
CHAPTER 11. SALES CLOSINGS

SECTION I - POLICY

- 11-1 General. Sales will be closed as soon as possible after execution of the sales contract. The closing agent shall deposit the sales proceeds and initiate the request for wire transfer of the proceeds due HUD on the day of closing or the next banking day. Sales packages are to be submitted to the Field Office in accordance with the terms of the contract. The Field Office will review and reconcile each sale as soon as possible and no later than within thirty days of closing.

SECTION II - INTERNAL CONTROLS

- 11-2 Timely Deposit of Sales Proceeds. Sales proceeds are deposited for the full amount due the Department, on the day of closing or the next banking day. All closings are completed or reviewed by bonded contract closing agents.
- 11-3 Sales documents are prepared accurately and promptly remitted to the Department for review.
- 11-4 Segregation of duties exists between the execution of sales contracts and the signing of deeds for property sales.
- 11-5 On-site reviews are made of each closing agent's records and procedures in accordance with the established risk ranking factors.
- 11-6 Accurate sales data from the HUD-1 Settlement Statement is entered into SAMS on a timely basis. HUD-1's are reconciled within 30 days of closing.
- 11-7 Reconciliations of proceeds deposited with sales data on the HUD-1 is performed on a timely basis.

SECTION III - PROCEDURES FOR PROCESSING SALES CLOSINGS

- 11-8 General. Sales shall be closed as soon as possible after execution of the sales contract. For all individual property sales, the sales contract should provide for a specific time within which the sale shall be closed. Field Offices shall follow up each sale to ensure a timely closing or a contract cancellation, as appropriate. Closing agents act on behalf of HUD, therefore, a contractual/written agreement is required for all sales closings, except when conducted by qualified HUD staff. Such agreement must specify the closing agent's duties and responsibilities in order to provide the necessary protection to HUD. Available options are:
- A. Formal closing agent contracts that use the model contract format provided by Headquarters. With exception of the instances identified below, Field Offices are expected to utilize this contract to procure all closing agent services.

- B. Letter Agreement (Appendix 71), appended to form HUD-2542, Purchase Order (Appendix 32) and issued as a purchase order, containing the various instructions and requirements necessary to accomplish closings in the manner HUD has deemed essential. The agreement must contain those elements of the formal contract with respect to timeliness of the wire transfer and receipt of sales package. The agreement is intended for use in situations where only one or two closings occur in a month or a third party closer will close the sale.
- C. If neither of the above arrangements is practical or cost effective, submit a proposal, through the Regional Office, to Headquarters explaining the situation. The proposal should detail how closings will be accomplished and monitored to ensure accuracy and timeliness.

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- D. Qualified HUD staff, where available, may close sales. However, from a practical standpoint, HUD staff should be used only where the volume of sales closings is relatively small.
- 11-9 Formal Closing Agent Contract. This contract format contains the various tasks and requirements expected of the closing agent. Two important elements of the contract are:
- A. Liquidated Damages. There is a provision calling for liquidated damages of \$6.24 per day for each day the sales closing package is delivered beyond the date specified in the contract. The amount may not be altered locally. There is also a damages provision involving the late wire transfer of sales proceeds. The formula is set forth in the standard closing agent contract format. The percentage in that formula is based on the Department of Treasury's cash management regulations and is subject to annual adjustment. This percentage may not be altered locally. If either or both of the liquidated damages provisions become effective for a specific case, the closing agent shall attach to that closing package his/her check for the full amount(s) due. See paragraphs 11-20.B. and 11-20.C. for administration of liquidated damages. Following receipt and review, the Field Office shall forward all liquidated damages payments to the lockbox.
 - B. Bonding. Each closing agent is required to provide HUD with bonding in an amount equal to the value of cases assigned by HUD for the specific contract geographic area during a normal two month period.
 - 1. The types of acceptable bond coverage are fidelity or

surety bonds or crime policies and must protect HUD fully against acts involving misappropriation of funds by the principal(s), employees of the contractor, and any subcontractor(s) the closing agent may utilize.

2. Proposed bonding coverage which contains a deductible is not acceptable unless the closing agent has made arrangements satisfactory to HUD to cover the specific deductible amount. Acceptable forms of coverage for the deductible amount would be additional fidelity or surety bonds, crime policies, or unconditional, irrevocable letters of credit.
3. Proposed bonding, including any deductible coverage, must be reviewed and found acceptable to Field Office Counsel prior to entering into a contract. Proposed bonding or coverage for the deductible amounts other than the types described above must be reviewed and found acceptable by Field Office Counsel and approved by Headquarters prior to entering into a contract.
4. Bonding coverage must extend to those cases assigned near the contract termination date. Therefore, the specific bonding coverage must state a specific time period, e.g., 60 or 90 days beyond the contract termination date, as determined locally, for the bond to expire.
5. A closing may be assigned to a closing agent whose bonding is insufficient only if a HUD staff person attends the closing, receives HUD's sales proceeds and wires the funds to Treasury. In such instances, HUD should retain the deed until closing occurs.
6. Bonding requirements should be reevaluated every six months and adjusted as necessary.

11-10 Third Party Closing Agents. There will be instances where a purchaser/funding lender uses a closing agent other than HUD's. Such third party (defined as any closing agent not under a

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HUD-authorized contractual arrangement who is conducting the closing of a property sold by HUD) closings shall be handled as follows:

- A. Existing Contracts. HUD's contractor is responsible for ensuring that the closing is completed accurately, the correct amount of sales proceeds is properly wired and that the sales package is forwarded to the Field Office on a timely basis. Depending upon the manner prescribed in the contract solicitation, physical representation by HUD's contractor at

the sales closing may be required.

- B. New Contracts. As new closing agent contracts are solicited, the Statement of Work must indicate that physical representation by the contractor or a qualified member of his/her staff at third party closings is mandatory. HUD's contractor shall be responsible for the accuracy of the closing, timely and accurate wire transfer of sales proceeds, overseeing that the deed transferring title to HUD's purchaser is filed for record, and the timely submission of a correctly completed sales package to the Field Office.
- C. Compensation. Third party closers are compensated by the purchaser/lender and no portion of the amount specified in Line 5 of the sales contract may be used for this purpose.

11-11 Closing Date.

- A. A closing time frame must be established within the range of 30 to 60 days after acceptance of the sales contract. No distinction may be made between insured and uninsured sales. Once established, the time frame shall be standard throughout the Field Office jurisdiction and for all purchasers.
- B. The closing time frame should be specified in Item 9 of the sales contract. The Field Office or closing agent shall establish a firm closing date within the time frame specified in the sales contract.

11-12 Extensions to Closing Date. If scheduled closing dates cannot be met, purchasers may request extensions of the closing time. Such requests, as well as HUD's decision, must be in writing. All correspondence pertaining to extensions is to be maintained in the case file.

- A. Provided that any commitment for necessary mortgage funding has been obtained or is imminent, extensions may be granted, on a case-by-case basis, where extenuating circumstances (including a delay in obtaining such a commitment) preclude the purchaser from closing as scheduled.
- B. Extensions will be granted in 15-day increments. Field Offices shall establish a fee within the range of \$150 to \$375 (\$10 to \$25 per day), as follows:

Sales price of \$25,000 or less, the extension fee is \$10 per day;

Sales price of \$25,001 to \$50,000, a minimum of \$10 per day and a maximum of \$15 per day;

Sales price over \$50,000, a minimum of \$10 per day with a maximum of \$25 per day.

Once established, the fee must be standard throughout the office jurisdiction. Requests must be accompanied by a non-refundable certified or cashier's check or money order in

the full amount of the 15 day extension. Take no action on an extension request unless the full fee has been paid. Responses to the extension request must be made in writing.

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- C. The initial 15 day extension shall be provided at no cost to owner-occupant purchasers where documentation indicates that (a) proper and timely loan application was made, (b) the delay is not the buyer's fault, and (c) mortgage approval is imminent.
 - D. Should the delay in sales closing be caused by HUD or its direct endorsement lender, the extension fee for this extension should be waived. If HUD or its direct endorsement lender are not the cause for the delay, generally it is expected that the buyer must pay for each extension. Of course, each case must be considered individually and an important aspect of reaching a determination is whether the buyer applied promptly for mortgage financing (see Condition of Sale, Item C on the reverse of the Sales Contract).
 - E. On Section 203(k) transactions, an initial extension of 30 days may be granted at no cost provided the above conditions have been met.
 - F. At the time of closing, the extension fee may not be applied to the amount due from the purchaser unless the sale closes prior to the expiration of the extension. In such cases, the purchaser shall be credited with any unused portion of the fee, computed on a daily basis.
 - G. Contract closing agents may be required to handle the collection and maintenance of extension fees. Upon receipt of a written request, accompanied by the appropriate fee, the closing agent shall telephone a Field Office supervisor, who in turn will act, by telephone, upon the request. The Field Office staff member must document the file to indicate the request for extension, basis for the request, and the decision. Approval or disapproval authority may not be delegated to closing agents. Written notification to the selling broker of the approval or denial of an extension request must also be completed with a copy placed in the property file.
- 11-13 Preparing the Closing Package. The package provided to the closing agent will vary according to local and state laws and Field Office procedures. Closing agent contracts specify the responsibilities of the closing agent and the information to be forwarded to the contractor prior to closing.
- A. Closing Documents/Information to be Provided to Closing Agent.

Field Offices shall provide closing agents with all necessary documents and information needed to close a sale, including the following, in sufficient time to permit preparation for closing:

1. Title evidence (to be provided to buyer at closing, unless requested by buyer and/or lender prior to closing to permit a desired title examination).
2. Tax information.
3. Copy of lease (if purchaser is HUD's tenant).
4. Rental status (if purchaser is HUD's tenant).
5. Form HUD-9548, Sales Contract, including any addendum(s) authorizing allowances for Special Marketing Tools and the establishment of needed escrow accounts.
6. Utility bills (if applicable).
7. Form SAMS-1103, Wire Transfer Transmittal
8. Written notice of a special flood hazard area whenever the property is located within such an area. Where the disposition involves HUD insurance or assistance, the purchaser must be notified that flood insurance is required.

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9. Notification and instructions regarding any deed restriction on land use required by the disposition program, e.g., floodplain, historic preservation, airport clear zones. In cases of properties located in a Federal Emergency Management Agency (FEMA) designated Special Flood Hazard Area, the community must be in the National Flood Insurance Program (NFIP) and in good standing, i.e. not suspended from program eligibility or placed on probation under 44 CFR 59.24 before flood insurance may be obtained.

B. Mailing Documents. Closing documents/information should, whenever possible, be picked up personally by the closing agent. If closing documents must be mailed, certified mail is required, with "return receipt requested."

11-14 Purchase of Title Evidence. Where title evidence has not been received through normal channels within 15 days of the scheduled closing date, the CPO shall contact the mortgagee or servicer to determine if title evidence has been acquired or will be acquired

before closing. If title evidence has been acquired by the mortgagee, the Field Office should obtain duplicates. If not, and if the CPO concludes that title evidence will not be available from the mortgagee prior to closing, the Field Office may obtain evidence of marketable title from local sources. In those instances where, due to failure of the mortgagee to provide title evidence within the required time frame, HUD had to purchase such evidence, the Department remains obligated to reimburse the mortgagee for the actual cost of title insurance in accordance with 24 CFR 203.402(f).

- 11-15 Minor Title Defects Which Delay Closings. Properties are to be conveyed without defects in title. However, in those instances where a minor title defects exists, purchasers shall be provided with an indemnification against loss as a result of minor title defects which preclude prompt closings. Individually tailored letters of indemnification shall be developed by the CPO with the assistance of Field counsel. The letters of indemnification shall be signed by the HUD Field Office Manager.

Such indemnifications shall be limited to those which are minor and can be easily and quickly resolved by HUD. The purpose of providing the indemnification letter is so that sales closings can proceed in a timely fashion with full assurances to the purchasers that such matters can be promptly resolved after closing. Routine tax liens and assessments are examples of such minor defects. Sales closings are to be delayed for major defects, or defects which do not meet the criteria above, until such title defects can be appropriately corrected or remedied.

- 11-16 Closing Agent Responsibilities.

A. Completion of Documents by Closing Agent. The closing agent shall complete the following in accordance with contract requirements and specific instructions provided by the Contracting Officer or Government Technical Representative (GTR):

1. Form HUD-1, Settlement Statement (Appendix 54).
2. Deed. Do not sign and return the deed to the closing agent until three to five days prior to the scheduled closing. In remote geographical areas or as necessary to provide time for mail, additional time may be allowed. Require the closing agent to return promptly any deed on a sale that fails to close within the HUD-approved time frame.
3. Mortgage note, if applicable.

