

U.S. Department of Housing and Urban Development (HUD) Closing Instructions and Certification

The following are general settlement instructions and do not provide all specific instructions for sales under special programs.

FHA Case Number: _____ Date of HUD's Ownership: _____
Property Address: _____
Buyer(s) Name: _____
Amount of Discount Buyer Received: _____ %
Amount of Rental Money Due: \$ _____ Amount of Utility Payment Due: \$ _____

As settlement/title company/agent, you must adhere to the following closing instructions to close this sale between the US Department of Housing and Urban Development (HUD) and the buyer identified on the attached executed sales contract. If you are unable to perform these tasks within the required time frame (as defined on Line 9 of the HUD Form 9548), please notify the buyer's Real Estate agent immediately so the buyer can select a different settlement/ title company.

As a settlement/title company, you must meet all **applicable** local and state standards as well as those required by HUD.

You must close this sale for only the buyer(s) identified on the executed sales contract, or amendment/addendum which has been executed by the buyers and HUD's delegated Asset Manager.

EARNEST MONEY: The Asset Manager has ___ has not ___ included the earnest money with the fully executed sales contract.

REAL ESTATE TAXES: Real estate taxes for the current year shall be pro-rated to the date of closing. HUD will only pay for taxes currently due and will not pay or reimburse any party after closing if real estate taxes are reassessed by local government. The last payment was made on _____ in the amount of \$ _____, which covers the following period of time: _____ through _____.

HOMEOWNER ASSOCIATION (HOA) FEES/DUES: HUD will pay for HOA fees/ dues pro-rated from the date of HUD's ownership **through** the date of closing. HUD will only pay for HOA fees/dues that are the responsibility of HUD during its ownership. The last payment was made on _____ in the amount of \$ _____, which covers the following period of time: _____ through _____.

RENTAL MONIES: You shall verify with the Asset Manager that all rental monies due HUD have been collected outside settlement if the buyer is an approved HUD tenant. If any due amounts have not been paid, you shall ensure such payment is made at time of closing.

SPECIAL PROGRAMS: HUD has a number of special programs, including the Good Neighbor Next Door (GNND) Sales program, in which the buyer receives a discount off the purchase price, as indicated on the executed sales contract. Such discounts are to be reflected of Line 507 of Form HUD-1, Settlement Statement or Section L, Other Credits of the Closing Disclosure.

Further, some sales such as those under GNND require a second Note and Deed of Trust/ Mortgage and/or a Land Use Restriction Addendum. If applicable to this sale, special instructions for the completion of those documents are attached or will be supplied by the Asset Manager.

For properties covered by an Asset Control Area (ACA) Agreement, the Asset Manager, will provide additional closing instructions.

CLOSING COSTS: HUD will pay up to the amount on Line 5 of the executed sales contract, or up to 3% of the sales price, whichever is less, towards reasonable and customary closing costs and the amount shall be annotated on the HUD 1/Closing Disclosure in accordance with RESPA. Any unused portion will be credited to HUD's proceeds. (Customary Loan Origination Fee is up to 1% of the mortgage; 1.5% on a 203(k) loan)

Buyer Select Closing Fee: The purchaser is primarily responsible for any and all closing fees up to the maximum allowed per State Law and Regulatory requirements. The buyer may apply amounts listed on Line 5 of the sales contract for payment of closing fees.

Recording fees for the Special Warranty/Grant Deeds transferring ownership from HUD to the buyer as stated on the executed sales contract, for the second Note/ Deed of Trust, if required for special HUD programs, and for special addendums, if required, such as Land Use Restriction Addendum, are the expense of the buyer. This expense may be covered from funds on Line 5 of the executed sales contract. If the buyer did not request funds on line 5, the amount to cover the cost of recording shall be collected from the buyer at closing.

HUD-1/CLOSING DISCLOSURE PREPARATION: You must accurately prepare the Preliminary HUD-1 or Settlement Statement/Closing Disclosure and provide it to Asset Manager at least 5 business days in advance of the scheduled closing date for their review, approval, and return prior to closing. This can be accomplished electronically.

DEED PREPARATION: You must prepare a Special Warranty or Grant Deed (where applicable) and provide it to the Asset Manager at least five (5) business days prior to the scheduled closing. The Deed can be sent to Asset Manager electronically. Asset Manager will execute, notarize, and return the original Deed via overnight delivery. Include a return address which is accessible by their overnight mail carrier.

EXTENSIONS: If an extension is required, the purchaser's real estate broker will submit the required closing extension request form, along with the extension fee, to the Asset Manager prior to expiration of the sales contract. The Asset Manager will provide you with an electronic notification of the approval and copy of the executed extension agreement which will provide you with the new contract expiration date. The Asset Manager will also provide the amount of the extension fee that was collected. **In no case shall a closing take place on an expired contract.**

WIRE PROCEEDS: You must wire proceeds to the US Treasury via FEDWIRE the day of but not later than the next available banking day after closing, ensuring the amount matches that of the executed HUD-1/Closing Disclosure. The Asset manager will provide specific wiring instructions, including the form to be used.

