



## Gardner Disclosure For HUD REO Transactions

**Earnest Money Deposit Requirements On HUD REO Properties.** Must be a Cashier's check (not a personal check, business check, money order and not an official check! Must be made out to "HUD or Buyer 1, Buyer 2". This does not mean that you have a choice on whom it is made out to, it means it must be made out as shown here with the buyer inserting their name (if one buyer) or names separated by a comma if two buyers) after the words "HUD or". It must be exactly correct!

**Live Signature Requirements On HUD REP Properties.** HUD requires that the contracts be **SIGNED IN BLUE INK** by all parties and the originals delivered to their offices within 48 hours of their acceptance of the contract. The buyer acknowledges that they will be required to at minimum but not all-inclusive

1. Meet a Gardner Employee in a place of our choosing (Probably in Ramona, California)
2. All signatures will be gathered and the buyer is responsible for placing the contract, addendums and the cashier's check (specified above) in the overnight mail to HUD. The address will be provided on the documents. The buyer is responsible for the cost of the overnight shipping. The buyer will provide Gardner Inc with the tracking number. This must be done in 1 day to insure HUD receives them within 2 days. HUD will cancel if deposit is not received.

**HUD Escrow Hold Back Accounts On HUD REO Properties.** HUD will not provide any credit for required hold backs. The buyer must provide the funds from their own pocket or if possible add it to the loan. Don Gardner, Gardner Inc, its employees & broker make no representation about the safety of the house prior to these (and/or cosmetic) repairs being made.

**Utility Activation On HUD REO Properties.** HUD has stated that it is not their responsibility to activate the utilities on the property for inspections the buyer wants done. This agreed upon minimum but not all-inclusive process must be followed.

1. The buyer must request written permission from HUD to turn the utilities on. HUD will approve the activation of any utilities that it deems safe to do so. They will provide the buyer with written authorization to activate utilities.
2. All expenses associated with the activation, de-winterizing & testing of the home are those of the purchaser solely.
3. The PURCHASER is responsible for setting up the utility activation AND MUST BE PRESENT WHEN THEY ARE ACTIVATED (this could mean the purchase may have to be at the property for a whole day). The Purchasers Agent will provide the utility companies with a combo code to the property. **The purchaser will not allow the utility company to turn the utilities on until the company has opened the house and both the company and the purchaser have ensured that all water valves are turned off, that the stove burners are off, etc. Water heaters should not be lit until they have water in them. Many houses have flooded or burned for lack of this process**
4. The purchaser must have all inspections done and the utilities deactivated within 72 hours of the activation.
5. HUD may require that the home is re-winterized within 10 days and if so may require a deposit from the purchaser of **approximately** \$100 depending on the company used. HUD will notify the buyer of the exact amount.

**HUD has stated that they will not make any repairs to the home. When they say this, they mean it!** Even if the home is vandalized, suffered flooding or fire, etc. they will not bring it back to the state it was in prior to the offer. In the event that you or your lender find an issue with the house your only recourse is to cancel the transaction.

**HUD has said that they are exempt from installing Strapping Hot Water Heaters in all houses.** If the hot water heater in this house is not strapped or if it is strapped improperly you must purchase the straps out of your own money and install it or have it installed after close of escrow but prior to moving in. You accept responsibility.

**HUD has said that they are exempt from installing Carbon Monoxide Detectors in all houses.** If this house does not have one or if the one that is there is not working you must purchase one out of your own money and install it or have it installed prior to moving in. You accept responsibility.

**HUD has said that they are exempt from installing Smoke Detectors in all houses.** If this house does not have them properly installed or if any are not working you must purchase them out of your own money and install them or have them installed prior to moving in. You accept responsibility.

**HUD has said that they are exempt from Conservation and Government Minimum Mandatory Retrofit Regulations in all houses.** If this house has any of these items, you are accepting the house as is and will be required to make these changes at your own expense. You accept responsibility.

By signing you agree to accept full responsibility for the items disclosed herein. You hold Agent, Gardner Inc, their employees & Broker harmless & agree to defend them against any legal action taken with regards to these disclosures.

Buyer 1 \_\_\_\_\_ Date \_\_\_\_\_ Buyer 2 \_\_\_\_\_ Date \_\_\_\_\_