4. Deed of Trust or Mortgage, if applicable.
 5. Form SAMS-1103, Wire Transfer Transmittal
 6. Form SAMS-1106, Invoice Transmittal, if applicable.
 7. Bulk sales listing (showing FHA case number, property address, and net sales proceeds for each property included in the sale), if applicable.
 8. Truth-in-Lending Statement form, if applicable.
 9. Copy of the HUD notice pertaining to special flood hazard area, if applicable, as well as any deed or use restriction required by the disposition program.
- B. Establishment of Escrow Account. The closing agent shall establish a separate non-interest bearing escrow account for all proceeds in the name of the closing agent, with the restriction "As Trustee for the U.S. Department of Housing and Urban Development." The escrow account shall be established in a bank that gives credit for the deposited check immediately upon clearance. Co-mingling of funds from other sources is not permissible.

Exceptions to this requirement are:

1. Infrequent closings in remote areas;
 2. Closings being handled by HUD staff or in lending institutions where proceeds are wire transferred immediately; and
 3. Where formal contracts for closing services are not required.
- C. Accounting Records. The closing agent shall maintain complete and accurate accounting records which include, at a minimum, a cash receipts and disbursements register. This register shall be reconciled monthly to the bank account. For each receipt and disbursement, the register shall identify, by address and FHA case number, each property to which the receipt or disbursement applies and the purpose for each disbursement. Review of the register will be performed by Field Office staff during on-site reviews (see paragraph 11-20).
- D. Closing Time Frame. The closing agent shall establish a specific closing date with purchaser and broker which meets the time frame specified by the sales contract.
- E. Status Report of Cases Assigned to Closing Agent. The closing agent is contractually required to provide the CPO with a weekly status report of all cases assigned.
- F. Instructions for Sales Closings of Properties in Special HUD Programs. General closing procedures in this chapter apply, with the following additions:

1. All cash bulk sales closings: See paragraphs 10-14 C, 10-14 E and 10-14 K.
2. Section 203(k) Insurance Sales Closings: See paragraphs 10-9 E. and 10-9 H.3.
3. Section 312 sales closings: Ensure correct case number suffix as discussed at paragraph 3-11 E.3.
4. Auction property closings: See paragraph 10-13 Q.

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- G. Purchaser's Inspection of Form HUD-1. Upon request, the form HUD-1, Settlement Statement, (Appendix 54) will be completed to set forth those items which are known to the closing agent and must be made available to the purchaser for inspection on the business day preceding settlement (see 24 CFR 3500.10(a)).
 - H. Receipt and Deposit of Payments. The closing agent is responsible for obtaining from the purchaser the amount due to close the sale at the time of closing (often referred to as table funding). All funds paid by the purchaser must be in cash, certified funds, money order, or cashier's check made payable to the closing agent. The closing agent shall deposit these funds in the escrow account on the day of closing or no later than the next banking day.
 - I. Authorized Payments from Proceeds. Payments for the following expenses are to be made from the closing agent's escrow account. If funds are not available from proceeds to pay any of the authorized expenses, the closing agent is to submit a separate form SAMS-1106, Invoice Transmittal, for each individual expense to the Field Office along with the closing documents.
 1. Sales Commission is the amount specified in Item 6 of form HUD-9548, Sales Contract, (Appendix 39) and including any authorized bonus to the sales broker. Reflect this combined payment on form HUD-1, Settlement Statement, (Appendix 54).

NOTE: HUD does not involve itself in split commissions. On normal transactions, the full commission (including any authorized bonus), as shown on the sales contract, is paid to the broker who signed the contract. On sales involving an Asset Management/Exclusive Listing contract area, the full commission is paid to HUD's contractor who is then responsible for payment of any portion of the commission due to a third party (selling broker).

2. Taxes agreed to or approved by the Field Office.
 3. Accrued Utility Bills of former mortgagors or tenants if the bills are or will become liens against the property or if restored and continued service is contingent on payment.
 4. Repairs approved by the Field Office for properties sold with insured financing. No deductions are permitted for uninsured sales.
 5. Refunds of closing extensions to purchasers in accordance with the terms specified under paragraph 11-17 B.11.
 6. Allowances for Special Marketing Tools agreed to or approved by the Field Office.
 7. Miscellaneous Expenses, e.g., closing agent's fee, wire transfer fee, or any other expense agreed to or approved by the Field Office.
 8. Escrow Deposits to ensure completion of repairs for insured sales when authorized by the CPO. See Maximum Repair Escrow at paragraph 10-8 C.
- J. Wire Transfer of Sales Proceeds. A request to wire transfer the sales proceeds to Treasury by the Federal Reserve is made by using form SAMS-1103, Wire Transfer Transmittal. No later than the next banking day after sales closing, the closing agent must deposit all funds, initiate the wire transfer and obtain documentary evidence from the bank of the deposit and the transfer. Closing agents must obtain, for inclusion with

the closing documents forwarded to the Field Office, official confirmation from the bank that it has wired the funds. If such confirmation is not available at the time of funds deposit, a receipt of deposit shall be obtained at that time and the confirmation obtained as soon as available.

Except in the case of bulk sales, a separate wire transfer must be submitted for each closing. For bulk sales, send one wire transfer and show the FHA case number for the first case included on the bulk sales listing. These instructions shall be followed regardless of whether the deed actually has been recorded.

- K. Forwarding Closing Documents. All closing documents listed in paragraph 11-16 must be forwarded to the Field Office within

the time frames stated in the closing agent's contract. Such time frames must conform to the overall requirement that information from the closing documents be entered into SAMS within seven calendar days from the date of closing. In addition, the closing agent must forward the escrow account deposit of funds receipt, the confirmation of wire transfer (if the wire transfer confirmation is dated within one banking day of closing, the escrow funds deposit receipt need not be included), request(s) for extension of sales closing, and proper invoices for any taxes, assessments, utilities, etc., paid at the time of closing.

- L. Recording Sales Documents. The closing agent must ensure that the deed, note (if applicable), deed of trust (mortgage) and all other documents that require recording are recorded immediately following closing. State documentary tax stamps are not required on any deeds (Public Law 89-44). Do not leave the recording to the purchaser, broker, or others.
- M. Terms of Contract. Closing agent contractors are obligated to perform in accordance with the terms of their contract. To the extent there are inconsistencies between the terms of the contract and this handbook, the contract terms shall take precedence.

11-17 Review and Approval of Closing Documents. Closing documents for all types of property sales are to be reviewed, corrected, and certified by the CPO as soon as possible after their receipt.

