



## FHA/HUD PRESENTS

FHA Webinar on  
HUD REO  
203-K Standard  
203-K Streamline

## TOPICS FOR DISCUSSION

- ▣ HUD REO (Real Estate Owned)
- ▣ 203(k) Streamline
- ▣ 203-K Standard



## Mortgagee Compliance Manager (MCM)

National Servicing Center (NSC) is responsible for direct oversight of the MCM contractor: Michaelson, Connor and Boul (MCB)

- > The Mortgagee Compliance Manager (MCM) is responsible for pre- and post- conveyance activity, such as:
  - ✓ reviewing property inspections to ensure the property is in conveyance condition;
  - ✓ verification and approval of reimbursable expenses for preservation and protection;
  - ✓ title reviews;
  - ✓ requests for time extensions; and
  - ✓ requests for occupied conveyances.

## Asset Manager (AM)

The Homeownership Centers are responsible for direct oversight of the AM contracts

- > The Asset Managers (AMs) are responsible for the marketing and sale of REO properties. The AM will ensure that:
  - ✓ properties are accurately and competitively valued;
  - ✓ sales achieve the highest net return;
  - ✓ holding time is minimized;
  - ✓ sales create owner-occupant opportunities; and
  - ✓ closing proceeds are properly accounted for and delivered to HUD in a timely manner.

## Field Service Manager

The Homeownership Centers are responsible for direct oversight of the FSM contracts

- > Field Service Managers (FSMs) provide property maintenance and preservation services including:
  - ✓ including inspecting the property;
  - ✓ securing the property;
  - ✓ performing cosmetic enhancements/repairs; and
  - ✓ providing on-going maintenance.

## Impact on Realtors

### CHANGES for Real Estate Brokers:

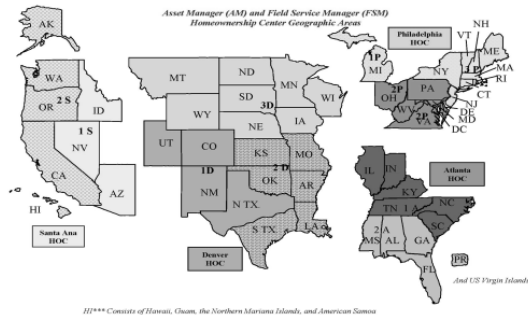
- NEW WEBSITE - HUDHomestore.com for all listing
  - ONE NATIONAL WEBSITE FOR ALL HUD LISTING AND PROPERTY INFORMATION
- ASSET MANAGER (AM) - MARKET & SALES REO
- 50/50 commission split between listing and selling brokers
- MULTIPLE ASSET MANAGERS IN EACH MARKET AREA
- FIELD SERVICE MANAGERS - MAINTAIN PROPERTIES

## Impact on Investors

- ✓ Buying Process Remains Unchanged
- ✓ Insured Listings have longer exclusive period for Owner/Occupant (O/O);
  - Investor bids considered after Day 31 on Insured Listings
- ✓ Uninsured Properties open to all bidders with a shorter "exclusive" period - 5 days

**IMPROVED SALES & FASTER TURN AROUND OF UNINSURED PROPERTIES**

## National Map of Contract Areas



## Atlanta HOC's Awarded Contracts

<b>Asset Managers (AMs)</b>	<b>Field Service Managers (FSMs)</b>
Area 1A- IL, IN, KY, NC, SC, TN	Area 1A- IL, IN, KY, NC, SC, TN
HOMETELOS OFORI PEMCO	AMS A2Z CITYSIDE COOPER-CITIWEST INNOTION
Area 2A- AL, FL, GA, MS, PR, VI-	Area 2A- AL, FL, GA, MS, PR, VI
HOMETELOS OFORI PEMCO	CWIS PK MANAGEMENT GROUP CITYSIDE COOPER-CITIWEST INNOTION

