

**SALES CONTRACT
PROPERTY DISPOSITION PROGRAM**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

FHA Case No.:	
Type of Sale:	Direct <input type="checkbox"/>
GNND <input type="checkbox"/>	Dollar Home <input type="checkbox"/>
Nonprofit <input type="checkbox"/>	Govt. Entity <input type="checkbox"/>
ACA <input type="checkbox"/>	

Public Reporting Burden for this collection of information is estimated to average 30 minutes per response, including the time for searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required in order to administer the Property Disposition Sales Program (24 CFR Part 291). The collection of information is required in order to provide a binding contract between the property purchaser and HUD. A real estate broker or one of its agents completes this form. If this information were not collected, HUD would not be able to administer the Property Disposition Sales Program properly to avoid waste, mismanagement, and abuse.

Privacy Act Notice – The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested on this form by virtue of Title 12, United States Code, Section 1701 et seq. The Housing and Community Development Act of 1987, U.S.C. 3543 authorized HUD to collect Employer ID and/or Social Security Numbers. These numbers are used to provide information to the IRS regarding payment of commissions or other fees. HUD may also disclose this information to Federal, State, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as required and permitted by law. Failure to provide the Employer ID Number or Social Security Number could affect your participation in HUD’s Property Disposition Program

CONTRACT

The undersigned Purchaser (“Purchaser”) agrees to purchase and the Secretary of Housing and Urban Development (“Seller”) agrees to sell on the terms set forth herein all of Seller’s right, title, and interest in and to the following property:

_____ (street address, city, county, State, and zip code) (“the Property”).

1. Gross Purchase Price and Earnest Money Deposit

The purchase price of the Property is \$_____ (“Purchase Price”). Purchaser has paid \$_____ as earnest money to be applied on the Purchase Price and agrees to pay the balance of the Purchase Price, plus or minus pro-rations of property taxes, assessments, utility charges, insurance premiums, and any other prorated costs, at the time of closing, in cash to Seller. Closing costs to be prorated between Seller and Purchaser will be prorated as of the Closing Date. The earnest money deposit shall be held in a non-interest-bearing account by _____ (“Selling Broker”) until

the date the contract is signed by Seller, at which time the earnest money shall, at the direction of the Seller, be deposited in the Selling Broker’s Trust Account or be delivered to the Seller’s Closing Agent. The deposit will be held in escrow until 1) credited toward the purchase at settlement, 2) disbursed in accordance with a written agreement by all the parties, or 3) disbursed in accordance with the order of a court of competent jurisdiction after the expiration of all appeals periods.

2. Sales Commission

At Closing, Seller agrees to pay a commission of \$_____ to the Selling Broker.

3. Closing Costs

ENTER ZERO (\$0) BELOW FOR CLOSING COSTS if this contract is for any of the following: Discount Sales to Nonprofit Organizations or Governmental Entities, Dollar Home Sales, or sales made under the Good Neighbor Next Door or Asset Control Area Programs.

For all other sales, Closing Costs shall not exceed three percent (3%) of the Gross Purchase Price.

At Closing, Seller will pay Purchaser’s customary and reasonable Closing Costs in the amount of \$_____ (“Closing Costs”). **Seller will not provide a credit in the event that actual Closing Costs are less than the amount specified herein.**

4. Net Purchase Price

The Net Purchase Price Seller will receive from this Sales Contract is \$ _____. This represents the Purchase Price less Sales Commission and Closing Costs in the amounts specified in 2 and 3 above.

5. Purchase Price Discounts and Other Adjustments Authorized by Seller

The Purchase Price shall be further adjusted by \$ _____ because:

- Purchaser will execute a note and subordinate mortgage pursuant to the Good Neighbor Next Door Program requirements.
- Purchaser is entitled to a discount as a qualified non-profit organization or governmental entity.
- Other (Specify) _____.

6. Method of Financing

- Purchaser is applying for FHA insured financing in the amount of \$ _____ through the following loan program:
 - 203(b)**, **203(k)**, **203(b)** with repair escrow in the amount of \$ _____. *Purchaser acknowledges that the amount of the repair escrow is not a credit from Seller and must be paid by Purchaser at Closing.* **Other**, FHA Loan Type _____.
- Purchaser is applying for non-FHA financing in the amount of \$ _____.
- Purchaser is paying cash.

