

Facilitating the FHA NSP “First Look” Sales Method Under M&M II

The Management and Marketing (M&M) II contract provides that the Contractor shall assist HUD in the disposition of properties through a variety of discount sales program to support HUD’s mission of preserving communities and promoting affordable housing. As such, the Contractor is aware that HUD may amend or develop new, additional or enhanced sales methods. As provided by the contract, following written notice of such change, the Contractor shall adjust its marketing and administrative activities to accommodate such changes. The NSP “First Look” sales method represents just such a change, and the contract authorizes HUD to implement the “First Look” sales method without modifying the M&M II contracts or requiring changes to the M&M II contractors’ property bid sites.

The FHA NSP “First Look” sales method was developed in accordance with Section C.5.4.2.2, Direct/Discounted Sales of the M&M II contracts, and in accordance with the FHA First Look sales method described under Federal Register Notice 5410-N-01, “Federal Housing Administration (FHA) First Look Sales Method for Grantees, Nonprofit Organizations, and Subrecipients Under the Neighborhood Stabilization Programs (NSP).” This Notice is available online at HUD’s website: <http://www.hud.gov/offices/hsg/sfh/np/firstlooknotice.pdf>.

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1. The FHA Single Family Acquired Asset Management System (SAMS) transmits a daily property status report to Lockheed Martin (Office of Community Planning and Development’s contractor for NSP) with the following information about FHA REO properties that are located within NSP service areas:
 - a. Newly-conveyed properties that have been received by FHA within the past 24 hours; and
 - b. The status of previously-conveyed properties within the approximately 14-day First Look period, including the sales price of any such property that has been appraised during this period.
2. Using this data, Lockheed Martin shall transmit a daily report to NSP grantees and subrecipients with a summary of all available properties in the NSP areas, including:
 - a. Information about each FHA REO property that is newly-conveyed to FHA (Step 1); and
 - b. Updated status information about properties that have already been conveyed to FHA and are still within the NSP First Look time period, including information about the appraised property value and sales price for any given property, as applicable; and
 - c. The purchase offer submission deadline for each such appraised First Look property.
3. M&M II contractors shall also be granted access to the Lockheed Martin online First Look property map in order to verify the First Look status of any given REO property with an NS tag. Access can be provided through any valid email address for the M&M II contractor.



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4. M&M II Contractors shall order appraisals of NSP First Look properties from HUD roster appraisers (within approximately 12 days after conveyance, on average).
5. During the period between receipt of the available property report and receipt of the appraisal report, NSP grantees can review properties and conduct due diligence (an approximately 12-day period).
6. Entities approved to participate in FHA’s First Look Sales Program (those with approved NAIDs) may receive one key for access to HUD properties. Below are procedures for obtaining a key.
 - a. Eligible NSP purchaser is to contact HUD’s M&M II Contractor within their respective jurisdiction to request a key. Contact information for each state’s respective M&M II Contractor is available online:
<http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm>.
 - b. The M&M II Contractor is to verify the eligible NSP purchaser’s approval status and check for approved NAID.
 - c. Once the M&M II Contractor has verified that the eligible NSP purchaser has an approved First Look NAID and is eligible to participate under First Look, the Contractor and the NSP applicant shall make arrangements for the delivery of the key.
 - d. Upon receipt of the key from the M&M II Contractor, the NSP applicant shall sign a hand receipt for the key.
 - e. The eligible NSP purchaser is to utilize the key to conduct First Look property site inspections.
 - f. Each eligible NSP purchaser that uses a key to conduct First Look property site inspections must ensure that each such property is secure after completing the inspection visit.
 - g. Once M&M III is implemented, further instructions will be issued on gaining access to HUD properties.
7. Once the M&M II Contractor is in receipt of a property appraisal report (approximately Day 12 of the First Look consideration period) it shall enter property appraisal information into SAMS. Notification that any appraised property is available for sale shall be provided to NSP grantees and subrecipients under the daily transmission of the Lockheed Martin property status report. The M&M II contractors are instructed that only eligible NSP purchasers may submit purchase offers for any such appraised NSP First Look property for the first two (2) business days that it is available for sale. **NOTE:** These properties are **NOT** to be listed for sale on the M&M II bid sites during the First Look purchase period.