In conducting this review, the CPO shall assure that:

- A. Wire Transfer Receipt. The wire transfer receipt is the actual (original) transfer document; the amount shown as wired is equal to that indicated on Line 603; the proceeds were wire transferred under the correct (old) FHA case number.

(Note: When funds were incorrectly deposited and must be reclassified in order to reconcile the case, Field Office must submit a form SAMS-1120, Funds Reclassification, to Headquarters.)

- B. Form HUD-1, Settlement Statement.
 - 1. Blocks B. through I. have been accurately completed. Block B.8. shows the correct (old) FHA case number and, if the property was sold with FHA insurance, the correct new FHA case number.
 - 2. Sales Contract Price. The amount shown on Lines 101 and 401 is identical to the amount shown on Item 3 of HUD-9548, Sales Contract.
 - 3. Settlement Charges to Borrower. The amount shown on Lines 103 and 1400 (Borrower's column) is identical.
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4. Extension Fee Due at Closing, i.e., Collected by the Closing Agent. The amount shown on Lines 104 and 404 is identical and the amount agrees with the approved extension request(s) in the case file. (Note: The amount shown on Line 404 must not include any fee collected by the Field Office and deposited to Treasury prior to closing. If an extension fee was deposited to the lockbox, do not enter that amount on Line 404.)
 5. Rent Due at Closing, i.e., Collected by the Closing Agent. The amount shown on Lines 105 and 405 is identical and the amount agrees with the terms of the lease and outstanding rental balance records.
 6. Taxes and Assessments Prepaid by Seller. The amounts shown on Lines 106-108 and 406-408 were prorated accurately, i.e., on a daily basis (either 360 or 365 days according to local practice) to the date of settlement, and the amount of taxes is reasonably consistent with that paid for the same term in prior years. (Note: The closing agent must either show the proration calculation on the referenced lines of the HUD-1 or submit the information on a separate page for HUD's verification.)
 7. Condominium/Home Owner Association (HOA) Fees. The amounts shown on Lines 109 and 409 were prorated accurately, i.e., on a daily basis (either 360 or 365 days according to local practice) to the date of settlement, and the fee is reasonably consistent with that paid previously for the similar terms, i.e., months, quarters. (Note: The closing agent must either show the proration calculation on the referenced lines of the HUD-1 or submit the information on a separate page for HUD's verification.)
 8. Other Amounts Due Seller. The amounts shown on Lines 100-112 and Lines 410-412 are identical and were appropriate for the specific sale. (Note: These lines must not be used as substitutes for recording the types of income specified above.)
 9. Earnest Money Deposit Collected by the Field Office and Deposited to the Lockbox. The amount shown on Lines 201 and 501 is identical to the amount shown on Line 3 of HUD-9548. (Note: Make no entry on Line 501 if the earnest money was collected by the closing agent and deposited with the proceeds received at closing.)
 10. Settlement Charges to Seller. The amount shown on Lines 502 and 1400 (Seller's column) is identical.

11. Extension Fee Refund Credited to borrower. The amount shown on Lines 206 and 506 is identical, was accurately calculated, and was duly authorized by HUD for the specific sale. (Note: A refund should be shown on only if the extension fee was collected by the closing agent and entered on Line 404. If the extension fee was deposited to the lockbox, the refund must be made by HUD staff using form SAMS-1106.)
12. Marketing Allowance(s) for Sales Incentives Credited to the Borrower, i.e., Bonus for Early Closing, Cash Rebate, Home Buyer Protection and Move-in or Moving Expense. The amount shown on Lines 207 and 507 was duly authorized by HUD and agrees with the advertisement for the specific sale. (Note: The closing agent must specify the applicable sales incentive(s) and amount for each either on the HUD-1 or an attachment. Usually, the closing agent will include in the sales package the listing of applicable incentives provided by the Field Office.)

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13. Marketing Allowance for Payment of Homeowner's Association Allowance. The amount shown on Line 507 was duly authorized by HUD and agrees with the advertisement for the specific sale. (Note: Because a payment of one year's homeowners' association or condominium fees is paid directly to the association, the purchaser is not credited for this allowance on Line 207. If multiple allowances apply to one sale, the closing agent must provide a breakdown of each applicable marketing allowance.)
14. Utility Escrow Credited to the Borrower. The amount shown on Line 508 was duly authorized by HUD for the specific sale.
15. Repair Escrow Credited to the Borrower. The amount shown on Line 509 was duly authorized by HUD for the specific sale.
16. Taxes and Assessments (less penalty and interest) Unpaid by Seller. The amounts shown on Lines 210-212 and 510-512 were prorated accurately, i.e., on a daily basis (either 360 or 365 days according to local practice) to the date of settlement, and the amount of taxes is reasonably consistent with that paid for the same term in prior years. The amount covers both delinquent taxes and assessments (less penalty and interest) unpaid from prior tax years as well as HUD's pro-rata share of current year taxes and assessments (less penalty and interest). As an option to incorporating delinquent taxes on the referenced

lines, Field staff may direct closing agents to enter the total of all delinquent taxes on Line 513. (Note: The closing agent must either show the proration calculation on the referenced lines of the HUD-1 or submit the information on a separate page for HUD's verification.)

17. Interest and Penalty for Failure to Pay Taxes On Time. The amount shown on Line 514 represents the total amount of interest and penalty due for both current and past years and it was accurately calculated. (Note: The closing agent must submit a copy of the calculation for HUD's verification.)
18. Condominium/Home Owner Association Fees. The amounts shown on Lines 215 and 515 were prorated accurately, i.e., on a daily basis (either 360 or 365 days according to local practice) to the date of settlement and the fee is reasonably consistent with that paid for the same term in prior years. (Note: The closing agent must either show the proration calculation on the referenced lines of the HUD-1 or submit the information on a separate page for HUD's verification.)
19. Other Adjustments. The amounts shown on Lines 206-219 and Lines 516-519 were duly authorized by HUD for the specific sale. (Note: These lines must not be used as substitutes for recording types of expenses specified above.)
20. Total Cash to Seller. The amount shown on Line 603 was accurately calculated.
21. Sales Commission, Including Any applicable Bonus to Broker for Hard to Sell Properties. The amount shown on Line 703 is equal to the amount shown on Item 6 of HUD-9548 and was duly authorized by HUD for the specific sale.
22. Cash Bonus to Broker for Early Closing. The amount shown on Line 704 was calculated correctly and was duly authorized by HUD for the specific sale. (SAMS Data Entry Note: If an early closing bonus was paid to the broker, the amount on Line 704 must be entered to the "Broker's Commission (Line 703):" field on the upper half of the Sales Package, (form HUD-1) Received (CM DS SP) screen in

order to ensure accurate reporting to the IRS. The CM DS SP screen will be modified to add a separate field for recording the Booker's bonus.)