7. Conveyance of Title

Seller agrees to deliver marketable title of the Property to the Purchaser at Closing. Purchaser is advised to independently review the status of title before Closing and may not rely on the results of a title search performed by Seller’s Closing Agent that may be provided to Purchaser. Purchaser must give Seller written notice of any unmarketable title conditions on or before five (5) business days before the scheduled Closing. Seller may postpone Closing for up to thirty (30) calendar days after the scheduled Closing Date to cure such title conditions. If Seller cannot cure the identified title conditions within thirty (30) calendar days after the scheduled Closing date, Purchaser may cancel this Sales Contract and Seller shall return Purchaser’s earnest money deposit in full. Tender of the deposit shall release the Seller from any and all claims arising from this transaction.

At Closing, Seller will deliver a deed to Purchaser granting the property subject to all covenants, restrictions, easements, conditions and rights appearing of record. The deed will contain a covenant,

which warrants only that Seller created no title defects during its ownership of the Property, but does not warrant against title defects created before its ownership. Upon Purchaser's acceptance of the deed to the Property at Closing, Seller's duty to deliver marketable title shall expire. *Therefore, Purchaser is strongly advised to purchase an owner's title insurance policy at the time of Closing, to insure against such risk.* A lender's title insurance policy obtained as a requirement of a new mortgage is not sufficient to protect Purchaser.

At Closing, Purchaser will take title in the following name(s):

and title will be vested as follows: • joint tenants • tenants in common • tenants by the entirety
• Other: _____

8. Property Conveyed AS-IS

This Property is being sold AS-IS. The Purchase Price includes all fixtures, improvements, and built-in appliances AS-IS on the date Purchaser delivers this signed Sales Contract to Seller's M&M Contractor. The Purchase Price also includes any other personal property that may be present in the Property, but personal property is not considered material to the sale and Purchaser bears all risk of its loss prior to Closing. The Property will be delivered:

- unoccupied on the date of Closing, or
- Purchaser acknowledges that part or all of the Property is occupied and may be occupied at Closing.

Seller makes no representations or warranties concerning the condition or other attributes of the Property, including but not limited to: the functionality of mechanical and electrical systems; susceptibility to flooding; integrity of the roof, foundation, or underlying soil structure; the presence of visible or hidden structural defects; the presence of, or damage caused by, termites or other wood-destroying insects; the habitability or usability of the property for residential or other purposes; compliance with zoning, building code requirements, or other limitations on land use; the location of property lines or encroachments of structures thereon; the amount of square footage or acreage; the right to legally occupy all or part of any structure or land; or the availability, usability, or location of a water supply or septic system. Seller makes no representations or warranties regarding environmental conditions, including but not limited to, radon gas, asbestos, storage tanks or mold. Additionally, except as otherwise disclosed in an addendum to this Sales Contract, Seller makes no representations or warranties regarding lead-based paint.

Purchaser acknowledges responsibility for taking any action it believes necessary to satisfy itself as to the condition or other characteristics of the property, or to obtain knowledge of laws, regulations and ordinances affecting the property, and agrees to accept the property in the condition existing on the date the Purchaser signed the Sales Contract. Purchaser bears the risk of any mistaken assumptions that either or both of the parties may have regarding the property.

In consideration of the sale of the Property to Purchaser, by signing this Sales Contract, Purchaser releases, indemnifies, holds harmless, and forever discharges Seller as owner of the Property and, separately, _____, the M&M Contractor, as the independent contractor responsible for maintaining and marketing the Property, as well as M&M Contractor's officers, employees, agents, successors, and assigns, from any and all claims, liabilities, or causes of action of any kind that Purchaser may have now or at any time in the future against Seller and/or M&M Contractor resulting from the condition of the Property.

9. Property Condition Report; Appraisal

A Property Condition Report and an appraisal have been prepared solely for Seller's benefit. Seller, through the Selling Broker, has provided Purchaser with a copy of the Property Condition Report and upon request, will provide Purchaser with a copy of the most recent appraisal obtained by Seller. Seller makes no representations or warranties concerning the contents of the Property Condition Report, appraisal, or advertisements. Purchaser represents and warrants that Purchaser has not relied on the Report, appraisal, or on statements or lack of statements made by Seller, the M&M Contractor, or listing broker, concerning the condition, value, or other attributes of the Property.

10. Inspection Contingency

Seller advises Purchaser to obtain an inspection of the Property performed by a qualified inspector, in order to identify any possible defects. Real estate brokers and appraisers are usually not qualified to perform such inspections. Any decision by Seller to make FHA mortgage insurance available in connection with the sale of the Property does not constitute a representation or warranty concerning the Property.

