ATTENTION AGENTS:

HUD is changing their process with the closing attorney and beginning a new program called Buyer Select Closing Attorney. This program will officially kick off July 14th for most of the metro Atlanta area and north of the metro Atlanta area. There are some areas south of metro Atlanta that will kick off on July 1st.

**WHAT DOES THI S MEAN FOR THE SELLING AGENT?**

As a HUD selling agent, your buyer will no longer make their Earnest Money check payable to HUD; they will make it payable to an attorney of their choice OR the Listing Broker depending on how the asset management company is going to handle their program. This means, you must check HUDHOMESTORE.COM for instructions on who to make the check payable to, do not make it payable to HUD. Each asset company is going to handle this process slightly differently so please make sure you know how the asset company handling the property is going to work this process.

You as the selling agent will be responsible for getting the earnest money to the listing broker/agent within the 2 day time period that is given now for completing the contract and getting it to the asset company. The listing broker/agent will have to confirm with the asset company that they do have the earnest money check, it is the correct amount, it is certified funds, and it is made out to the correct party within 2 business days of bid acceptance. This could possibly create a situation for you as you will have to make sure it is in the listing broker/agent’s hands within the 2 business days of bid acceptance.

**ARE THERE ADDITIONAL FORMS TO FILL OUT?**

Yes, there is a Buyer’s Select form that must be filled out with the attorney’s information. PLEASE NOTE: the form will ask for the closing attorney’s Title ID #. This is not something that a closing firm will have until they have been selected by a buyer and then approved by HUD to be a closing agent. Once they have closed one property, they will have this number available to agents which will make the process easier. There will be forms that you as the selling agent will need to get from the closing attorney if this is the first closing for them under this new program. The information needed is listed on the form.

Additionally, the Buyer Select form will need to be signed by the closing attorney as well as the buyer and selling agent. Please confirm with the asset manager if an original signature will be needed from the closing attorney. HomeTelos has already stated that original Buyer and Selling Agent signatures are required but not the closing attorney signature. It still must be on the form and presented with the contract but they do not need an original from the closing attorney. This is HomeTelos only at this point, PEMCO and Ofori might want original signatures. Please check.

**WHAT DO I DO IF I HAVE A BID SELECTED ON JULY 12, 2013?**

See below regarding how HomeTelos is going to handle their inventory. If your bid is selected and the Buyer Select Program has not begun then you will handle the Earnest Money just as you handle it today. The change will be based on the date of the award. Any bids awarded July 12th and previous (July 13th is a Saturday) will still be handled by Fernley and the Earnest Money check is made payable to HUD. July 14th and forward the new program will kick in. Of course, this also means if you are bidding on a property that is part of the July 1st roll out then any bid awarded June 30th and prior will be handled like it is today and anything July 1st and forward will be handled per the new program. Again, you must know which program the property falls into. There should be a notice on the HUDHOMESTORE.COM website by the property.

**DOES THIS PROGRAM MAKE CHANGES TO THE AMOUNT OF EARNEST MONEY OR TYPE OF FUNDS?**

Earnest Money tiers will remain the same and the earnest money must be certified funds.

**WILL WE SEE ANY IMPACT ON AVAILABLE INVENTORY AS A RESULT OF THIS?**

It is our understanding that HomeTelos is going to take all old inventory off the market next week and will not add any new inventory. They will put everything back on the market July 14th. Again, this is HomeTelos, we have not heard from PEMCO or Ofori regarding what they plan to do.

**WHAT TO DO AND NOT TO DO!**

1. Know who the listing broker/agent is for any property you want to bid on. You will have to work with them and communicate with them on where and how to get the earnest money to them. It is our understanding that the listing broker/agent will be involved regardless who the asset company is and it will benefit you as the selling agent to know this prior to placing the bid. It could mean you have to drive to their office or arrange a meeting.
2. Take time now to review the new form. This can be found on all of the asset companies web sites as this program has been in place for some time in the western part of the country and has been rolling out towards the eastern part.
3. Look for meetings, conference calls and additional ways to learn about this change. All asset companies are hosting programs to go over how they will be handling this, do not ignore your email, please take note and attend at least one so you are familiar with the big picture.
4. Understand the requirements for the closing attorney and make sure the closing attorney selected can meet those requirements prior to selecting them. Morris|Hardwick|Schneider can handle the requirements and will be happy to assist your buyer.
5. Please make sure you use the correct name for your closing attorney. Do not put MHS for Morris|Hardwick|Schneider you must spell it out and it must be the same as it appears on their business license. On the contract please make sure on line 3 & 9 you have the correct name.
6. On the Buyer Select form, you must make sure that you put the correct address of the closing. Also be aware, attorneys who have multiple locations will need separate title ID#s for each location. You can discuss this with the attorney regarding which address they have an ID for or which ones will need a new one assigned.
7. Each asset company will have a support line to help agents through this change. Please look for that number and call with your questions. HomeTelos support number is 866-564-6637. We have not been informed of a support number for PEMCO or Ofori but they should be on their websites.

Remember, your initial point of contact is going to be with the listing broker/agent who should be able to help you through this process. Don’t hesitate to ask them, they are there to help.

Thank you,

Drake Realty Broker Team