



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Special Attention of
All Homeownership Center Directors
All Real Estate Owned (REO) Directors
All Management and Marketing Contractors
All REO Purchasers

Notice H 2014-1

Issued: January 10, 2014

**Expires: This Notice remains
in effect until amended,
superseded, or rescinded**

Cross References:

Subject **HUD Real Estate Owned (REO) Lead Disclosure Requirements**

Purpose This Notice provides guidance to help ensure that HUD's Asset Managers (AMs), Field Service Managers (FSMs) and the Selling Brokers assisting in the disposition of Federal Housing Administration's (FHA) REO properties are in full compliance with the requirements of the Department's Lead Disclosure Rule at 24 CFR Part 35, Subpart A. This Notice supersedes Housing Notice 2006-07.

This guidance only applies to the disclosure of information on lead-based paint (LBP) and/or lead-based paint hazards for HUD-owned single family homes constructed before 1978.

Related Forms Form HUD-9545-Y, "Property Disposition Program Lead-Based Paint Disclosure Addendum to Sales Contract"

Form HUD-9545-Z, "Property Disposition Program Lead-Based Paint Disclosure Addendum to Sales Contract"

Form HUD-9548-G, "Property Disposition Program 203(k) Rehabilitation Financing Lead Agreement"

Form HUD-9548-H, "Property Disposition Program 203(k) Rehabilitation Financing Lead Agreement Completion of 203(k) Rehabilitation Financing Lead-Based Paint Stabilization and Clearance"

**Background
for Lead
Disclosure
Rule
Compliance**

HUD, its Management and Marketing contractors (FSMs and AMs), and Selling Brokers responsible for the management and sale of HUD-owned single family properties, must fully comply with the requirements of the Lead Disclosure Rule at 24 CFR Part 35, Subpart A with respect to the disposition of all properties constructed before 1978. Responsible parties should also be familiar with the Fair Housing and Lead Based Paint guidance document. Access to this document and the Lead Disclosure Rule are available on HUD's website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/disclosure.

**Lead-Based
Paint
Disclosure
Information
and HUD's
Property
Listings**

For all HUD REO properties built before 1978 and listed for sale, form HUD-9548, "Sales Contract and Instructions," must include the appropriate "Property Disposition Program Lead-Based Paint Disclosure Addendum to Sales Contract" (LBP Disclosure Addendum) identified in the chart below.

If...	Then...
The Seller has records or reports pertaining to LBP and/or LBP hazards	Use Form HUD-9545-Y
The Seller has <u>no</u> records or reports pertaining to LBP and/or LBP hazards	Use Form HUD-9545-Z

The Property Condition Report (PCR)

For each HUD REO property constructed before 1978, the FSM will include all available lead information in the PCR. This includes all available copies of LBP inspection reports, risk assessment reports, and/or other records pertaining to LBP and/or LBP hazards as attachments to the LBP Disclosure Addendum forms.

LBP Disclosure Forms (HUD 9545-Y and HUD 9545-Z)

- HUD's AM contractor must sign a LBP Disclosure Addendum for each property indicating the Property Case Number, and Property Address, and whether the Seller does or does not have knowledge and/or reports and records related to lead-based paint and/or lead-based paint hazards. Attached to the Addendum must be supplements (i.e., the PCR, full copies of all of LBP inspection reports, risk assessment reports, and/or other reports and records pertaining to LBP and/or LBP hazards).
- HUD's AM contractor must post the signed LBP Disclosure Addendum, along with any of the aforementioned supplements, on HUD's property listing bid site at <http://hudhomestore.com> for each property (constructed before 1978) at the time the property is listed. The posted Addendum and supplements must be capable of being printed, saved, or otherwise reproduced at any time in an electronic format for the public's availability.

- In addition to the appropriate LBP Disclosure Addendum, if the purchaser intends to finance the purchase with an FHA 203(k) rehabilitation loan and part of the work plan for the property rehabilitation includes a lead clearance before occupancy, forms **HUD- 9548-G and HUD-9548-H** are required.

Updated Lead-Based Paint Records and Reports

No later than one (1) business day after receipt, HUD's AM contractor must post on HUD's property listing bid site at <http://hudhomestore.com> all updated records and reports related to LBP and/or LBP hazards that are obtained subsequent to the initial property listing.

Additional Lead-Based Paint Documentation

Upon the request of the Selling Broker or prospective purchaser, all available reports and records related to lead-based paint and/or lead-based paint hazard information must be provided in paper format. These requests should be made to and be fulfilled by the appropriate AM contractor.

