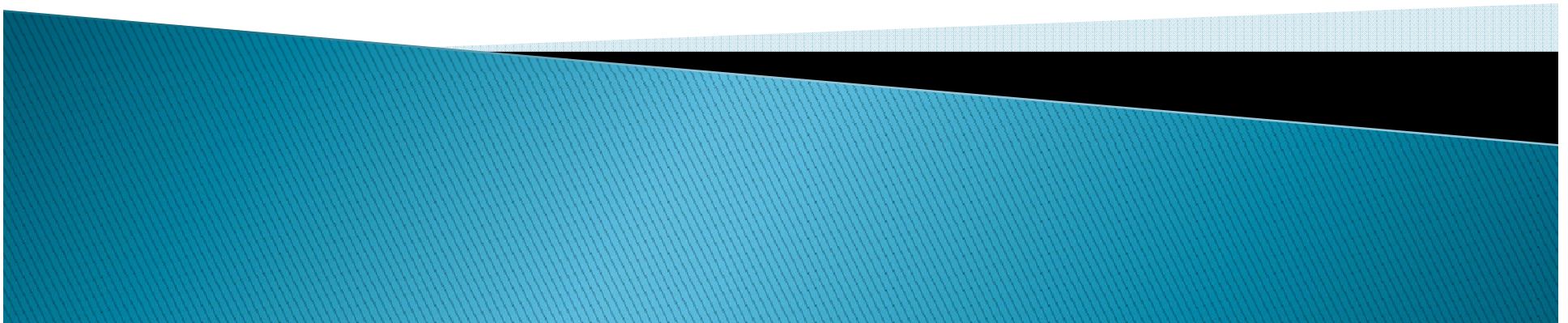


Matt Martin
REAL ESTATE MANAGEMENT



How to Buy A HUD Home

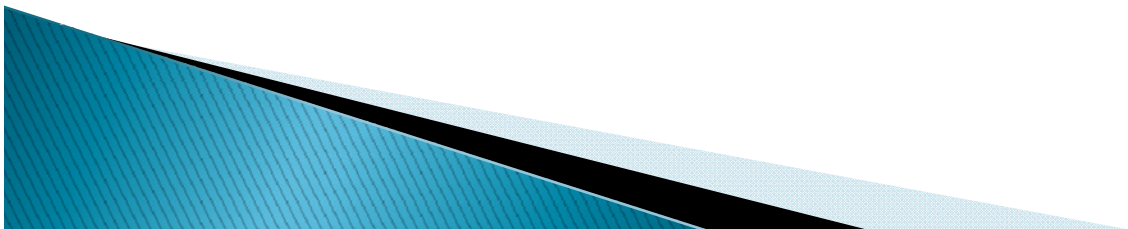
Brokers Guide



How to Buy a HUD Home

What is a HUD Home?

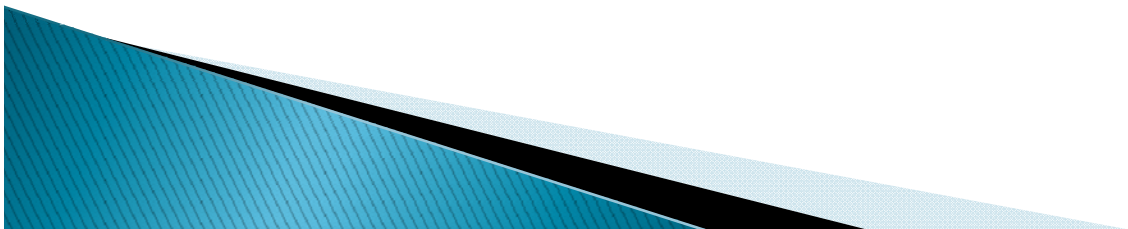
- ▶ A HUD home is a 1-to-4 unit residential property acquired by HUD as a result of a foreclosure action on an FHA-insured mortgage. HUD becomes the property owner and offers it for sale to recover the loss on the foreclosure claim.
- ▶ The following information is provided to as an introduction to the process through which HUD homes can be purchased. You can either scroll down the page, or access specific topics through the following topic menu. Additional links will be provided to access to FHA program and policy information for homeowners, homebuyers, and members of the mortgage lending and real estate industries in the following slides, or at www.mmrem.com.



How to Buy a HUD Home

Who Can Buy a HUD Home?