Purchaser shall have fifteen (15) calendar days from the date of Purchaser's signature on this Sales Contract to perform or obtain, at Purchaser's own expense, any inspection, test, or risk assessment. This fifteen (15) day period shall run concurrently with any similar period provided to inspect the Property for lead-based paint, in the case of properties built before 1978, as may be provided on an addendum to this Sales Contract. If the M&M Contractor, prior to expiration of the inspection contingency period, receives written notice of the Purchaser's withdrawal from the Sales Contract as a result of such inspection, test, or risk assessment, Purchaser's obligation to purchase the Property shall terminate, and an Owner-Occupant Purchaser shall be entitled to a full refund of the earnest money deposit if the Owner-Occupant Purchaser provides a copy of a home inspection report that accurately identifies serious structural or mechanical problems with the Property that were not previously identified by the Seller and which Seller elects not to correct. Tender of the deposit shall release the Seller from any and all claims arising from this transaction.

11. Repairs

Purchaser may not perform repairs nor take possession of the Property until sale has closed. Seller assumes risk of loss or damage until sale is closed. Purchaser is advised to inspect the Property before Closing Date. Seller will make no repairs to the Property after execution of the Sales Contract except to return the Property to its condition at the time the Sales Contract was executed. Seller makes no warranty concerning any repairs it made or will make to the Property.

12. Non-Performance; Forfeiture of Earnest Money Deposits

Except as provided elsewhere in this Sales Contract or addendum thereto, Purchaser's failure to close on the sale of the Property within the allowable time period, including any extensions granted by Seller in writing, will result in the forfeiture of the entire Deposit.

However, Owner-Occupant Purchasers shall receive a 100% refund of Earnest Money if within 30 calendar days of Purchaser's written notice of cancellation of the Sales Contract, the M&M Contractor receives acceptable documentation that one of the circumstances described below has occurred and this circumstance prevents Purchaser from closing:

- i. There was a recent death in the immediate family (Purchaser, spouse, or child living in the Purchaser’s household);
- ii. There has been a recent serious illness in the immediate family that has resulted in significant medical expenses or substantial loss of income;
- iii. There has been a loss of job by one of the primary income earners in Purchaser’s household, or substantial loss of income through no fault of Purchaser;
- iv. Purchaser, despite good faith efforts, is unable to obtain mortgage financing as specified in this contract.

Seller may rescind this Sales Contract and return all or a portion of Purchaser’s Deposit under the following conditions: (1) Seller has not acquired valid title to the Property; (2) Seller is unable or unwilling to remove valid objections to the title prior to Closing; or (3) Seller determines that Purchaser is not a qualified purchaser as defined in 24 CFR Part 291.

13. Closing Date and Extensions

Time is of the essence as to closing. The sale shall close not later than _____ calendar days from Seller’s signature on this Sales Contract (“Closing Date”). The Closing shall be handled by the Seller’s designated Closing Agent, _____, located at _____.

Purchaser may make a written request for a Closing Date extension if the Closing Date cannot be met. The Purchaser’s request must be received by the Closing Agent **before** the scheduled Closing Date. Seller may grant an extension when extenuating circumstances preclude Purchaser from closing as scheduled. Purchaser’s request must include written documentation of the cause of delay. One extension shall be provided at no charge to an Owner-Occupant Purchaser who provides documentation that (1) Purchaser made a proper and timely loan application, (2) delay is no fault of Purchaser, (3) mortgage approval is imminent, or (4) the transaction involves an FHA-insured 203(k) mortgage. Additionally, Seller will waive the extension fee if the delay in closing is caused by Seller.

For all other extensions, Seller may charge an extension fee as indicated on the M&M Contractor website but in no event more than twenty-five dollars (\$25) per day. Purchaser’s request must be accompanied by a non-refundable certified or cashier’s check or money order in the full amount due.

If the sale closes prior to the expiration of the extension, Purchaser will be credited with any unused portion of the fee actually received from the Purchaser, computed on a daily basis. Seller will retain extension fees if Closing does not occur. Granting one extension shall not oblige Seller to grant additional extensions. Seller shall declare a default for Purchaser’s failure to close the sale upon the expiration of the original closing period or upon expiration of the extension period.

14. Owner-Occupancy Certification

If Purchaser submitted a bid as an Owner-Occupant, Purchaser hereby certifies that he/she has not purchased a HUD-owned property within the past twenty-four (24) months as an Owner-Occupant and that Purchaser intends to occupy the Property as Purchaser’s primary residence for at least 12 months from the Closing Date.

