



K. M. Minemier & Associates, LLC
Real Estate Services

EARNEST MONEY DEPOSIT

EMD GUIDELINES

Earnest Money Deposit (EMD) checks must be in certified funds (cashier's check or money order) and be made out to HUD.

The amount of the EMD depends on the purchase price of the property.

Purchase Price	Earnest Money Deposit
\$0-\$50,000.00	\$500.00
\$50,000.01 +	\$1,000.00

For Vacant Lots, the EMD will be 50% of the list price.



EARNEST MONEY DEPOSIT FORFEITURE POLICY

The following provisions will be enforced in all instances except where HUD is unable to close the sale, in which case the entire deposit will be returned.

Investors:

Uninsured Sales – The purchaser will *forfeit 100%* of the earnest money deposit for failure to close, regardless of reason.

Insured Sales – The purchaser will *forfeit 50%* of the earnest money deposit for failure to close if purchaser is determined by HUD or Direct Endorsement underwriter to be an unacceptable buyer. The purchaser will *forfeit 100%* of the earnest money deposit if the sale fails to close for any other reason.

Owner/Occupants:

The purchaser will have *100% refund* of the earnest money deposit under the following circumstances:

- There has been a death in the immediate family (contract holder, spouse, or children living in the same household);
- There has been a recent serious illness in the immediate family that has resulted in significant medical expenses or substantial loss of income, thus adversely affecting the purchaser's financial ability to close the sale;
- There has been a loss of job by one of the primary breadwinners, or substantial loss of income through no fault of the purchaser;
- On an insured sale, HUD or a Direct Endorsement underwriter determines that the purchaser is not an acceptable borrower;
- On an uninsured sale, the purchaser was pre-approved for mortgage financing in an appropriate amount by a recognized mortgage lender and, despite good faith efforts, is unable to obtain mortgage financing. "Preapproved" means a loan commitment has been obtained from a recognized mortgage lender for mortgage financing in a specific dollar amount sufficient to purchase the property; and
- For other good cause, as determined by the field office.



Owner/Occupants:

The purchaser will forfeit 50% of the earnest money deposit under the following circumstances:

- For uninsured sales when despite good faith efforts by the purchaser, there is an inability to obtain a mortgaged loan from a recognized mortgage lender.

Investor & Owner/Occupants:

The purchaser will forfeit 100% of the earnest money deposit under the following circumstances:

- No documentation is submitted
- The documentation received fails to provide an acceptable reason for purchaser's failure to close
- The documentation is not provided within a reasonable time following contract cancellation

OTHER ADDENDUMS

ADDING/REMOVING PURCHASER

The primary purchaser **cannot** be removed from the sales contract for any reason.

Secondary purchasers can be removed from the sales contract by filling out the Addendum to Remove Purchaser.

Purchasers to be added to the contract will be reviewed on a case-by-case basis. Any Addendum to Add Purchaser should be submitted with supporting documentation.

Under no circumstance can purchasers be added/removed without the signature of all parties.

Both addendums can be found on KMM's website.

CHANGE OF FINANCING TYPE

Financing can be changed based on the FHA insurability type. Any financing changes must be approved by KMM prior to closing.

Should the buyer change from FHA to cash or conventional, they may owe HUD the cost of any lead based paint stabilization or termite inspection (hazard work). The purchaser will be