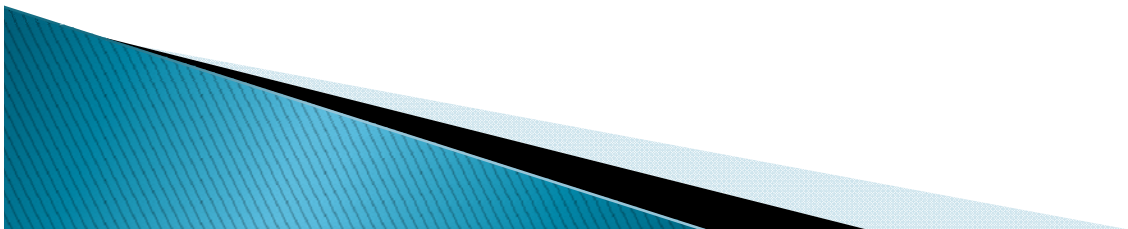
- ▶ Almost anyone! If you have the cash or can qualify for a loan (subject to certain restrictions) you may buy a HUD Home. HUD Homes are initially offered to owner-occupant purchasers (people who are buying the home as their primary residence). Following the priority period for owner occupants, unsold properties are available to all buyers, including investors.
- ▶ If you are an evacuee displaced by Hurricane Katrina, Rita or Wilma, you may be eligible to purchase a HUD Home at a discounted price.



How to Buy a HUD Home

Should I Get a Home Inspection?

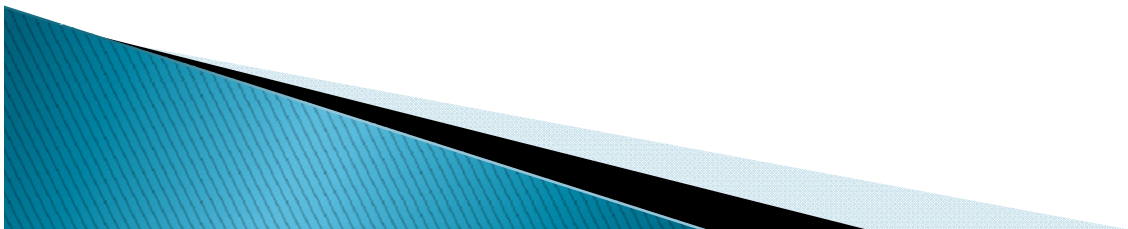
- ▶ HUD does not warrant the condition of its properties and will not pay for the correction of defects or repairs. Since the new owner will be responsible for making needed repairs, HUD strongly urges every potential homebuyer to get a **professional inspection** within 15 days of accepted contract; otherwise, cancellation due to defects will not allow return of earnest money deposit.
- ▶ If you are interested in acquiring a HUD Home that is in need of repair, you may be interested in applying for an **FHA 203(k) Rehabilitation Loan**. When a homebuyer wants to purchase a house in need of repair or modernization, the borrower can get just one mortgage loan, at a long-term fixed (or adjustable) rate, to finance both the acquisition and the rehabilitation of the property.



How to Buy a HUD Home

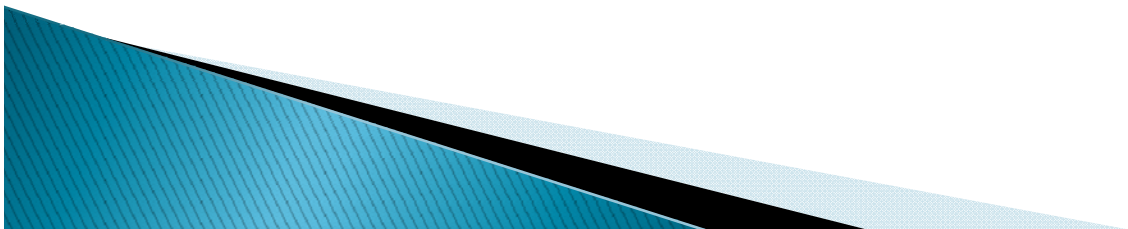
What About Financing?

- ▶ HUD does not provide direct financing to buyers of HUD Homes. Buyers must obtain financing through either their own cash reserves or a mortgage lender. If you have the necessary available cash or can qualify for a loan (subject to certain restrictions) including providing a pre-approval letter from your Lender you may bid on a HUD Home. While HUD does not provide direct financing for the purchase of a HUD Home, it may be possible for you to qualify for an FHA-insured mortgage to finance the purchase.