## Denver HOC's Awarded Contracts

<b>Asset Managers (AMs)</b>	<b>Field Service Managers (FSMs)</b>
Area 1D- CO, NM, No. TX, UT	Area 1D- CO, NM, No. TX, UT
HOMETELOS MATT MARTIN PEMCO	AMS SIGMA
Area 2D- AR, KS, LA, MO, OK, So. TX	Area 2D- AR, KS, LA, MO, OK, So. TX
HOMETELOS MATT MARTIN PEMCO	AMS A2Z CITYSIDE
Area 3D- IA, MN, MT, ND, NE, SD, WI, WY	Area 3D- IA, MN, MT, ND, NE, SD, WI, WY
BEST ASSETS	AMS FIRST PRESTON

## Philadelphia HOC's Awarded Contracts

<b>Asset Managers (AMs)</b>	<b>Field Service Managers (FSMs)</b>
Area 1P- MI	Area 1P- MI
BLB CITYSIDE	AMS A-SONS IEI-TIDEWATER SIGMA
Area 2P- DC, DE, MD, PA, VA, WV	Area 2P- DC, DE, MD, PA, VA, WV
HOMETELOS MATT MARTIN OFORI	INNOTION A2Z CITYSIDE
Area 3P- CT, MA, ME, NH, NJ, NY, RI, VT	Area 3P- CT, MA, ME, NH, NJ, NY, RI, VT
CITYSIDE OFORI	AMS A-SONS COOPER-CITIWEST

## Santa Ana's HOC's Awarded Contracts

<b>Asset Managers (AMs)</b>	<b>Field Service Managers (FSMs)</b>
Area 1S- AZ, ID, NV  <b>BLB</b>	Area 1S- AZ, ID, NV  <b>FIRST PRESTON SIGMA</b>
Area 2S- AK, CA, HI, OR, WA  <b>BLB PEMCO</b>	Area 2S- AK, CA, HI, OR, WA  <b>AMS CITYSIDE</b>

## Listing Brokers

- ❑ Listing Brokers are subcontracted by Asset Managers and are responsible for listing and marketing HUD properties and will serve as the "eyes and ears" for the Asset Managers.
- ❑ Among other things, LBs will place properties in the MLS and provide signage on each HUD listing.
- ❑ All commissions will be split 50/50 with the selling broker. The total commission is determined by the Asset Manager with a maximum total of 6% (max. 3%)
- ❑ A flat fee commission of \$2500 (\$1250 each) will be offered on predetermined low valued properties.
- ❑ Listing brokers will have the ability to list properties daily

## In Addition . . .

- ❑ HUD-registered listing brokers or selling brokers may advertise HUD properties and hold open houses, but only after first gaining approval from the appropriate Asset Manager to do so.
- ❑ Any unauthorized marketing is strictly prohibited and may result in penalties and/ or loss of bidding privileges.

## NAID

- ❑ Brokers must submit Form SAMS 1111 and 1111A which can be obtained from [www.HUDHomeStore.com](http://www.HUDHomeStore.com)
- ❑ Once approved, HUD will issue a NAID number.
- ❑ No real estate agent or broker can sell a HUD property if the broker for that office is not a HUD registered broker.
- ❑ Forms and supporting documents are sent to the Homeownership Centers for processing, not the Asset Managers.

## Registration

- ❑ Visit [www.HUDHomeStore.com](http://www.HUDHomeStore.com) and register!
- ❑ Brokers, associate brokers and associated selling agents, as well as non-profits and government agencies are required to register with this site before submitting bids.
- ❑ Simply click Register at the upper right hand corner of the home page on [www.HUDHomeStore.com](http://www.HUDHomeStore.com)

## Insurable and Insurable with Escrow

- ❑ Exclusive Owner Occupant periods have changed to:
- ❑ A 30 day exclusive listing period for insurable and insurable with escrow
- ❑ There is a 10 day bid period (within the initial 30 days) for all bids to be received. If no offers are accepted, bids are reviewed daily (up to 20 days) for owner occupant purchasers only

## Uninsurable Properties

- ❑ For uninsurable properties there is a 5 day exclusive owner occupant period.
- ❑ After the 5 day exclusive bid period, bidding is open to all purchasers on a daily basis if an acceptable owner occupant offer was not received.

