



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

Office of Housing

Special Attention of:

All HUD Employees
All Homeownership Center Directors
All Homeownership Center Deputy Directors
All Real Estate Owned Division Directors
All Regional and Deputy Regional Directors
All Field Office Directors
All M&M Contractors

NOTICE 05-10

Issued: April 8, 2005

Expires: April 30, 2006

Cross Reference:

SUBJECT: Employee Purchases of HUD-Owned Single-Family Properties

This Notice is issued to revise the current procedures on the purchase of HUD-owned properties by HUD employees and their relatives. The current procedure is somewhat restrictive to HUD employees in that the property must be listed on the open market for 15 consecutive days (10 day listing period plus five (5) days under the extended listing period) before employees may submit offers. Further, the employee must bid an amount equal to or greater than the list price and must have exhausted all other opportunities for housing purchase before pursuing the purchase of a HUD-owned property. This procedure is found in the Property Disposition Handbook, One to Four Family Properties, 4310.5, REV 2, Paragraphs 10-29 C and D. This procedure was enacted at a time when HUD home sales were conducted at the Field Office organizational level when there was a reasonable probability that potential employee purchasers would have direct or indirect contact with Real Estate Owned (REO) sale decisions. As Field Offices no longer have this responsibility and in view of HUD's commitment to both homeownership and sales of HUD-owned single family properties to owner occupant purchasers, the Office of Single Family Housing is revising its employee purchase procedure which will address concerns of fairness to employees and also protect against any real or perceived conflict of interest.

The new procedure is as follows:

1. HUD employees whose duties do not include oversight, policy development, procurement or other management, marketing and sale of HUD-owned homes may purchase a HUD-owned single-family home as a principal residence only. They must execute an owner-occupant certification as is required of other owner-occupant purchasers of HUD-owned single-family properties. HUD employees would be limited to one purchase every 24 months.

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, -6-1, R-6-2, R-7, R-7-1, R-7-2, R-8, R-8-1

2. An immediate family member, including the spouse, domestic partner, roommate, child, parent or sibling of a HUD employee, who is not involved in the management, marketing and sale of HUD-owned homes may also purchase a HUD-owned home as a principal residence only, and must execute an owner-occupant certification as is required of other owner-occupant purchasers of HUD-owned single-family properties. An immediate family member, including the spouse, domestic partner, roommate, child, parent or sibling of a HUD employee, is limited to one purchase every 24 months.
3. The following HUD employees, their immediate family members (spouse, domestic partner, child, parent or sibling) and roommates of HUD employees are excluded from purchasing a HUD-owned single-family property:
 - All Headquarters' Single Family Asset Management (SFAM) staff.
 - All staff in the Homeownership Centers, Field and Regional Offices that are involved in the management and oversight of the Management and Marketing (M&M) contractors.
 - All HUD management personnel who are part of the management chain that has authority over the single-family real estate owned disposition process.
4. HUD employees or relatives of HUD employees, who are not excluded by the above criteria, must obtain prior authorization to bid on a HUD-owned single family home. This authorization is requested through the completion of form [HUD-50001](#), "HUD Employee/Relative Home Purchase Certification", found on "HUDClips" or www.hudclips.org. Interested employees seeking approval for themselves or a family member must complete the form describing their job and/or relationship to the proposed purchaser, and certify that they have no involvement with the management and oversight of the M&M contractors' activities. The employee must print the form from HUDClips, complete by checking the appropriate box, sign and include the telephone and fax numbers on the form; hand carry to their immediate supervisor for signature; and fax the signed form to the Director of the Office of Single Family Asset Management for signature before the employee or relative is approved to submit a bid. The requirement that employees have exhausted all other opportunities for housing before looking to HUD-homes as a last resort is eliminated by this Notice.

5. Once approved by the Director of the Office of Single Family Asset Management, confirmation will be sent by fax to the employee with a copy to their immediate supervisor. The employee/relative is then eligible to bid under the same terms and conditions as all other owner-occupant bidders. Upon approval, the employee/relative is eligible to bid for a period not-to-exceed 12 months from the date of approval and must re-certify in the event of any job change. Bids are submitted electronically and the employment identity of all bidders is not included on the bid form, therefore, guaranteeing impartiality in the bid acceptance process.
6. SFAM will track both approved bidders and successful purchasers and will report annually on employee/relative purchasers to the Assistant Secretary for Housing.

If you have questions regarding this Notice, you may wish to contact James McGee of HUD Headquarters at (202) 708-0614, extension 2287.

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