Buying a HUD Home

What is a HUD Home?
HUD is the U.S. Department of Housing and Urban Development (HUD). HUD's programs try to provide quality, affordable homes for all Americans.

A HUD Home is a 1 to 4 unit home. HUD gets these homes through foreclosure. HUD becomes the property owner and offers these homes for sale to recover the loss on the foreclosure claim.

Who can buy a HUD Home?
Almost anyone! If you have cash or can qualify for a loan, you can buy a HUD Home. HUD Homes are first offered to people who are buying the home as their primary residence, which means the place where they usually live. If no one buys the home, the home becomes available to all buyers.

Are HUD Homes meant for people with low incomes?
HUD Homes range in price, but most of the homes are affordable for low-income and moderate-income Americans.

Is it true I can get a HUD Home for a dollar?
No. HUD sells homes at market value. This means that the price of the home is set based on the price of similar homes sold in the area.

If the HUD Home needs repairs, will HUD make them?
No. HUD Homes are sold as-is. HUD does not make any guarantees about the condition of the home and will not pay for any defects or repairs. The new owner is responsible for making any repairs.

If you are interested in buying a HUD Home, you should get a professional inspection before giving an offer to purchase the home. A professional inspection will help so you know what repairs you have to make if you buy the home.

How do I buy a HUD Home?
Start by finding a participating real estate agent. The real estate agent must submit your bid for you.

HUD Homes are sold in what is called an "offer period." At the end of this offer period, all offers are opened. The highest reasonable bid is accepted. If the home is not sold in the offer period, you can submit a bid until the home is sold.

Bids can be submitted any day of the week, including weekends and holidays. If HUD accepts your bid, your agent will be notified within 48 hours.

What happens after my bid is accepted?
Your real estate agent will help you through the paperwork process. You will be given a settlement date (normally within 30 to 60 days). In this time, you need to arrange financing and close the sale. If you do not, you forfeit your earnest money deposit or you pay for an extension of your sales contract.

When you buy a HUD Home, the selling agent's commission will be paid by HUD but only if you make this a condition of your offer. The listing agent's commission is always paid by HUD. HUD will pay a total sales commission of up to 6 percent.

How can I get a loan to buy a HUD Home?
HUD does not make loans directly to buyers. HUD does have a number of mortgage insurance programs that can help you buy a home. Visit the HUD website at www.hud.gov for a list of HUD-approved lenders.

You may also qualify for an FHA-insured mortgage to finance the purchase of the home.

Is there anything else I should know about HUD Homes?
Buying a home is a big decision. It is important to figure out how much you can afford and to know your rights.
HUD has a number of resources that can help you buy a home.

- Homebuyer's Kit
- Housing Counseling Agencies
- Mortgage Calculators

For more information, visit the
U.S. Department of Housing and Urban Development at:
www.hud.gov

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