Compliance with HUD's Lead Disclosure Rule Before Bid Submission

Responsibility for Consumer Disclosures and Confirmation of Consumer's Receipt

- The AM contractor must provide the electronic lead-based paint disclosures to the Selling Broker (or prospective purchaser if he or she is not represented by a Broker) pursuant to 15 USC 7001(c); and
- The AM contractor must obtain consumer electronic consent or electronic confirmation of consent from the Selling Broker (or prospective purchaser if he or she is not represented by a Broker), pursuant to 15 USC 7001(c).
- The AM contractor must direct the Selling Broker to download the LBP Disclosure Addendum and all available LBP records and reports from <http://hudhomestore.com> and deliver a clear, legible copy of these documents to the potential purchaser for review. The Purchaser's signature line on the LBP Disclosure Addendum must be left blank pending acceptance of the purchaser's bid on the property.

Environmental Protection Agency (EPA)-Approved Pamphlet

The AM must direct the Selling Brokers to provide potential purchasers with a copy of the EPA-approved pamphlet entitled, "Protect Your Family from Lead in Your Home."

- The pamphlet, which is translated from English into Spanish, Vietnamese, Russian, Arabic, or Somali, can be downloaded from HUD’s website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/disclosure.
- A black and white camera-ready copy of the pamphlet, ready for printing, can be obtained from the National Lead Information Center by calling 1-800-424-LEAD (5323) or by visiting EPA’s website at <http://www2.epa.gov/lead>.

Obtaining Information on the Lead Disclosure Rule

The AM contractor must notify Selling Brokers that they can obtain additional information on the Lead Disclosure Rule from the National Lead Information Center by calling 1-800-424-LEAD (5323) or by visiting EPA’s website at <http://www2.epa.gov/lead>.

At this site, questions can be submitted by email and documents can be ordered. Other information on the Lead Disclosure Rule is available on HUD’s website at <http://www.hud.gov/offices/lead>.

A purchaser not represented by a Selling Broker will work with the AM contractor and should expect the AM contractor to:

- Enter “N/A” on the line for the Selling Broker’s signature on the LBP Disclosure Addendum;
- Sign the LBP Disclosure Addendum on behalf of HUD; and
- Provide a copy of the LBP Disclosure Addendum, complete and legible copies of all lead-based paint records and reports, and a copy of the EPA-approved pamphlet, “Protect Your Family from Lead in Your Home.”

Lead Disclosure Rule Compliance Procedures After Bid Acceptance

Signatures on Lead-Based Paint Disclosure Addendum

The AM contractor must ensure that the Selling Broker obtains the purchaser’s signature and date on the LBP Disclosure Addendum, and returns the LBP Disclosure Addendum to HUD along with the sales contract. To enable a purchaser to conduct at his/her own expense an independent lead-based paint inspection (which may include a visual/risk assessment for deteriorated paint), the purchaser has a fifteen (15) calendar day contingency period to withdraw the sales contract from the date the contract is accepted by HUD. For sales transactions where a Selling Broker does not represent the purchaser, the AM contractor must:

- Complete the appropriate LBP Disclosure Addendum, entering “N/A” on the lines for the Selling Broker’s signature;

- Sign the LBP Disclosure Addendum on behalf of HUD; and
- Deliver the LBP Disclosure Addendum, full copies of all lead related records and reports, and a copy of the EPA-approved pamphlet, “Protect Your Family from Lead in Your Home” to the purchaser.

Other LBP Information Obtained After Receipt of a Sale Offer

If the AM contractor obtains additional LBP records, reports and/or information after receiving a sale offer, the AM contractor must deliver to the Selling Broker, by overnight delivery or electronic transmission:

- all additional lead-based paint records, reports and/or information on the subject property that became available and was not posted on HUD’s website for retrieval prior to bid submission; and
- a supplemental Lead-Based Paint Disclosure Addendum (Supplemental Addendum), acknowledging receipt of any additional LBP-related documents.

Verifying Receipt of Additional Information

The AM contractor must *ensure* that the Selling Broker delivers the additional records, reports and/or information to the purchaser, obtains the purchaser’s signature on the Supplemental Addendum, and returns the Addendum to HUD.

Related HUD and EPA Regulations

During the course of the disposition of an REO property, (i.e., before bid submission until the disposition is complete), lead- based paint records and/or reports must be disclosed in accordance with HUD’s Lead Safe Housing Rule (24 CFR 35, subparts B-R, especially subparts B, F and R), and EPA’s Lead Renovation, Repair and Painting Rule (40 CFR 745, especially subparts E and O), and EPA’s Lead Training and Certification Rule (40 CFR 745, especially subparts L and O), as a result of lead evaluations and lead hazard control activities. The Field Service Managers and Asset Managers must be diligent in promptly disclosing such records and reports to prospective buyers.

Information Collection Requirements

The information collection requirements contained in this document are pending approval 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 Number 2502-0306. 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.

Questions

If you have any questions regarding this Housing Notice, please contact the FHA Resource Center at 1-800-CALL-FHA (1-800-225-5342) or visit www.hud.gov/answers. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at (800) 877-8339.

Signature

Carol J. Galante
Assistant Secretary for Housing-Federal Housing Commissioner