## Submitting a Bid

- ❑ On the "property" screen - click "Submit a Bid."
- ❑ Complete step by step directions are provided to submit a bid electronically.
- ❑ If your buyer's bid is accepted you will be notified via email from the Asset Manager and the bid information will be posted on the website, as well as any possible back up offers that are acceptable to HUD.
- ❑ The clock is now ticking ...

## Submitting a Bid (cont.)

- ❑ When a bid has been awarded, brokers have 2 business days to submit contracts to the Asset Manager.
- ❑ This means:
  - Every required document necessary to consummate the transaction must be completely signed, sealed and delivered to the Asset Manager, along with the earnest money deposit check made out to HUD, within 2 business days from award notification.
- ❑ Not doing so may cost the buyer a property and you a commission

## Earnest Money

- ❑ Earnest money must be submitted with the sales contract and will be held by HUD's designated Closing Agent.
- ❑ Asset Manager will advise brokers of the specific Closing Agent holding escrow and overseeing the transaction once the contract is ratified.

## Review of Changes

- ❑ Separate contractors responsible for property management and marketing/ sales.
- ❑ [www.HUDHomeStore.com](http://www.HUDHomeStore.com) - one site for everything.
- ❑ Listing Brokers - \*Up to 3% commissions.
- ❑ New Broker Registration process.
- ❑ Exclusive Owner Occupant Period Changes
- ❑ Earnest \$ submitted with the contracts.

## Important Reminders

- ❑ Never take or give a property key to anyone!
- ❑ Absolutely no repairs prior to closing
- ❑ All HUD homes are sold "As Is."
- ❑ Pre-settlement inspections!
- ❑ Timely submission of All necessary documents required to secure the sale! (2 days)
- ❑ Training to keep abreast of the changes that continue to transpire
- ❑ Remember your responsibilities, duties and obligations to each and every "party," as well as HUD.

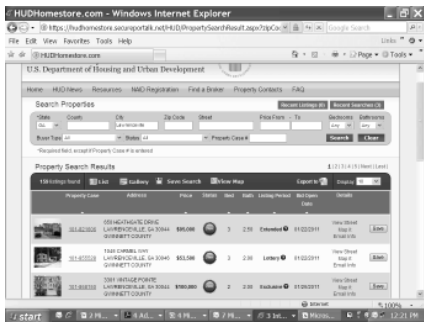
# www.HUDHomeStore.com

- ❑ One website for the entire country
- ❑ Purchasers will see what brokers see
- ❑ New format with enhanced features
- ❑ Asset Managers have the ability to list properties on a daily basis instead of once a week.
- ❑ One stop shopping to view properties nationwide, submit bids and obtain forms

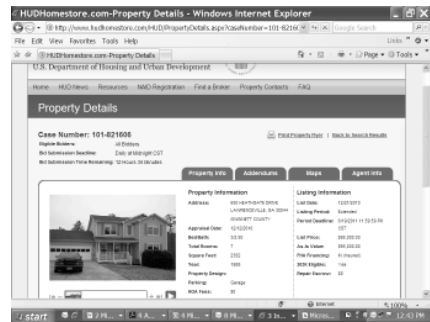
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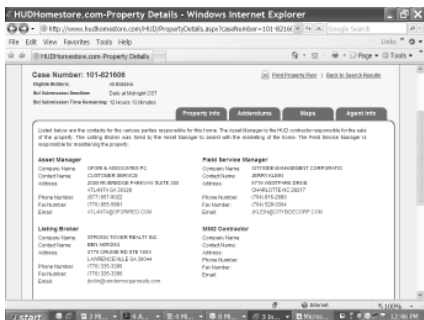
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## Technical Support

Help Desk for  
[www.HUDHomeStore.com](http://www.HUDHomeStore.com)  
866-777-2034

## Where to Get More Information on FHA Issues

- <http://www.fhaoutreach.gov/FHAFAQ>
- A website containing almost 1,300 questions and answers about FHA programs, underwriting and processing.
- Searchable by key word and category.