15. Employees of HUD or Their Relatives

If Purchaser is an employee of HUD or a spouse, domestic partner, child, parent, sibling or roommate of an employee of HUD, Purchaser hereby certifies that he/she has obtained prior approval to purchase the Property from the Director of HUD’s Office of Single Family Asset Management and has provided the completed form HUD-50001.

16. Excluded Purchasers

Purchaser hereby certifies that Purchaser is not a Member of or Delegate to Congress. Unless Purchaser is the current occupant of the Property, Purchaser hereby certifies that Purchaser was not the prior mortgagor (original mortgagor, assumptor, or person who purchased “subject to”) of the FHA-insured mortgage previously secured by the Property who has defaulted, thereby causing HUD to pay an insurance claim.

17. Binding Agreement; Assignment

Purchaser and Seller agree that this Sales Contract shall be binding upon their respective heirs, executors, administrators, successors, or assigns and may not be assigned.

18. Entire Agreement

This Sales Contract contains the final and entire agreement between Purchaser and Seller and they shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this Sales Contract.

19. Warning

Falsifying information on this or any other form of the Department of Housing and Urban Development is a 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).

20. Notice to Purchaser

Purchaser is advised that Purchaser should have an Abstract covering the property examined by an attorney of Purchaser’s selection or Purchaser should be furnished with or obtain a Title Policy. If a Title Policy is to be obtained, Purchaser should obtain commitment for Title Insurance (The Commitment) which should be examined by an attorney of Purchaser’s choice at or prior to closing. All locks should be replaced or re-keyed at Purchaser’s expense.

For the state of Texas, if the property is situated in a Utility District, Section 50.301 of the Texas Water Code requires the Purchaser to sign and acknowledge the statutory notice from Seller relating to the tax rate and bonded indebtedness of the District.

21. Addenda

The following addenda are made part of this Sales Contract. (Check all that apply and attach.)

- Lead-Based Paint Notice, Disclosure, and Contingency [for all properties built before 1978]
- Discount Sales Addendum (for sales to Nonprofit Organizations and Governmental Entities)
- Other (Specify) _____

22. Purchaser Signature

The undersigned certifies that in affixing his/her/its signature to this Sales Contract he/she/it understands: (1) all the contents thereof (including the Conditions of Sale) and is in agreement with them without protest; (2) he/she/it is responsible for satisfying itself as to the full condition of the property; and (3) that Seller is not obligated to perform repairs after acceptance of this Sales Contract.

Purchaser:

Type or print Purchaser Name and Title (if applicable) Purchaser Signature Date

Social Security Number/TIN Purchaser Address

Purchaser Telephone Number City, State, Zip Code

Co-Purchaser:

Type or print Co-Purchaser Name and Title (if applicable) Co-Purchaser Signature Date

Social Security Number/TIN Co-Purchaser Address, if different

Co-Purchaser Telephone Number City, State, Zip Code

23. Seller's Signature

Secretary of Housing and Urban Development
By:

Type or print Name and Title Signature Date

Telephone Number

24. Certification of Broker

The undersigned Broker certifies that he/she: (1) has not declined to sell the Property described herein to or to make it available for inspection or consideration by a prospective purchaser because of his/her race, color, religion, sex, familial status, national origin, or disability; (2) has fully explained to Purchaser the entire terms of the Sales Contract, (3) both provided and explained to Purchaser options, if any, regarding

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use of Seller's Closing Agent; (4) is in compliance with Seller's earnest money policy as set forth in the Selling Broker Certification, which he/she has executed and filed with Seller, and (5) if the Property is being purchased during the Owner-Occupant priority period, Broker has no knowledge that the Purchaser has falsely certified or does not intend to occupy the property and that he/she has discussed the penalties for false certification with the Purchaser.

Broker:

Business Name

Business Address (for IRS Reporting, including ZIP Code)

HUD Name and Address Identifier ("NAID")

Selling Broker Name

Signature

Date

Phone Number

Fax Number

Email Address

- Distribution Instructions**
- **Original signed copy to M&M Contractor**
 - **One copy to Broker**
 - **One copy to Closing Agent**
 - **One copy to Purchaser**

FOR HUD USE ONLY

Broker notified of:

<input type="checkbox"/> Acceptance	<input type="checkbox"/> Back Up No. _____	Authorizing Signature and Date
<input type="checkbox"/> Rejection	<input type="checkbox"/> Earnest Money Deposit	X _____
<input type="checkbox"/> Counter Offer \$ _____		