23. Fees Charged by lenders to Process, Approve, and Make the

Mortgage Loan. The amounts shown on Lines 801 through 809 are charges payable in connection with the mortgage loan and paid by borrower or seller. Verify that all costs were actual, reasonable, and customary for the area, and any costs charged to the seller (HUD) were paid only to the extent that funds requested in Item 5 of the HUD-9548 were available.

24. Escrow Establishment Fee. The amount shown on Line 810 represents the fee paid to the mortgagee for establishing a repair escrow account. Verify that the fee was duly authorized by HUD for the specific sale; that it was actual, reasonable, and customary for the area; and that any fee charged to the Seller (HUD) was paid only to the extent that funds requested on Item 5 of the HUD-9548 were available.
25. Cash Bonus to Lender for Early Closing. The amounts shown on Line 811 was calculated correctly and was duly authorized by HUD for the specific sale. (SAMS Data Entry Note: In order to ensure accurate reporting to the IRS, the upper half of the CM DS SP screen will be modified to add a separate field for recording any bonus paid to the lender. Once modified, the amount on Line 811 must be entered to the new Bonus to lender field.)
26. Items Required by lender to be Paid in Advance. The amounts shown on Lines 901-905 for items such as interest, mortgage insurance, hazard insurance, flood insurance, etc., are customary and reasonable for the area and are paid by the borrower. (Note: Such expenses may not be charged to HUD.)
27. Reserve Deposits with Lender, i.e., Initial Charges Paid by the Borrower to Establish the Escrow Account with the lender. The amounts shown on Lines 1001-1008 for recurring items such as hazard insurance, mortgage insurance, city/county taxes, assessments, etc. are customary and reasonable for the area and are paid by the borrower. (Note: Such expenses may not be charged to HUD.)
28. Title Charges. The amounts shown on Lines 1101-1110 cover various services and fees directly related to the transfer of title and are those most frequently incurred at settlement. They may be paid by either the borrower or seller. Except for the fee payable to seller's closing agent (see 29. below), verify that all costs were actual, reasonable, and customary for the area, and any costs charged to HUD were paid only to the extent that funds requested on Item 5 of the HUD-9548 were available.
29. Closing Agent Fee. The amount shown on Line 1101 (Seller's column) is consistent with the amount specified in the closing agent's contract. If there is a third party closing agent, the fee is shown on Line 1113 as an expense to the borrower. (Note: Third party closing

agent fees may not be charged to HUD.)

30. Government Recording and Transfer Charges. The amounts shown on Lines 1201-1205 are charges payable in connection with the transfer of title to the property. Verify that any costs charged to HUD were actual, reasonable, and customary for the area, and were paid only to the extent that funds requested on Item 5 of the HUD-9548 were available.
31. Termite/Pest Inspection. The amount shown on Line 1302 is an expense chargeable to either the borrower or seller. This fee is not automatically charged

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as an expense to seller, but may be paid by HUD to the extent that funds requested in Item 5 of the HUD-9548 were available.

32. Wire Transfer Fee (for Sales Proceeds). The amount shown on Line 1305 (Seller's column) is identical to the fee shown on the wire transfer receipt, if shown on the document, and is reasonable for the area.
33. Total Amount of Closing Expenses the Borrower Requested Seller to Pay. Except for any additional expenses HUD agreed to pay at closing, e.g., HUD's closing agent's fee, wire transfer fee, etc., the amount shown on Line 1400 may not exceed the dollar amount indicated on Line 5 of the form HUD-9548. In addition, all expenses included in this amount must be actual, reasonable, and customary for the area
34. Certifications. The form HUD-1, Settlement Statement, (Appendix 54), is properly certified by the borrower, closing agent, and the CPO. (Note: The CPO may not delegate the signing of the HUD-1, Settlement Statement (Appendix 54), for HUD to the closing agent)

C. Only financial information from the Seller's column of Blocks K-L of the Settlement Statement (HUD-1) is to be entered to the CM DS SP screen. Financial information from the Borrower's column is not to be entered to SAMS.

11-18 Reconciling Sales Information with Sales Proceeds. Reconcile sales information with sales proceeds as soon as possible. If the case does not reconcile, identify the reason(s) why it failed to do so and correct those errors which prevent the case from reconciling. Specific instructions for reconciling cases are included in the SAMS User Handbook.

When unable to reconcile a case based on data contained in SAMS or information contained in office files, contact the closing agent to explain the problem(s) identified and obtain whatever additional information/documentation is needed to reconcile the case.

When unable to locate the full amount of sales proceeds due HUD, immediately request that the closing agent resubmit official documents confirming receipt of the amount due, i.e., wire transfer confirmation and/or HUD receipt. Instances of suspected fraud should be referred through appropriate channels to your Regional Office of Inspector General.

11-19 Reporting Requirements for Sales Reconciliations.

A. Reconciliation of Sales Proceeds Deposit. Proceeds shall be wire transferred by the closing agent on the day of closing or the next banking day. An average of 1.5 days has been established as a standard parameter for Property Disposition Program performance.

1. Chief Property Officer. Using the Closing Agent Performance Report (DM RP MC), the CPO shall review and identify all sales proceeds not deposited within two banking days after closing. For all cases not complying, the CPO shall contact the closing agent to reiterate the importance of prompt deposit and inform his/her that continued noncompliance jeopardizes their contract with the Department. At the end of the month, the CPO shall provide a summary report of all cases where sales proceeds were not deposited within two banking days for review and certification by the Regional Housing Director or Property Disposition Coordinator (PDC) and transmittal to the Real Property Branch (MIAS) at Headquarters.

