must be dated within 30 days of the bid acceptance date
- Must confirm the type of financing and terms Purchaser has applied for
- Finance type must match the finance type on the contract
- 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
- If for some reason the loan amount does not cover the purchase price a Verification of Funds letter from the Broker will also be required for the difference.

**Proof of "cash" funds available**

- 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
- PEMCO will accept a signed statement from the Broker on their letterhead confirming sufficient funds have been verified and are available.



- **ADDITIONAL FORMS:**

**INDIVIDUAL OWNER-OCCUPANT CERTIFICATION**

- If Buyer is an Owner Occupant – Buyer must sign & date
- HUD Registered Broker (*not selling agent!*) must sign & date “Broker Certification” section
- **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.

**LEAD BASED PAINT ADDENDUM**

- Applicable only if the home was built prior to 1978
- Use case-specific LBP addendum (*see Property Listing Details*)
- HUD Registered Broker initials the “Finance Type” & “Broker Acknowledgement” sections on page 1 & 2
- Buyer initials the “Buyer Acknowledgement” section on page 3
- Both HUD Registered Broker and Buyer need to sign

**NOTICE TO PURCHASER ADDENDUM**

- Applies to contracts with FHA financing ONLY
- Addresses Over-Bidding: The buyer must pay the overbid difference in cash
- Must print or type in the appraised value for the property. This info can be found on HUDHOMESTORE.COM
- Both HUD Registered Broker and Buyer need to sign

**203(k) REHABILITATION FINANCING LEAD ADDENDUM**

- Applies to contracts with 203(K) financing ONLY
- Addresses buyer’s right to a lead paint stabilization plan for homes built prior to 1978 where lead paint is present
- Must be signed by Buyer’s Lender
- Both HUD Registered Broker and Buyer need to sign

**BROKER SIGNATORY AUTHORIZATION LETTER**

- Must be on Broker letterhead
- Must have Designated Broker’s original signature
- Must contain verbiage authorizing Agent to sign on behalf of the Broker  
(*Recommendation: keep multiple copies w/ original broker signature in a file, ready to use for future bids!*)



- **IMPORTANT NOTES:**

**CASH PURCHASES**

- Verification of funds letter written by HUD registered broker
- Bank statements - the amount shown must cover the NET to HUD

**CORPORATE PURCHASES**

- Provide the Articles of Incorporation giving permission to sign on behalf of corporation
- HUD Sales Contract Item 13 must state business name AND signee name. Needs to be signed.

**BUYER IDENTIFICATION**

- The buyer's name on their social security and identification card must match the sales contract and all of the certification forms, addendums and the check for the earnest money deposit.
- Copy of buyer identification (i.e. driver's license and social security card) MAY BE required to verify the spelling of buyer's name if there are any inconsistencies in your paperwork!

**TIMELINE FOR MUTUAL ACCEPTANCE**

- Please note that it can take up to 2 weeks to receive seller signature on the contract

**UTILITY ACTIVATION FORM** *(Only for Accepted Bids!)*

- Please fill out the Utility Activation Form and obtain the required deposit amount in certified funds payable to the Field Services Management company designated for this property.
- There are 2 possible FSM companies – AMS and Cityside. Only one is assigned to maintain the property.
- Please refer to the "Agent Info" tab for the property on HUDHOMESTORE.COM to determine which company you will need to contact and which form to submit.
- PEMCO will attach the Utility Activation Form with your "Bid Acceptance" email.
- The forms are also downloadable at [http://www.hudpemco.com/2S\\_forms.htm](http://www.hudpemco.com/2S_forms.htm)
- Once you have received a ratified contract back from PEMCO, immediately overnight the Utility Activation Form and certified funds to the FSM company in order to schedule your home inspection and arrange for utility activation and dewinterization, if needed.

...Other questions? Give us a call or send us an email! We are here to help.

The Kendra Todd Group *at KW Greater Seattle*

Contact: Karen Collins, HUD-Designated Bid/Transaction Coordinator

PH: (206) 577-0028 ext. 623

Email: [tc@kendratodddgroup.com](mailto:tc@kendratodddgroup.com)

**Example Letter for Signature Authorization.**

***An original copy of this letter signed with broker's original signature must be included with HUD Contract Package. This letter allows Selling Agents to sign HUD contracts on behalf of HUD-Registered Designated Broker***

[BROKER LETTERHEAD]

Date:

RE: Signatory Authorization Letter

To Whom It May Concern:

As the Designated Broker for [NAME OF BROKERAGE], with the HUD registered NAID #\_\_\_\_\_, I hereby permission and authorization for [NAME OF AGENT] an actively licensed Washington state real estate broker (License #\_\_\_\_\_), to sign on my behalf on all forms and contracts required for bidding on HUD-owned homes.

