



White Paper – Tips on Buying a HUD Home

HUD Homes have been around for a long time, but never with as much inventory as they have right now. You have a window of opportunity here because it's a niche market that many people know about—but *few participate in*.

When I managed a mortgage company in Houston in the mid 80's, it was almost a mirror image of what's happening today. Oil prices went thru the roof. Banks went belly up. The housing bubble—and then the crash. Auctions and HUD Homes sales took over where traditional sales left off. In fact, not only did it keep my family "fed", I had more business than I could say grace over because I was known as the HUD Home Specialist in my area.

What FHA has done now was to extend the \$100-down repo program that allows borrowers to purchase HUD-owned properties. In fact, some of the properties offer financing of up to 110% of the loan amount, which could include repairs up to \$5,000. In some markets, there are additional "incentives" to borrowers, with up to \$2500 in paid closing costs and an additional \$500 commission bonus to the real estate agent. (Check with your local HUD Office as the incentives keep changing.)

But, there is a "process" that you need to know about and we have outlined it all for you in this article.

This article includes:

- [Real Estate Agent's Guide to Selling HUD Homes](#)
- [What You Need To Know When Buying a HUD Home!](#)
- [List of Management Companies](#)
- Marketing Tactics (Becoming The Local Expert)

List of Management Company Info & Website Links

HUD-owned properties may be researched on the websites of the management companies. Each FHA Homeownership Center has been hired to market HUD-owned properties under their jurisdiction. FHA provides a link to each state's management company at <http://www.hud.gov/homes>.

Becoming An Approved Real Estate Broker Guide

The first step real estate agents have to take is to become a HUD-approved broker thru their online registration process. Approval takes 4 to 6 weeks. As a loan officer, you can also view which real estate agents are approved in your area by visiting the websites for the states you do business in.

But here's the deal – HUD estimates that while they have thousands of brokers registered (with each management company), less than 10% are actively selling HUD homes. Try to network with people that really know the ins-and-outs of working with HUD.

HUD does allow conventional loan-type financing, but it would be better if you worked with an FHA-approved lender.

HUD has created a 14-page booklet called [Broker's Guide to Selling HUD Homes](#). Feel free to distribute to your real estate agent database.

What Your Clients Need to know When Buying a HUD Home

Buying a home thru HUD and closing the deal is completely different than anything you have ever done before. We have created a brochure for you as well. Here are some of the things you need to know ahead of time.

- ❑ The real estate agent MUST be a HUD approved broker
- ❑ Agent & buyer work with the management company (not HUD)
- ❑ New HUD listings begin with a "bid process" submitted to the management company
- ❑ Each property has it's own "incentives" and it's important to know the "codes"
- ❑ Homes that will be owner-occupied are given first preference
- ❑ Can bid MORE than offered price but buyer must pay the difference
- ❑ HUD has an appraisal – but it's not automatically provided and has to be requested by the buyer
- ❑ There is a property condition statement for each home
- ❑ It's recommended that the buyer get a home inspection (their expense)
- ❑ Can be purchased non-owner occupied and HUD could offer 85% LTV loan
- ❑ Penalty of \$10 per day if closing does not occur according to the date on the contract
- ❑ HUD provides the title work

Download the [What You Need to Know When Buying a HUD Home](#) brochure now – in Word document format. (Print pages 1 & 2 back-to-back, to create a foldable brochure.)

Sales and Marketing Tactics – (Becoming the Local Expert)

Real Estate Agent Seminars – Using the BROKER'S GUIDE TO SELLING HUD HOMES as your "training manual", consider holding seminars. It would be especially awesome if you could get someone from the management company as the featured speaker.

Provide the [What You Need To Know When Buying a HUD Home](#) brochure.

HUD Home Buying Seminars - If you are the FIRST in your area, the attendance level could be huge! (View Online Seminar called [Successful Home Buying Seminars Made Simple](#)). The trick to becoming the go-to-expert is to have a "series" of seminar dates set up in advance and list ALL dates in your ads and marketing pieces.

Mention in your seminar ad/postcard that you will give away the brochures and offer a free copy of their credit report for attending the event.

Mail postcards to apartment complexes (visit [ApartmentToolKit.com](#) for mailing addresses) and send the seminar notice in the mail about 2 weeks before the event.

Not all buyers will end up buying a HUD Home, but consider this as a lead-generation tactic and put them in your database system to follow up on a regular basis.

Advertise in Homes Magazines - You may want to co-market with people who specialize. HUD does allow approved brokers to advertise HUD homes. Provide a toll free number for people to request your brochure called [What You Need To Know When Buying a HUD Home!](#)

Write an Article for Your Local Newspaper - While it cannot be an advertisement for you or your company, this is one way to set yourself up as the local expert—especially if your area offers the \$100 down and buyer incentives. You might also want to mention that you have a brochure called, [What You Need To Know When Buying a HUD Home!](#)

If you feel that you simply cannot write an article, send the brochure to a reporter and ask if they would be interested in interviewing you about this unique way to buy a home.

Send an Email Notice - let everyone know that you specialize in helping people buy HUD Homes. Email your database asking them if they know of someone interested in buying a HUD Home. Also email them with the dates of your HUD Home Buying Seminars.

Push the “Guide” and “Brochure” to Real Estate Agents. Use the brochure as a lead generation tool.

Yes, you can “work” different niche markets adapt to the changing real estate market and get involved with HUD Homes.