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2. Regional Housing Director. The Regional Housing Director or the Property Disposition Coordinator (PDC) shall review the CPO's monthly status report on all cases where sales proceeds were not deposited within two banking days. Field Office performance regarding delays in wire transfer by closing agents, may at the discretion of the RHD, result in a request for a plan of action to address the problem, or a specific order to terminate a closing agent contract, if necessary. After review, RHD or PDC shall certify each Field Office report and forward to the Real Property Branch Chief (MIAS) at Headquarters.
3. Real Property Branch, Headquarters. Upon receipt of monthly reports, the Real Property Branch shall review and

provide the FHA Comptroller with a summary report by Field Office of all proceeds not wire transferred by the closing agent within two banking days. The Real Property Branch shall contact Regional Offices as necessary to obtain support when evidence of action(s) is (are) questionable or information is incomplete. All submissions as well as recommendations for final resolution shall be incorporated into a memorandum from the FHA Comptroller to the Chief Financial Officer reporting all cases where sales proceeds were not deposited within two banking days.

- B. Review the Timeliness of HUD-1 Settlement Statement Data into SAMS. Sales data shall be entered into SAMS within seven days of closing. Closing agents are to submit the closing package to the Field Office in accordance with the terms and condition of the contract.
1. Chief Property Officer. Using the Unmatched Sales Proceeds Report (CL RP UM) and the Closing Agent Performance Report (DM RP MC), the CPO shall review the timeliness of HUD-1 data into SAMS and identify all cases not entered into SAMS within seven days of closing. For all cases identified as not being entered within seven days of closing, the CPO shall investigate the circumstances which contribute to the lack of timeliness of entering HUD-1 data into SAMS. Problems identified, such as poor performance by staff or failure of the closing agent to comply with contract requirements, shall be documented in the appropriate Field Office files. At the end of the month, the CPO shall provide a summary report of all cases not entered into SAMS within seven days of closing for review and certification by the Regional Housing Director or Property Disposition Coordinator and transmittal to the Real Property Branch (MIAS) at Headquarters.
 2. Regional Housing Director. The Regional Housing Director or the Property Disposition Coordinator shall review the CPO's monthly status report on the timeliness of form HUD-1, Settlement Statement, data entered into SAMS. Field Office performance regarding delays in entering sales data into SAMS may, at the discretion of the RHD, result in a request for a plan of action to address the problem or a specific order to terminate a closing agent contract, if necessary. After review, RHD or PDC shall certify each Field Office report and forward to the Real Property Branch Chief (MIAS) at Headquarters.
 3. Real Property Branch at Headquarters. Upon receipt of monthly reports from the Regional Housing Director or Property Disposition Coordinator, the Real Property Branch shall review and provide the FHA Comptroller with a summary report by Field Office of all sales data not entered into SAMS within seven days. The Real Property Branch shall contact Regional Offices as necessary to obtain support when evidence of action(s) is (are) questionable or information is incomplete. All

submissions as well as recommendations for final resolution shall be incorporated

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into a memorandum from the FHA Comptroller to the Chief Financial Officer reporting all cases not entered into SAMS within seven days.

- C. Execution and Control of Title Document(s). The following steps must be taken relative to the execution and control of deeds and title evidence.
1. Field Office Assignment of Responsibility. The Field Office Manager, or the Director of Regional Housing in co-located offices or their designee, must sign all Single Family property deeds without delay. Under no circumstances may signature authority be delegated to any member of the Property Disposition Branch, including the Chief Property Officer.
 2. Systematic Review Procedures. The designated individual must review the Sales Package Report (CM RP SP) within seven to 10 days after the scheduled closing date to verify closing has occurred. If closing does not occur as scheduled, the designated individual must verify an extension to closing, demand return of the deed, or take other appropriate action. Deeds for canceled sales should be voided.
- D. Reconciliation of Sales Proceeds Deposited With Sales Information on the HUD-1, Settlement Statement. As an acceptable performance parameter, no case shall remain unreconciled longer than 30 days past closing without explanation.
1. Chief Property Officer. Using the Unreconciled Sales Closing Report (DM RP UR), the CPO shall review all sales over 30 days old that have not been reconciled. Data shall be reviewed to identify patterns of errors. For each Field Office, a comparison of the number of unreconciled cases with monthly sales activity to assess the volume of unresolved cases must be conducted to determine the status of unresolved cases and to track progress in resolving cases. All pertinent information relating to each unreconciled case must be included in the monthly report including explanations for items which do not reconcile, appropriate actions and timetable the Field Office intends to pursue to accomplish a reconciliation. At the end of the month, the CPO shall provide a summary report for review and certification by the Regional

Housing Director (or Property Disposition Coordinator) and transmittal to the Real Property Branch (MIAS) at Headquarters.

2. Regional Housing Director. The Regional Housing Director or the Property Disposition Coordinator shall review the CPO's monthly status report on the reconciliation of sales proceeds deposited with sales information on the HUD-1, Settlement Statement. Requests for further information regarding unreconciled cases may be obtained at the discretion of the Regional Office representative. After review, RHD or PDC shall certify each Field Office report and forward to the Real Property Branch (MIAS) at Headquarters.
3. Real Property Branch at Headquarters. Upon receipt of Monthly reports from the Regional Property Disposition Coordinator, the Real Property Branch shall review and provide the FHA Comptroller with an exception report of all sales over 30 days old that have not been reconciled. The Real Property Branch shall contact Regional Offices as necessary to obtain support when evidence of action(s) is (are) questionable or information is incomplete. All submissions as well as recommendations for final resolution shall be incorporated into a memorandum from the FHA Comptroller to the Chief Financial Officer reporting unexplained cases older than 30 days.

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- 11-20 Monitoring of Closing Agent Contracts. The CPO is responsible for monitoring closing agents to ensure that all requirements of the contract are fulfilled, including assurance that closings occur within the proper time frames; that all documents are completed accurately; that sales proceeds are wired to the Treasury in an accurate and timely manner; that closing documents are forwarded to the Field Office within the time required by the contract; and that any deficiency (including those of any subcontractor) is brought to the closing agent's attention in writing and followed up to ensure that prompt and proper corrective action is taken.
- A. Review of Assigned Closings Status Report. Review the report described in paragraph 11-16 E to ensure that closing agents are properly closing sales and that any delay or failure to close is not the responsibility of the closing agent.
 - B. Delayed Deposit of Proceeds. When the CPO learns that funds for a closed case were not wired, or not wired promptly, immediately contact the closing agent. Determine the cause for the delay, verify that the wire has at that point taken place, remind the closing agent of the contractual requirements and,

where appropriate, demand the applicable liquidated damages. Performance problems should be addressed promptly in coordination (where appropriate) with the Regional Contracting Division. If fraud or other questionable or illegal practices are suspected, Field Office Counsel as well as the Regional Inspector General for Investigation should also be contacted.