Upon receipt of property appraisal and purchase availability status report from Lockheed Martin, the NSP grantee or subrecipient has 2 business days to submit an offer to purchase a given FHA REO property to the applicable M&M II contractor. **EXAMPLE:** An NSP grantee receives a notification message from Lockheed Martin that an FHA



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REO property within Facilitating the FHA NSP “First Look” Sales Method Under M&M II its NSP designated area has been appraised and is ready for purchase. The message is received on a Monday. The eligible NSP purchaser has until 11:59 pm of the following Wednesday, two (2) entire business days after receipt of the notification, to submit a purchase offer to the applicable M&M contractor, in order to secure the benefits of a First Look purchase. Offers must be submitted by fax or by email.

NOTE: Purchase offer submissions that are faxed or emailed by an eligible NSP purchaser before the expiration of the two (2) business day deadline, but which are not actually viewed by M&M II Contractor staff until after the expiration of this deadline, for whatever reason, shall be considered to have been submitted on time and **shall be accepted by the M&M II Contractor** for purposes of selling the FHA REO property to the eligible NSP purchaser under the First Look sales method.

In order to determine which M&M II contractor to submit an offer to, the eligible NSP purchaser will be instructed to log onto the FHA Management and Marketing page: <http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm>. They will be further instructed to scroll down the page to their state information to identify the contractor providing M&M services in their state and community. Each eligible NSP purchaser must use the M&M contractor contact information listed here for the submission of purchase offers (fax, email) and contracts (fax or email and overnight mail).

Eligible NSP purchasers shall submit each offer to purchase a First Look REO property at the listed sales price, which shall reflect the appraised value of the property. In turn, the property will be sold to the NSP purchaser at a discount of 10% off of the listed sales price, less any applicable commissions, and at a discounted sales price of not less than 1% off of the listed sales price. Complete purchase offer submissions must include **ALL OF** the following documents and information:

- a. Name of the offering entity;
- b. A printout of the email notification of the offering entity’s HUD-issued NAID number; The offering entity’s NSP Grant Award Number (if the offering entity is not a HUD direct grantee, it should provide the grant number of the direct NSP grantee partner);
- c. A copy of the web listing that indicates the address, FHA case number and appraised value of the subject property covered by the purchase offer;
- d. A copy of a completed sales contract for the M&M contractor’s review.

Once the M&M II Contractor has notified an eligible NSP purchaser that its purchase offer has been accepted, a conditional purchase contract shall be submitted by the eligible NSP purchaser to the applicable M&M II Contractor either by fax or email, with original copies transmitted by the eligible NSP purchaser to the applicable M&M II contractor via overnight express mail. Per the [First Look Notice](#), “Eligible NSP purchasers shall be permitted to submit, and



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FHA M&M vendors shall accept, sales contracts for the purchase of FHA REO properties with the assistance of NSP funds under the FHA First Look Sales Method that include contingency clauses pertaining to the successful Facilitating the FHA NSP “First Look” Sales Method Under M&M II completion of the environmental review process, the lead paint inspection, and other requirements, as applicable under the NSP. Contingency clauses concerning the environmental review process must meet the provisions of the NSP Guidance on Conditional Purchase Agreements found at http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/cond_purchase_agreement.pdf.”

Fax, email, and other contact information for each M&M II Contractor are available on the FHA web site:
<http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm>.

8. If an eligible NSP purchaser does not submit an offer to purchase a given FHA REO First Look property before the expiration of the 2-day First Look purchase period, the properties will move through the standard FHA Single Family REO disposition process, and shall no longer be available for preferential First Look discount purchase by an NSP purchaser.

