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HUD Properties and Earnest Money

When writing a contract for a HUD property Drake Realty, Inc. will always hold the earnest money. There is no other broker involved which means we must get the earnest money as quickly as possible. HUD is very specific as to the amount required; it is determined by the program and property value. If you are unsure please go onto www.hudpemco.com and read the information located under the tab labeled Broker Info. You will find all questions are answered in this area.

Once you submit a contract to the HUD site you will be notified via email if your contract is accepted. If accepted, you must fax a copy of the signed documents to PEMCO which also includes a copy of the earnest money check being attached to the appropriate form. Once you have faxed this form, the earnest money **MUST BE** turned over to the office. **DO NOT HOLD THE MONEY.** We can lose our certification from HUD for improper handling of earnest money. There are no exceptions to this process. Once HUD shows a contract has been accepted, they will expect the property to close or the earnest money to be turned over to them.

It does happen that contracts are withdrawn once accepted but in order to make sure that your contract was withdrawn, you must receive confirmation from HUD which must be forwarded to the office. Submitting the form to withdraw the contract is not enough, HUD must accept the withdrawal and instruct as to the disbursement of the earnest money. Drake Realty, Inc. has no say in how the money is disbursed, it is HUD's call. Please make sure your buyers are aware of this, HUD will control the entire process so if your buyer is not sure, do not submit the contract. HUD homes are a great option for buyers but as an agent, you must make sure you understand the process. Take some time to look at the site before you sit down and write a contract. If you still have questions, please call the office and we will assist you.