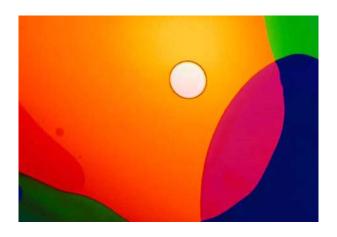
Title Chat

Volume 38, January 2005

HUD Issues Interim Rule Exemption Exempting Certain Governmental Agency Sales and Inherited Property Sales from Application of HUD Rule on "Flips"



Our Title Chat of June 2003 discussed HUD's final rule entitled "Prohibition of property flipping in HUD's single family Mortgage Insurance Programs" by which HUD stated that to be eligible for a mortgage insured by the FHA, the property must be purchased from the owner of record and the transaction not involve any sale or assignment of the sales contract. The rule also provided time periods within which property that was being resold after a purchase would also not be ineligible for mortgage insurance by FHA.

On Thursday December 23, 2004, in *Vol. 69, No. 246* of the *Federal Register*, HUD published an interim rule, effective January 24, 2005, creating two additional defined exemptions to the time period restrictions contained its 2003 rule. The interim rule adds:

- 1. Sales by other federal agencies of single-family properties pursuant to programs operated by these agencies, and
- 2. Sales of property acquired by inheritance.

Accordingly there will be four exemptions to the time restriction provision, which are:

- 1. Sales by HUD of its real estate owned under 24 CFR part 291 or of single family properties pursuant to section 204 of the National Housing Act (12 U.S.C. 1710);
- 2. Sales by any other agency of the US Government pursuant to programs operated by the agency;
- 3. Sales of property acquired by the sellers by inheritance; and
- 4. Sales of properties purchased by an employer or relocation agency in connection with an employee

HUD has invited comments on the interim rule until February 22, 2005, which may be mailed to HUD at

Regulations Division

Office of General Counsel, Room 10276

Department of Housing and Urban Development

451 Seventh Street, S.W.

Washington, DC 20410-0500

Electronic comments can be made through either http://www.regulations.gov or <a href="ht

Next month we will Chat about the title industry's recent claim experience unless something else comes to our attention. Again if you would like us to discuss any other topic related to title insurance and the real estate industry, please send me an email at fkrause@nat.com.

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