How to Buy a HUD Home

- ▶ HUD Home Store is the listing site for HUD real estate owned (REO) single-family properties.
- ▶ This new site provides the public, brokers, potential owner-occupants, state and local governments and nonprofit organizations a centralized location to search the inventory of HUD properties for sale.
- ▶ In addition, registered real estate brokers and other organizations can place bids on behalf of their clients to purchase a HUD property.
- ▶ HUD Home Store also includes many informative user-friendly features providing advice and guidance for consumers on the home buying process.
- ▶ FAQs are available as a separate PDF document provided to you.



How to Buy a HUD Home

MONDAY, NOVEMBER 01, 2010 Traducir al español [Login](#) [Register](#)
» Public
» Bidder

HUD.GOV/HUDHomes

U.S. Department of Housing and Urban Development

Home HUD News Resources NAID Registration Find a Broker Property Contacts FAQ

HUD Homes

Search for a HUD home to purchase by doing one of the following:

- ▶ Click a state on the map to the right
- ▶ Click one of the HUD Special Program links below
- ▶ Enter more detailed criteria in the Search Properties area below and click Search

Click on one of the links below to see available properties for HUD Special Programs:

- ▶ [Good Neighbor Next Door](#)
- ▶ [Nonprofits](#)
- ▶ [\\$1 Homes-Government Sales](#)

Properties for Purchase: Available Not available

Search Properties

[Recent Listings](#) [Recent Searches](#)

*State County City Zip Code Street Price From - To Bedrooms Bathrooms

Select Any Any

Buyer Type All Status All Property Case # [Search](#) [Clear](#)

*Required field, except if Property Case # is entered

» Resources	» HUD Information	» HUD Special Programs	» Agency Information	» General
Current Sales Incentives	HUD News	Nonprofit Organizations	HUD Information	Accessibility
HUD FAQ	HUD Communities	Good Neighbor Next Door	FHA Information	Contact Info
How to Buy a HUD Home	Real Estate Statistics &	Dollar Homes	FHA Resources	Privacy Policy
Real Estate Glossary				
HUD-Approved Lenders				
Lead Hazard Information				

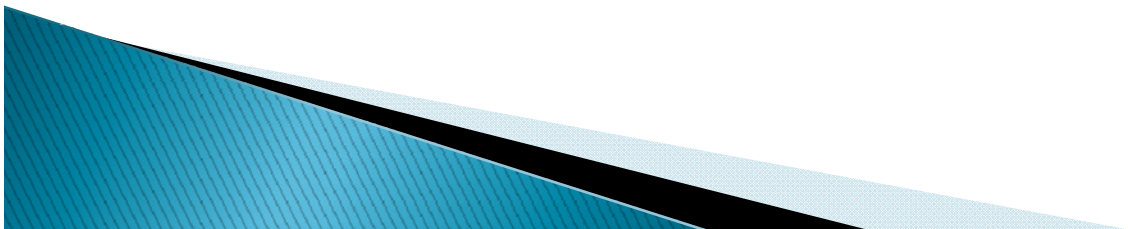
How to Buy a HUD Home

How do I register on the site?

- ▶ **If you are an associate broker or selling agent, your principal broker must register first before you can register with HUDHomestore.com.** When you register as an associate broker or selling agent, you will need to use the NAID of your principal broker. You will also need your Real Estate license number and expiration date.
- ▶ In the Home screen on the upper right side, click the Bidder link. This displays the Bidder Registration screen where you start the registration process. The Submit button does not become "live" until the terms and conditions are accepted.

Where do I go if I need help with NAIDs?

- ▶ **For questions about NAID applications, company name or address changes, or registering to sell HUD Homes:**
Call 1-800-CALL-FHA (800-225-5342)



How to Buy a HUD Home

On which screen can I submit an offer?

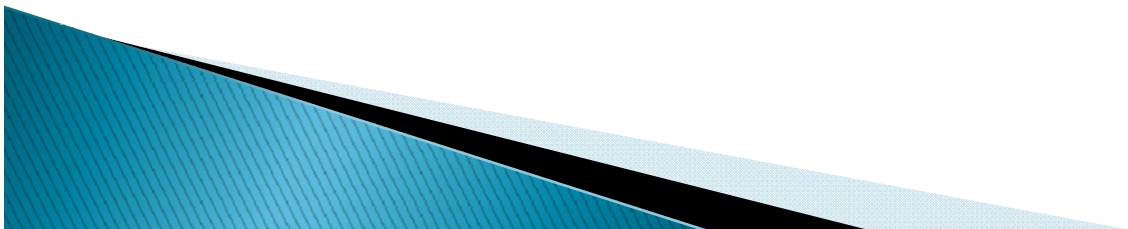
- ▶ Click a home's case number to display the Property Details screen. On that screen is the **Submit an Offer** button.

