

ABOUT BUYING HUD HOMES



Bidding for and Buying a HUD Home can be trying process, but I can make it as smooth as possible.

What is a HUD Home?

HUD (Housing and Urban Development) Homes are houses that have been foreclosed on by the bank. These foreclosed loans had been guaranteed by the government with an FHA (Federal Housing Act of 1968) insured mortgage. The government, through this FHA insurance program, buys these homes back from the bank. HUD becomes the property owner and offers it for sale to recover the loss — and they want to sell them as quickly as possible.

- You can gain up to 30% of value in equity when you buy a HUD Home.
- HUD Homes come available on the market every Friday. <http://www.tenmanagement.com/listings/state.do?code=IN>
- HUD Homes can meet any criteria you require. Examples include: location, square footage, number of bedrooms, baths, garage, etc.

How are HUD Homes sold?

All properties available for purchase by the public are offered for sale at the above internet site maintained by a management company under contract to HUD. As a real estate agent/broker registered with HUD, I may submit an offer and contract to purchase on your behalf. HUD pays the real estate broker's commission, which is included in the contract.

The homes are available for Owner Occupants for the first 10 days. Investors must wait to bid until Owner Occupants have an opportunity. All bids are blind and are held until the 10 day waiting period is ended. At this time HUD will award a bidder if the bid is high enough to meet their undisclosed criteria. Keep in mind that all HUD Homes are sold "As Is" with no warranty offered and some may need repairs such as carpet and paint.

What is the process?

1. To place a bid you must use a Realtor that is a registered HUD Broker and you must have pre-approval status with a mortgage company. All bids are done electronically.
2. Earnest money is \$1,000 for properties over \$50,000 and \$500 for properties under \$50,000. The Earnest Money must be either a cashier's check or money order made payable to "Keller Williams Indy Metro South".
3. Once an offer is accepted contracts are signed and must be overnighted to Chicago HMBI within 48 hours.
4. HMBI will check over the paperwork and sign the contract.
5. Once the contract is signed, you have 45 days to close on the property. All Indianapolis HUD homes are closed with Village Title.
6. You may choose to have a home inspection performed by a qualified inspector to identify any MAJOR defects. Any cancellation contingency is limited to roof, foundation, and defective components within the mechanical systems (electrical, plumbing, heating). You will have 15 calendar days from the day of HUD's acceptance of a sales contract to complete the inspection. Buyer is responsible for all related deposits, connection and usage fees associated with utility activation. Deactivation must occur within 48 hours. A non-refundable deposit of certified funds for \$60 must be submitted in advance to HMBI for re-winterization services.
7. Home Owners Insurance will be needed before closing. A one year pre-paid policy is required.
8. Close on home at Village Title.
9. Change the locks and move in immediately!

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