- C. Delayed Transmission of Closing Documents. When the closing documents are not received by the Field Office within the time specified by the contract, contact the closing agent to determine the cause of delay and, where appropriate, demand the applicable liquidated damages. All performance problems that cannot be resolved by technical discussions with the contractor should be referred to the contracting officer for resolution in accordance with the contract's terms and conditions.
- D. Line Item Accuracy of the HUD-1. When closing agents fail to complete the HUD-1 in accordance with the instructions provided by HUD, the document shall be considered unacceptable and should be returned for correction. Accurate information in SAMS is dependent upon accurate information reflected on designated lines of the HUD-1. Inaccurate data impacts adversely on Departmental accounting records and distorts FHA profit and loss reporting. The CPO is responsible for monitoring closing agents' performance to ensure that all documents are completed accurately and that any deficiency is brought to the closing agents' attention and corrected.
- E. Certification Signatures on the HUD-1. When closing agents fail to properly certify the HUD-1 or require the purchaser to sign that document, the document shall be considered unacceptable and should be returned to the closing agent for correction. Certification can be added to the bottom of the HUD-1, or it may be attached as an addendum.
- F. Corrective Action. Take appropriate corrective measures to ensure closing agent compliance with all contractual responsibilities, including the enforcement of liquidated damages provision where warranted, providing of written warnings and, ultimately, contract termination should efforts to correct the problem(s) prove fruitless.

G. Staff Reviews.

Through use of various SAMS reports, and with the clear understanding that monitoring, as outlined below, will be followed regularly, and increased where individual situations warrant, on-site reviews of closing agents by HUD staff shall be according to the following:

1. Desk Monitoring. Reports available through SAMS must be utilized at least monthly to monitor all aspects of the closing process, including the contract closing agents. Obviously, to be of benefit, SAMS must be maintained on an absolutely updated basis at all times. Among the closing functions which should be monitored by this means, and the standard SAMS reports which enable such monitoring, are:

REVIEW OBJECTIVE	SAMS REPORTS/PERFORMANCE MEASUREMENT DATA
Timely closing	<p>Delayed Sales Closing Report (CM/DC). Provides a listing of delayed closings and any identified reasons for the delays. Note: Report cannot be selected for a specific closing agent or contract.</p> <p>Closing Agent Monthly Summary Report (DM/MS) - Provides a summary of all cases out to closing for a given month, including the number assigned, closed and on hand at the end of the month, and the average number of days needed to close cases during the current and previous months. (Does not identify closings by case numbers)</p> <p>Closing Agent Inventory Report (DM/CA) - Lists cases assigned to closing agents; provides Step 8 date, scheduled closing date, extension date, and number of days beyond the scheduled closing date.</p>
Timely and full submission of sales proceeds.	<p>Unreconciled Sales Closing Report (DM/UR) - Lists the cases which are unreconciled and displays reasons therefore, including those instances where no sales proceeds are received.</p> <p>Closing Agent Performance Report (DM/MC) - Tracks the amount of time it takes the closing agent to wire the proceeds for each closing.</p> <p>Sales Closing Performance Report (ME/SC) - Provides the average number of workdays from date of closing to date sales proceeds were wire transferred.</p>
Timely submission	<p>Closing Agent Performance Report (DM/MC) - Tracks the amount of time it takes the</p>

of closing package. closing agent to submit the closing package to HUD for each closing.

Sales Closing Performance Report (ME/SC)
- Provides the average number of workdays from date of closing to date HUD entered sales closing data into SAMS.

2. One-Site Monitoring. The above SAMS reports will assist Field Offices in regular on-going desk monitoring. Additionally, on-site reviews shall be conducted according to the following ranking factors which are to be used in determining the required frequency of On-site reviews of closing agents.

High Risk - Closing Agent's performance is unsatisfactory but has a possibility of improvement. Relationship is characterized by the following:

- Contract requirements frequently are not complied with.
 - Results from prior review(s) remain outstanding.
 - Consistently provides untimely performance with regard to wire transfer of funds and submission of closing packages.
 - Frequently is not establishing settlement dates in a timely manner.
 - Complaints frequently are received regarding performance responsibilities.
 - Closings frequently are not conducted within the required timeframe.
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- Weekly status reports frequently are not provided in an accurate and timely manner.
- Frequently fails to represent the Department at third party closings.
- Frequently does not handle extensions of closing dates in a satisfactory manner.
- Frequently does not maintain case files in accordance with contract requirements.
- Requires constant supervision to resolve complaints and conflicts from both outside parties and the Department's personnel.

Moderate Risk - Closing Agent's performance is exhibiting signs of deterioration, requiring additional monitoring and control. Performance is characterized by the following:

- Contract requirements have not been consistently complied with.
- Results from prior reviews(s) on occasion are not complied with.
- Periodically provides untimely performance with regard to wire transfer of sales proceeds and submission of closing packages.
- Periodically not establishing settlements in a timely manner.
- Weekly status reports periodically are not provided in a timely and accurate manner.
- Few complaints are received regarding performance.
- Periodically fails to represent the Department at third party closings.
- Requires increasing supervision due to concerns with performance required by the contract.

Low Risk - Closing Agent's performance is an acceptable level of risk. Performance is characterized by the following:

- Contract requirements are consistently complied with.
- Results from poor review(s) are handled in a timely manner.
- Provides timely performance with regard to wire transfer of sales proceeds and submission of closing packages.
- Weekly status reports are provided in a timely and accurate manner.
- Establishes settlement dates in a timely manner.
- No complaints are received regarding the contract responsibility performance.
- Sold properties are closed within the appropriate timeframe.
- Handles extensions of closing dates in a satisfactory manner.
- Records are maintained in accordance with the contract requirements.
- Consistently represents the Department at third party closings.

Following the ranking of each closing agent according to the above factors, reviews shall be conducted as follows:

Risk Ranking	Frequency of Review
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High	Monthly
Moderate	Quarterly
Low	Semi-annually

To determine the closing agent's rating status, sixty days after the contract award, the Field Office must conduct an initial monitoring review using the checklist provided in Appendix 72. Within five (5) working days of review, forward a fully-executed

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copy of the report to the closing agent. All monitoring reviews must be documented in the closing agent's individual file to support follow-up reviews or contract termination as well as recommendations to extend under the contract option clause. File documentation shall consist of all instructions, guidance, or monitoring provided to the closing agent during the life of the contract.

