



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Special Attention of:

All Homeownership Center Directors
All Real Estate Owned Directors
All Real Estate Owned Branch Chiefs
All Management and Marketing
Contractors

Notice: H 2003-1

Issued: January 27, 2003

Expires: January 31, 2004

Cross References:

SUBJECT: Owner-Occupant Purchaser Certifications

This Notice supersedes and replaces Notice H-98-7 with regard to owner-occupant purchaser certifications. HUD's sales procedures are structured to enhance opportunities for owner-occupant purchasers. There have been cases where investors have misrepresented themselves as owner-occupants when bidding on HUD-owned properties.

To combat abuse, individual owner-occupants are required to certify on the "Individual Owner-Occupant Certification" addendum to the sales contract, form HUD-9548D, that they have not purchased a HUD-owned property within the past 24 months as an owner-occupant and that their offer is being submitted with the representation that they will occupy the property as their primary residence for at least 12 months. In addition, the selling broker must certify that he/she has not knowingly submitted the offer on behalf of an investor purchaser and has discussed the penalties for false certification with the purchaser. The certifications are required for both insured and uninsured sales. For clarification, nonprofit organizations and units of local governments are not subject to the owner-occupant certification requirement.

The "Individual Owner-Occupant Certification" addendum, form HUD-9548D, that must be used may be obtained through HUD's website, www.hud.gov. The certification must be signed by both the purchaser(s) and the broker and submitted with the sales contract along with any other required addenda. If an individual owner-occupant purchaser does not submit the required addendum, the sales offer is to be considered as an investor offer.

By requiring certifications, the Department is hopeful that it can increase homeownership opportunities for owner-occupants by reducing the number of HUD-owned properties purchased by investors under the guise of owner-occupants.

HSIP Distribution: W-3-1, W-2(OGC)(H)(Z), W-3(A)(H)(ZAOO), W-4(H), R-1, R-2, R-3, R-3-1(H)(RC), R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-8, R-8-1

False certification can lead to fines or imprisonment. In flagrant situations, such as where an individual has submitted false certifications on multiple property sales, Homeownership Centers (HOCs) must recommend debarment and refer the matter to the Inspector General. In addition, Item O on the reverse of the form HUD-9548, Sales Contract, dated 1/99, contains a warning to anyone who makes a false statement that he or she may be subject to a fine not to exceed \$250,000 and/or a prison sentence of not more than two years.

Outstanding procedures require purchasers of HUD-owned properties to check a box in Item 8 of the form HUD-9548, Sales Contract, dated 1/99, which indicates whether the purchaser is an owner-occupant, investor, nonprofit organization, public housing agency or other government agency. Purchasers are still required to complete this item.

Management and Marketing (M&M) contractors and HOC staff should monitor cases where the prospective purchasers have indicated that they will occupy the property as their primary residence. Entry of the purchaser(s)' Social Security Number into the Single Family Acquired Management System (SAMS) upon preliminary acceptance of an offer will determine if the purchaser has purchased a property as an owner-occupant within the past two years and will not allow the sale to be completed, requiring further review by the M&M contractor and HOC staff.

M&M contractors and HOC staff may also monitor cases by checking the Insurance In Force System to determine if the purchaser has any FHA mortgages and by talking to the prospective purchaser if there is any question. In addition, HOC staff should consider accessing Auto Track, local government records or other sources to determine if prospective purchasers already own property. As indicated above, should alleged cases of abuse surface, sanctions should be pursued in consultation with local HUD counsel.

If you have any questions regarding this certification, please contact Wanda Sampedro, Deputy Director of the Single Family Asset Management and Disposition Division at 202-708-1672.

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner