



The HUD Home-Buying Process



WHAT ARE HUD HOMES?

- HUD homes are 1 to 4 unit residential properties acquired by The Federal Department of Housing and Urban Development (HUD) as a result of a foreclosure action on an FHA-insured mortgage.
- HUD becomes the property owner and offers the home for sale to recover the loss on the foreclosure.

WHO CAN BUY A HUD HOME?

- Almost anyone who has the cash or who can qualify for a loan.
- Even though HUD does not provide direct financing to buyers of HUD homes, it may be possible for you to qualify for an FHA-Insured mortgage.
- HUD homes are initially offered only to buyers who are buying the home as their primary residence (owner-occupants).
- After the priority period for owner-occupant buyers (currently thirty days), unsold HUD properties are available to all buyers, including investors.

HOW ARE HUD HOMES SOLD?

- All HUD properties available for purchase by the public are offered for sale at Internet listing sites, including REALTOR® Multiple Listing Service sites, www.hudpemco.com and www.hudhomestore.com.
- Any real estate broker who is registered with HUD may submit an offer and contract to purchase on your behalf. HUD pays the real estate broker's commission if it is included in the contract.
- HUD homes are offered for sale at fair market value, based on a recent appraisal.
- HUD homes are sold in what is known as the "Offer Period" during which a potential buyer's offer must be made. At the end of the Offer Period, all offers are opened. The bid providing the highest acceptable net return to HUD may then be accepted. If a bid is accepted, the real estate broker will usually be notified within 48 hours of HUD's acceptance.