Oral communication regarding deficiencies or performance improvement must be documented with a memorandum to the file. CPOs must see that performance deficiencies are corrected in a timely manner and, as appropriate, recommend administrative sanctions or termination for default. Unacceptable performance with proper documentation can result in termination of the contract.

Field Offices are to develop a control log to record overall results of closing agent reviews and include target dates for follow-up reviews for the purpose of ensuring that corrective action has been taken to resolve any noted deficiencies. CPOs are responsible for data entries. The control log must be maintained and include, but not limited to, the following information:

Closing Agent's Name	Contract Number
Award Date	Date Review Scheduled
Actual Review Date	Review Performed By
Overall Rating	Number of Findings
Date of Follow-Up Review	Number of Cleared Findings
Date of Cure Notice	Termination Date

Forward quarterly reports that highlight the past quarter's performance to the Regional Office for review. Regional Offices will continue to have the responsibility of following up on a regular basis to assure that Field Offices are consistently and uniformly monitoring closing agents. To ensure that this task is performed, Headquarters will continue to review Regional Office's oversight actions through quarterly surveys on closing agents as well as Regional Reviews.

Each Field Office Manager (Regional Director of Housing in co-located offices) is fully responsible for ensuring that the procedures outlined herein are followed and that these functions are being properly and adequately monitored.

- H. Review Records. Copies of all documents pertaining to performance by the closing agent, including the weekly reports,

on-site reviews, and any correspondence, shall be retained by the Field Office for audit and possible litigation purposes.

- 11-21 Insurance Endorsement. Except as set forth below, follow instructions in HUD Handbook 4165.1, Endorsement for Insurance for Home Mortgage Programs.
- A. Credit instrument presented for endorsement shall identify a privately financed sale by the letters "PFS" on form HUD-92900.4, Firm Commitment.
 - B. Mortgage shall not be endorsed for insurance until after proceeds have been wire transferred.
- 11-22 Direct Endorsement Lenders. See paragraph 10-23 for instructions regarding the use of a direct endorsement lender for insured sales of acquired home properties.

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SECTION IV - POST CLOSING PROCEDURES

- 11-23 Background. Although HUD properties are sold in their as-is condition without warranty, an occasional claim may arise after sales closing regarding significant defects which impact the property's livability. Defects may include, but are not limited to, foundation problems, termite damage, structural defects and title deficiencies. It is expected that the instances of repurchase or reimbursement will be very limited. It is not intended that this procedure be used as a means to compensate for poor quality appraisals or REAM inspections, nor for the lack of proper up-front inspections by the buyer. In addition to the standard language to be inserted in the listing advertisement regarding the property's condition (see paragraphs 9-9 and 10-10), any specifically known defects, as defined above, are to be disclosed in the listing. With such appropriate up-front disclosure, a repurchase or reimbursement should not be considered except as provided by paragraph 11-26.
- 11-24 Procedure. The Chief Property Officer should conduct an investigation of the claim. A report of the findings and recommendations should be submitted to the Field Office Manager briefly setting forth: (1) the condition assumed to exist on the stated effective date of the sales contract as related to the reported defect; (2) the necessity for correction; and (3) any conferences with the purchaser and any contractors who may have provided the repair estimates.
- 11-25 Knowledge of Defect. If an analysis of the claim indicates that HUD (the Field Office, its appraiser or REAM) had knowledge of the defect but failed to disclose such information to potential purchasers, the Field Office Manager may authorize the repurchase of

the property or the reimbursement to the purchaser for the cost of correcting the problem, whichever is more cost effective and advantageous to the Department. To determine the most effective approach, the following must be considered:

- A. The total cost of the repurchase. The purchaser will be made whole for amounts expended on their property as follows:
 - 1. The purchaser will be compensated for any improvements made to the dwelling, other than normal routine maintenance items for which homeowners are responsible. Receipts should be provided by the purchaser and an inspection conducted by Field Office staff to verify that the improvements were actually completed and that the overall condition of the property is comparable to or better than at the time of HUD's sale to them.
 - 2. Closing costs that were paid by the purchaser. This figure may be obtained from the form HUD-1, Settlement Statement.
 - 3. The amounts paid as interest and principal on the mortgage. The mortgagee should be requested to provide a pay-off as of a specific date when you expect to settle.
 - 4. Real estate taxes for the period of the purchaser's ownership, provided receipts are produced to substantiate their payment. Since taxes are adjusted at the time of settlement, this should be taken into consideration when arriving at the reimbursable amount.
 - 5. Although the purchaser will be reimbursed for amounts paid as principal and interest, the fair market rent should be determined for the property and calculated for the period of the purchaser's occupancy. That amount should be deducted from the total amount due to be reimbursed to the purchaser.

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- 6. Additionally, consideration should be given to the length of time it will take to dispose of the property upon reacquisition by HUD.
- B. The cost to be reimbursed to the purchaser for the correction of the defect.
- C. When the Field Office determines the most advantageous and cost effective method of addressing the problem, the alternate approach is not an option to the property owner. Only in instances where either of the two acceptable approaches is

equally cost effective to HUD would the buyer be given the choice of corrective methods.

- 11-26 No Prior Knowledge of a Serious Defect. In those cases where HUD had no prior knowledge of a serious defect but the purchaser provides documentation that such a condition exists and affects the property's livability, consideration may also be given to this claim. Such a defect must have been hidden and not readily detectable by a reasonable pre-purchase inspection. The property should be evaluated in accordance with paragraph 11-25.
- 11-27 Approval of the Purchaser's Claim. If the Field Office Manager decides that the property should be reacquired or that the purchaser should be reimbursed for the corrective action, the purchaser will be required to provide the Field Office with a signed agreement to hold the Department harmless from any future claims. This must be done before any monies are paid to the purchaser.
- 11-28 Prior to HUD repurchasing the property, a title rundown should be conducted from the time of HUD's sale to the purchaser to ensure that there are no liens except the first mortgage to the lending institution. Should there be any additional liens, the purchaser will be required to clear these matters prior to HUD repurchasing the property.
- 11-29 Field Offices are cautioned against approving reimbursement for claims which arise out of the purchaser's neglect or misuse of their property. Purchasers have an obligation under their maintenance responsibilities to correct such defects themselves.
- 11-30 SAMS Processing of a Repurchase. Field Offices should contact the Systems Management Branch upon approval of a repurchase to determine the steps necessary to have the property entered into SAMS and to set up the accounting information. Also, see SAMS repurchase procedures at paragraph 16-22 C.12.(h)(4).