## Where to Get More Information on FHA Issues (cont.)

- FHA Resource Center
- By telephone:
- 1-800-CALLFHA (1-800-225-5342)
- Available Monday-Friday
- 8:00AM – 8:00 PM (Eastern Time)

By e-mail, [Ubgk Yfg4\i X"\[ cj](mailto:Ubgk Yfg4\i X)

## 203-K The loan For:

- 203-K utilized for purchase & Refinance
- 203-K and REO properties
  - 1) Insurable
  - 2) Insured with conditions
  - 3) Uninsurable
- Types of Single Family Properties



## 203(K) Standard and Streamlined Rehabilitation Mortgage Programs

### 203(K) Rehabilitation Program Overview

- ▣ Insures lenders against losses on mortgage loans used to :
  - Purchase or rehabilitate one to four family dwellings used for residential purposes only
  - Refinance and rehabilitate a structure
  - Rehabilitate a dwelling after it has been moved from one site to a new foundation

### 203(K) Standard Rehabilitation Mortgage

- ▣ 203(k) Standard Rehab Mortgage Insurance Product Requirements:
  - **Property must be 100% complete per Certificate of Occupancy, and must be over 1 year old**
  - One mortgage loan for acquisition and rehabilitation
  - Same low down payment 3.5%
  - \$5,000.00 minimum in eligible improvements

### 203(K) Standard Rehabilitation Mortgage

- ▣ Eligible improvements:
  - Structural alterations
  - Major systems: Plumbing, HVAC, Electrical, Roofing and Flooring (to include carpeting)
  - Additions, reconstructions, and remodeling
  - Energy efficient improvements
  - Major landscaping, pool repairs and fences

### 203(K) Standard Rehabilitation Mortgage

- ▣ Maximum loan amount is the lesser of:
  - Maximum mortgage limit for area (*base mortgage amount*)
  - Purchase price plus cost of rehabilitation 110% of "After Improved" value

### 203(K) Streamlined Limited Repair Mortgage

- ▣ Streamlined 203(k) Limited Repair
  - Must have had a Certificate Of Occupancy issued
  - Minor Repairs and Improvements (*upgrades*)
  - Repair costs up to \$35,000 (value permitting)
  - No minimum repair cost threshold
  - Repairs are completed after closing with loan proceeds
  - Same 3.5% down payment requirement for purchases
  - No inspection required (*If less than \$15,000*)

## 203(K) Streamlined Limited Repair Mortgage

- ☐ Great tool for REO Properties
- ☐ Eligible Work Items
  - Repair/Replace/upgrade
    - roofs, gutters and downspouts
    - existing HVAC systems, plumbing, and electrical systems
    - existing flooring
  - Minor remodeling (non-structural) repairs
  - Exterior and interior painting
  - Weatherization

## 203(K) Streamlined Limited Repair Mortgage

- Appliances (*including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwaves*)
- Environmental mitigations
- Modifications involving disturbance of pre-1978 paint surfaces - Lead based paint abatement
- ☐ Ineligible Work Items
  - Major rehabilitation , remodeling or structural damage (*such as the relocation of a load-bearing wall*)
  - New construction (*including room additions*)

## 203(K) Streamlined Limited Repair Mortgage

- ☐ Contractors and Rehabilitation Criteria
  - Borrower must use licensed and bonded contractors
  - “Self-help” is discouraged but acceptable IF the borrower can sufficiently demonstrate to the lender that he/she has the necessary expertise and experience to competently perform the work



## 203(K) Resources

203(K) Resources link on HUD.gov  
<http://www.hud.gov/offices/hsg/sfh/203k/203kmenu.cfm>



## QUESTIONS & ANSWERS