Regards,

DESGINATED BROKER SIGNATURE ([In Blue Ink!](#))

[PRINT BROKER NAME]

**This example is provided as a general guideline only. The format is not important but the content of the letter is. Please make sure your letter includes the items in RED.**

**Use office letter head**

RE: Buyer  
Property Address  
Case# 000-00000

Attention: PEMCO

I **Broker of ABC Realty** have reviewed documentation within the following categories for the purpose of this letter.

1. **Bank account : \$100,000.00**

This letter serves as an assurance that **buyer X** has verifiable liquid funds in the excess of \$100,000 an satisfactory amount to support the \$\_\_\_\_\_ purchase price offer for the property at \_\_\_\_\_.  
If you should require further details, please do not hesitate to contact me at your earliest convenience. I can be reached at 000-000-0000

Sincerely,  
*Broker's Original Signature*

Real Estate Broker

## Types of Vesting . . .

**NORTH  
MERIDIAN**

Title & Escrow

### When Buyer is:

#### **ONE SINGLE PERSON**

When holding title as a single person, any of the following vestings are acceptable:

*JOHN Q. BROWN, a single man*

*MARY S. JONES, a single individual*

*JOHN Q. BROWN, an unmarried person*

*MARY S. JONES, an unmarried woman*

It is acceptable, although unnecessary, to add "as her/his separate estate" to the above vesting.

#### **TWO OR MORE SINGLE PEOPLE:**

Tenants in Common - When two or more individuals hold title together, they do so as tenants in common, even if the deed does not reflect that (unless the deed creates a joint tenancy). This means that each of the individuals has a separate and distinct claim to some fraction of the ownership involved. The following are three examples of acceptable vestings:

*JOHN Q. BROWN and MARY S. JONES, both single individuals*

*MARY S. JONES, an unmarried woman, and JOHN Q. BROWN, an unmarried man*

*JOHN Q. BROWN, MARY S. JONES and JOHN J. JOHNSON, all single people, as tenants in common*

The specific amount of ownership can be established by inserting in the vesting the percentage of interest that each of the buyers will hold. An example of this would be:

*MARY S. JONES, a single woman, as to an undivided 75% interest and*

*JOHN Q. BROWN, a single man, as to the remaining undivided 25% interest*

If no percentage is set-forth, each of the tenants will have a presumed equal percentage.

#### **JOINT TENANCY**

Two or more single individuals as "joint tenants with right of survivorship and not as tenants in common". This means that the joint tenants have agreed that if one of them dies that the other will automatically inherit the deceased's interest in the property. To create such an estate, the deed must reflect the above verbiage and should contain the following acknowledgement signed by the buyers:

"The grantee acknowledges that it is their intent to acquire the property described herein as joint tenants with right of survivorship and not as tenants in common".

An example of the vesting is:

*JOHN Q. BROWN and MARY S. JONES, both single people, as joint tenants with right of survivorship and not as tenants in common.*

Before acquiring title as joint tenants with rights of survivorship, it is recommended that the purchasers consult an attorney who can fully explain the legal effects of such a vesting and the alternatives which may be more advisable. This type of vesting has significant effect on the disposition of your estate upon your death. Further, as this estate can be easily terminated, most title companies are unwilling to insure title held in this manner.

#### **A MARITAL COMMUNITY**

Based on the community property laws of the State of Washington, a husband and a wife hold together as one entity, not as tenants in common.

When holding title in a marital community, any of the following is acceptable:

*JOHN Q. BROWN and MARY S. BROWN, a marital community*

*JOHN Q. BROWN and MARY S. BROWN, husband and wife*

*MARY S. BROWN and JOHN Q. BROWN, wife and husband*

It is possible for a husband and wife to acquire title as joint tenants with right of ownership rather than community property. However, Washington law does not favor joint tenancy between married persons and it is recommended that you consult an attorney before choosing this vesting.

#### **A MARRIED PERSON AS THEIR SEPARATE ESTATE**

When one member of the marital community wants to hold title separately from their spouse, title would be vested as follows:

*JANE Q. DOE, a married woman as her separate estate*

This vesting is usually perfected by recording a Quit Claim Deed from the spouse. In the absence of a deed, proof that community funds are not being used for the purchase of the property, or, a Decree of Legal Separation with the necessary language establishing separate property would be required. In the event that none of these options are available, the deed can still be recorded with this vesting, but the title company would not be able to insure title in this manner. Instead, vesting would be insured as follows:

*JOHN Q. BROWN, presumptively subject to the community interest of her spouse*

If financing is being obtained for the purchase, the scenario may not be practical as the lender will probably require that title be perfected in the separate estate as a condition of the loan. Automatic homestead laws may also require the execution of deeds and encumbrances by both spouses if the subject property is their primary residence.