

### CHECKLIST FOR MONITORING CLOSING AGENTS

Under the direction of the CPO, PD staff will train, supervise, inspect and evaluate all aspects of the closing agent's performance. Closing agents must be informed of any contractual deficiencies and of all improvements needed. This, and all other supervision, must be documented in the individual closing agent's file to support follow-up or contract termination.

In accordance with risk-based monitoring, perform on-site review of the closing agent's records and procedures. Based on the closing agent's performance, it may be necessary to conduct more frequent on-site reviews.

As a minimum, monitoring of closing agents must include:

1. Review of services required by contract to ensure closing agents are performing all services satisfactorily.
2. Review of bank account and other accounting procedures to ensure compliance with the contract and outstanding procedures.
3. Adequacy of the system established by the closing agent to ensure timely closings, deposit and wire transfer of funds and submission of sales packages.
4. Adequacy of the system established by the closing agent to control monies and documents in third party closings.
5. Sufficiency of staff to handle assigned workload.
6. On semi-annual basis, determine if surety bond coverage is sufficient based on workload assigned.

**CHECKLIST FOR MONITORING CLOSING AGENTS**

Closing Agent (Contract Area): \_\_\_\_\_

Contract: Award Date: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

If Contract Extended, Expiration Date: \_\_\_\_\_

Field Office: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Review Date: \_\_\_\_\_

**ACCOUNTING**

Yes No

**a. Escrow Account:**Is account established in name of contractor with restriction "As Trustee for the U. S. Department of Housing and Urban Development?"  Is this a non-interest bearing account?  **b. Deposits:**Are deposits made correctly and in required time?  Does bank give credit for the deposited funds immediately?  
If not, when is credit given? \_\_\_\_\_  Is closing agent accepting only cash, certified check or cashier's check as form of payment?  **c. Reconciliation:**Is cash receipts and disbursements register maintained?  Is the register reconciled monthly to the bank account?  **FILES AND RECORDS****a. Are individual property files established and maintained as required by contract?**  **b. Are records maintained for three years as required by contract?**

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**SERVICES TO BE PERFORMED**

Yes No

- a. Does closing agent have adequate systems to monitor time frames, i.e., coordinate with purchaser, broker and, if appropriate, mortgagee, to establish a firm closing date on or before the date specified in the Sales Contract?
- b. Does the system issue the required letters to follow-up and/or cancel sales closing dates?
- c. Are deeds prepared and forwarded to HUD within the required time frame?
- d. Does closing agent adequately explain all closing papers and documents to purchasers?
- e. Does closing agent maintain and update periodically the cost of allowable financing and closing costs HUD pays to ensure that HUD pays only what is customary and reasonable in the area?
- f. Does closing agent ensure that HUD is charged only for allowable closing and financing costs?
- g. Does closing agent have adequate controls to ensure that closing and financing charges are customary and reasonable for the area?
- h. If extension of closing date is approved and fee collected, is closing agent in compliance with HUD's policy regarding credits to purchaser for any unused portion of the fee, computed on a daily basis?
- i. Are unpaid property taxes prorated and paid at closing?
- j. Are net proceeds deposited and wire transferred in the required time frames?
- k. Does wire transfer confirmation contain all required information?
- l. Are wire transfer confirmations obtained timely?  
If not, why? \_\_\_\_\_
- m. Are closing packages forwarded to HUD timely?
- n. Do net proceeds wire transferred agree with net proceeds shown on Form HUD-1?
- o. Do closing packages contain all documentation required by contract?
- p. Are deeds recorded in a timely manner?

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- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| q. If closing agent, as part of contract, administers requests for extension of closing dates, are:   | <input type="checkbox"/> | <input type="checkbox"/> |
| (i) requests in writing and maintained in individual case files,  |                          |                          |
| (ii) accompanied by non-refundable fee (cash, cashier's or certified check, money order),   |                          |                          |
| (iii) file properly documented to support HUD's decision in the matter, and   |                          |                          |
| (iv) if request denied by HUD, is extension fee returned to broker within 24 hours of HUD's denial with instructions that sale must close by previously scheduled date? Explain any deficiencies: |                          |                          |
| r. Is closing agent providing written notification to the AMB, selling broker, taxing authority, etc., that sale has closed?  | <input type="checkbox"/> | <input type="checkbox"/> |
| s. Does closing agent timely correct any errors or adjust the settlement statement as requested by HUD or the purchaser arising after closing?  | <input type="checkbox"/> | <input type="checkbox"/> |
| t. Are HUD-1's prepared properly?   | <input type="checkbox"/> | <input type="checkbox"/> |
| u. Is weekly report submitted timely?   | <input type="checkbox"/> | <input type="checkbox"/> |
| v. Does closing agent status report reconcile with HUD's status of closings?  | <input type="checkbox"/> | <input type="checkbox"/> |
| w. Has closing agent established adequate controls for funds and submission of documents for third party closings?  | <input type="checkbox"/> | <input type="checkbox"/> |
| x. Is surety bond coverage sufficient?  | <input type="checkbox"/> | <input type="checkbox"/> |
| y. <i>Workload:</i> Similar to time of contract award.  | <input type="checkbox"/> |                          |
| Decreased significantly since time of contract award.   | <input type="checkbox"/> |                          |
| Increased significantly since time of contract award.<br>(Bond amount should be increased to \$_____.)  | <input type="checkbox"/> |                          |
| z. Is closing agent staffed as required by contract?  | <input type="checkbox"/> | <input type="checkbox"/> |
| aa. Is staff sufficient to handle workload?   | <input type="checkbox"/> | <input type="checkbox"/> |
| bb. Does closing agent maintain proper supply of forms?   | <input type="checkbox"/> | <input type="checkbox"/> |
| cc. Does closing agent have good working relationship with other closing agents, brokers, purchasers, mortgagees, etc.?   | <input type="checkbox"/> | <input type="checkbox"/> |

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Explain fully any noted deficiencies or needed improvements.