DEED RECORDING: You must ensure the deed is delivered for recording to the appropriate county recorder's office no later than one (1) business day after closing.

NOTIFICATION OF CLOSING: You must notify the Asset Manager at 3PclosedHUDs@blbresources.com via email on the day the closing has or has not occurred.

CLOSING PACKAGE: You must deliver a complete closing package to Asset Manager not more than three (3) business days after the closing is completed. The post closing package shall include:

- Final HUD-1/Closing Disclosure and the Certification;
- Copy of the wire of proceeds transfer confirmation;
- Evidence that the deed was delivered for recording;
- Copy of any invoice HUD paid at closing;
- Copy of disbursement log, accounting for all incoming and outgoing funds related to this transaction; and,
- For special program sales: Original Note and copy of GNND or ACA Deed of Trust or Mortgage, with evidence it was delivered for recording.

Submit closing package to:

BLB Resources, Inc.
400 Galleria Officentre, Suite 420
Southfield, MI 48034
3PclosedHUDs@blbresources.com

CANCELED SALE: If the sale is canceled and is not immediately rescheduled, the deed must be returned to Asset Manager within two (2) business days of the original scheduled closing date. If the sale does not close on the scheduled date, notify Asset Manager immediately via email (3PclosedHUDs@blbresources.com) as to the date the closing is rescheduled or if it has been canceled. If the sale has not been rescheduled or is canceled, the Closing Company shall scan the original of the signed deed, marked VOID in large letters across the front, and electronically deliver it to Asset Manager no later than the second business day after a closing is cancelled. The original document will then be mailed to the Asset Manager that same day, along with the earnest money deposit and extension fees that are in your possession.

FORFEITED EARNEST MONEY: Comply with the earnest money forfeiture policy that was signed by the buyer(s) and is part of the executed sales contract package. Earnest money forfeitures are to be sent to the Asset Manager, payable to HUD, within 4 business days of the earnest money disposition issued by the Asset Manager or expiration of the contract whichever shall occur first.

Standards for Acceptable Closing Companies.

Buyer Selected Closing Companies (BSCC) must certify that they meet the following standards:

1. A BSCC must be an attorney, title company, or escrow company. In addition, any BSCC must meet all requirements of state and local laws (e.g., if the property is in a state that bans attorneys from conducting a closing, an attorney may not be used as a BSCC).
 - a) **Use of attorneys** - An attorney or law firm may act as a BSCC, provided that they are duly licensed to practice law in the state where the property is located and state law allows an attorney to facilitate Real Estate closings.
 - b) **Use of title companies** - A title company may act as a BSCC, provided that they are duly licensed to do business in the state where the property is located, and are regulated by the State Insurance Commission, or similar regulatory agency recognized by the State.
 - c) **Use of Escrow Company** - An escrow company may act as a BSCC, provided that they are duly licensed to do business in the State where the property is located and meet all state legal and regulatory requirements as a recognized and registered escrow company.

2. **Insurance and Closing Protection Letter requirement** - Any BSCC must be covered by Errors and Omissions Insurance of at least \$1,000,000. Title companies shall provide a Closing Protection Letter (CPL) to insure against any improper handling of HUD's proceeds or deed.
3. A BSCC must **complete a one-time registration** to receive a HUD issued Settlement Agent Identifier number.
4. **Conflict of Interest** - A BSCC who has, or whose spouse, children or business associates have, a financial interest in the property shall not be involved in the closing process. Financial interest includes having an equity, creditor, lender, or debtor interest in any corporation, trust, or partnership with a financial interest in the property.
5. **Debarment or suspension** - No attorney, Title Company, Escrow Company, or BSCC, currently debarred, suspended, or otherwise excluded by Administrative Action from participating in Federal programs, may participate in any aspect of the closing or title clearance process.
6. **Non-Discrimination** - No BSCC, employee, or person or entity otherwise authorized to act for a BSCC agent may act in violation of Title VIII of the Civil Rights Act of 1968 (the "Fair Housing Act" Title VIII or Public Law 90-284) or Executive Order 11063. BSCC's, their employees, and any person or entity otherwise authorized to act on behalf of a BSCC shall (1) refrain from discrimination on the basis of race, color, creed, religion, sex, national origin, age or handicap; (2) instruct their staffs in the policies of nondiscrimination and all applicable local, State, and Federal fair housing and non-discrimination laws.
7. **Failure to Abide by HUD's Closing Instruction** - HUD reserves the right to sanction or remove any BSCC that does not abide by HUD's Closing Instruction.

Warning: Falsifying information on this or any other form of the Department of Housing and Urban Development is felony. It is punishable by a fine not to exceed \$250,000 and/or a prison sentence of not more than two years. (18 U.S.C. 1010, 3559; 3571)

You must certify below that you meet the above standards; you understand and will comply with these general instructions and requirements. Subsequent instructions may be provided in writing on a case by case basis by HUD through its Asset Manager.



Acknowledged _____ Date _____

Printed Name _____ Telephone # _____

Principal Title _____ Email _____

State License # _____ HUD Identification # _____