How do I keep track of offers I make for clients?

- ▶ Once you submit an offer you can check the status of your offer by logging in to HUDHomestore.com. On the Review Your Bids page you can search for a specific offer or view a list of all of your current offers. You can only view bids that you have submitted.

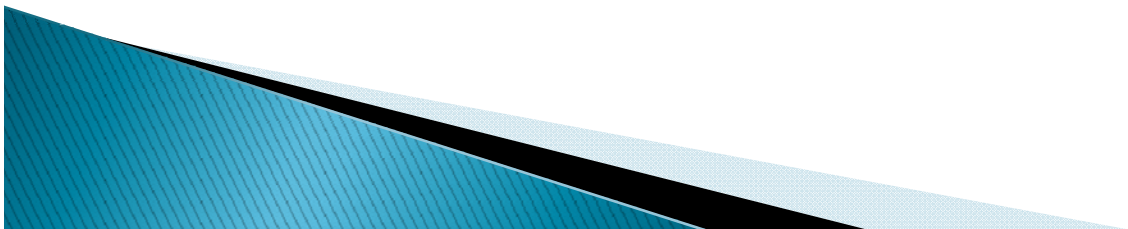
How can I see the status of bids for the property I made an offer on?

- ▶ Once you've logged in, you can click on Bidder Functions on the top right of your screen and review your bids. You will not be able to view bids other than those you have entered yourself.



How to Buy a HUD Home

- ▶ **What are the different types of bid status?**
 - **Open:** The bid has been submitted and is awaiting review by the asset manager. The bidder can modify or withdraw their bid.
 - **Accepted:** The bid has been accepted by the asset manager. See [What do I do if an offer has been accepted?](#)
 - **Withdrawn:** The purchaser or their bidder has withdrawn the bid, and it is no longer under consideration by HUD.
 - **Cancelled:** The bid has been cancelled.
 - **Under Review:** The bid has been opened and is being reviewed by the Asset Manager (AM).



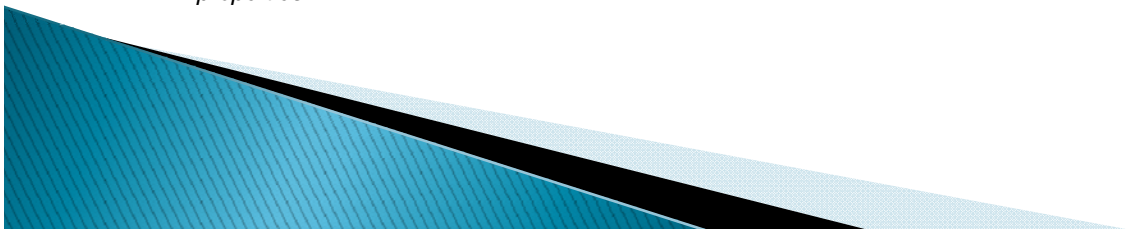
How to Buy a HUD Home

What is a Bid Open Date?

- ▶ The Bid Open Date is the date on which the asset manager can open, and accept or reject bids.

When are bids opened?

- ▶ The asset manager can open and accept bids on the Bid Open Date. The date and time that this can occur is shown on the Property Details screen. Bid Open dates vary according to the type of listing period that the property is currently in.
- ▶ **Insured and Insured with Escrow Properties** - Bidding is restricted to Owner Occupants only for the initial 30 days that the property is listed. On the 11th day of being listed MMREM will open all bids received Days 1-10 as though they were received simultaneously and if there is a bid that meets MMREM's thresholds, it will be accepted. If no bid meets MMREM's thresholds, the property will remain on the market and bids will be opened everyday at the end of the day thereafter until an acceptable bid is received. 203k loans may be available for these properties.
- ▶ **Uninsured Properties**- Bidding is restricted to Owner Occupants for the initial 5 days that the property is listed. On the 6th day MMREM will open all bids received Days 1-5 as though they were received simultaneously and if there is a bid that meets MMREM's thresholds, it will be accepted. If no bid meets MMREM's thresholds, bids will be opened everyday thereafter until an acceptable bid is received. 203k loans may be available for these properties.



