



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: January 13, 2022**

**Mortgagee Letter 2022-01**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

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**Subject** Expansion of the Exclusive Listing Period for HUD Real Estate Owned Properties

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**Purpose** The purpose of this Mortgagee Letter (ML) is to announce an extension to the Exclusive Listing Period during which Owner-Occupants, Governmental Entities, and HUD-approved Nonprofits are eligible to bid on HUD Real Estate Owned (REO) properties.

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**Effective Date** The policies in this ML are effective on or after March 1, 2022.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** HUD's Single Family (one- to four-unit) REO Properties.

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**Background**

HUD’s mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. As part of HUD’s mission, HUD seeks to increase homeownership opportunities for credit-worthy low- to moderate-income homeowners and support efforts of Governmental Entities and HUD-approved Nonprofits in sustaining thriving communities.

On September 1, 2021, the Biden-Harris Administration announced steps to increase the supply of affordable housing available to first-time and low- and moderate-income homebuyers by extending the time that HUD REO properties are available to Owner-Occupant and mission minded buyers.

HUD’s current Exclusive Listing Period limits bidding on HUD REO Properties to Owner-Occupants, Governmental Entities, and HUD-approved Nonprofits for the first 15 days on properties that are eligible for FHA-insured financing under the 203(b) program. These properties typically only require cosmetic repairs or non-structural repairs up to \$10,000, which makes them more desirable for Owner-Occupants, Governmental Entities, and HUD-approved Nonprofits. Following the 15-day Exclusive Listing Period, the property is made available to any purchaser, including investors.

To support HUD’s mission and in concert with the Administration’s announcement, HUD evaluated options to increase the supply of its REO properties available to Owner-Occupants, Governmental Entities, and HUD-approved Nonprofits. HUD determined that its current limitation on its Exclusive Listing Period could be expanded to provide the opportunity without creating undue risk to the Mutual Mortgage Insurance Fund (MMIF). Therefore, HUD is expanding its Exclusive Listing Period for certain HUD REO Properties.

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**Summary of Changes**

This ML expands the Exclusive Listing Period in section IV.B.2.f.v. of HUD Handbook 4000.1, FHA Single Family Housing Policy Handbook (Handbook 4000.1) from 15 days to 30 days.

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**Single Family Housing Policy Handbook 4000.1**

The above policy changes will be incorporated into Handbook 4000.1 as appears below.

**Exclusive Listing Period (IV.B.2.f.v.)**

**(A) Definition**

The Exclusive Listing Period is a competitive listing period in which only eligible Governmental Entities, HUD-approved Nonprofits, and Owner-Occupant Buyers may submit bids on HUD REO Properties.

**(B) Standard**

Governmental Entities, HUD-approved Nonprofits, and Owner-Occupant Buyers may submit bids during the exclusive listing period. HUD will choose the winning bid, which produces the greatest net return to HUD and meets HUD's terms of offering of the Property.

**(1) Length of Exclusive Listing Period**

For Properties marketed as "insured" or "insured with escrow," the exclusive listing period is 30 Days.

For Properties marketed as "uninsured," the exclusive listing period is five Days.

**(2) Review of Bids during Exclusive Listing Period**

**(a) Bid Opening for "Insured" and "Insured with Escrow" HUD REO Properties**

**(i) Bids Received from Days 1 through 10**

For Properties marketed as "insured" or "insured with escrow," the AM will open all bids received from the 1st through the 10th Day of the exclusive listing period on the next business day after the 10th Day of the exclusive listing period. The AM opening the bids will treat all bids as having been received simultaneously.

**(ii) Bids Received from Days 11 through 30**

If none of the bids received by the 10th Day are accepted, the AM will open and review bids received during the 11th Day up to the 30th Day daily on the next business day. If a bid is not accepted during the 30-Day exclusive listing period, the AM will extend the listing to all buyers by listing the Property in the extended listing period.

**(b) Bid Opening for "Uninsured" HUD REO Properties**

For Properties that are marketed as "uninsured," AMs will open and review all bids received from the 1st through the 5th Day on the next business day after the 5th Day of the exclusive listing period. The AM will treat all bids as having been received simultaneously.

If a bid is not accepted in the five-Day exclusive listing period for Properties listed as “uninsured,” the AM will extend the listing to all buyers by listing the Property in the extended listing period.

**(c) Bid Opening on Weekends and Federal Holidays**

HUD considers bids received on Fridays, Saturdays, and Sundays in the same bid period as being received simultaneously during that period. The AM will open those bids on:

- the following Monday; or
- the next business day if Monday is a federal holiday.

HUD considers bids received on a federal holiday in the same bid period as being received on the previous Day. The AM will open those bids on the next business day.

**Extended Listing Period (IV.B.2.f.vi.)**

**(A) Definition**

The Extended Listing Period is a competitive listing period during which all buyers may submit bids on HUD REO Properties.

**(B) Standard**

If a Property **does not sell during the Exclusive Listing Period**, HUD will extend the listing to all buyers by listing the Property in the extended listing period.

All buyers, including Investors, may submit bids on HUD REO Properties during the extended listing period.

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**Paperwork  
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; and 2502-0610. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

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## Mortgagee Letter 2022-01, Continued

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### Questions

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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### Signature

Lopa P. Kolluri  
Principal Deputy Assistant Secretary  
Office of Housing – Federal Housing Administration

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