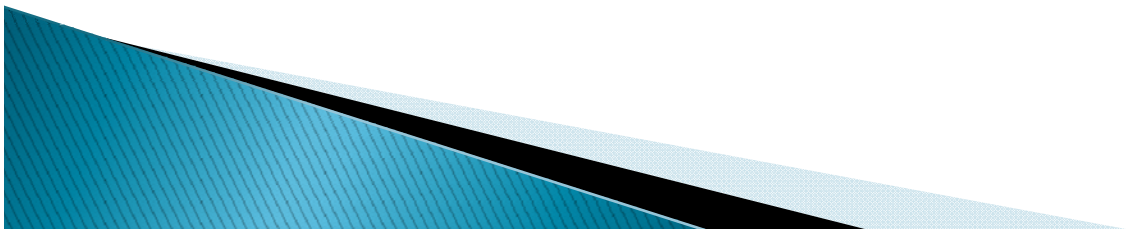
How to Buy a HUD Home

Can I cancel an offer after it has been submitted?

- ▶ Yes you can cancel an offer after it has been submitted up until the bid opening date. Log in to HUDHomestore.com, click Bidder Functions, and go to Review your Bids. Click the bid you want to cancel. Click the Withdraw this Bid button. A summary screen will appear, and you will again have to click the Withdraw this Bid. The bid is then withdrawn from consideration by HUD. You will not be able to cancel an offer after the bid opening date has passed.

How do I find out if an offer has been accepted?

- ▶ It remains the responsibility of the bidder to review the status of all submitted bids on HUDHomestore.com. On the Review your Bids screen, you can filter to find all accepted bids. Automated emails are generated from the system as a courtesy but should not be relied upon for notification of accepted bids.



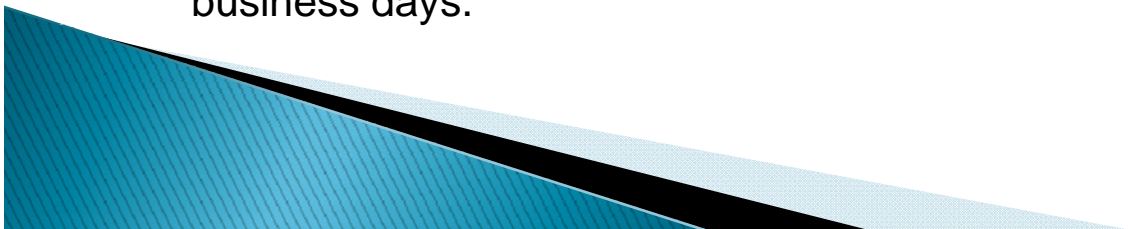
How to Buy a HUD Home

▶ **What do I do if an offer has been counter-offered?**

- As a bidder, you can review all HUD initiated counteroffers by selecting the Counteroffer search criteria to 'Yes' on Review your Bids. Also, if you have been notified that there has been a counteroffer, your original bid will have been cancelled. Go to the Review Your Bids screen, and locate the bid. Click the Property Case number link to view the Property Details screen. You will then see a link that you can use to respond to the counteroffer.

▶ **What do I do if an offer has been accepted?**

- If your offer has been accepted, you are required to deliver the signed contract and all addenda, including the earnest money check, to the asset manager within two (2) business days.



How to Buy a HUD Home

Once you've made an offer online with a registered HUD selling broker, the results are posted within 24 hours of the bid deadline.

- ▶ Bid Acceptance Ratification Process. Once your online bid has been accepted, the original sales contract must be received by HUD or their representative within 48 hours. A copy signed by or on behalf of HUD will be returned within one to two weeks.
- ▶ Inspections- Look at page two of HUD contract. When using FHA 203k financing, a 203k consultant works with you to manage the renovation project and written contractor's estimates are required.
- ▶ Financing- Appraisal will be ordered and updated loan documentation may be required. If using FHA financing, the lender can contact HUD for a copy of the FHA appraisal completed prior to listing.
- ▶ Title Work- The title or settlement company will coordinate closing and offer title insurance. It is very important to obtain title insurance when purchasing HUD homes for sale.
- ▶ Closing- Approximately 45 days from bid acceptance. This timeline can be shorter in a cash sale or longer when using FHA 203k financing. Closing must take place within the deadline specified for closing by HUD or contract extension fees will be assessed, unless delay is result of Asset Manager, HUD, Closing Agent, or title defect.

