

SELLING A HUD HOME

- GENERAL SALES
CONDITIONS

After a property is acquired by HUD, it goes through several steps with the MCM, FSM, and PEMCO (or applicable Asset Management Company). When a property is in ready-to-list condition, PEMCO will have the property appraised, determine which HUD disposition program it falls into, list it on the www.HUDhomestore.com web site, and PEMCO's Local Listing Broker lists it in the local Multiple Listing Service (MLS).



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- GENERAL SALES CONDITIONS
- When a HUD home **becomes available for sale, it is listed on the MLS and on HUD's listing site.** To access the listing site go to www.HUDpemco.com and [click on the HUD](#) Home Store button. HUD Homes are sold through an electronic bidding process.



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Most HUD homes are initially offered on a priority basis to **Owner-Occupant** purchasers (people who are buying the home as their primary residence) during a 30-day Exclusive Listing period. Following the Exclusive Listing period, unsold properties transition into an Extended Listing period and are then available to all buyers, including Investors.



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- “AS-IS” CONDITION

HUD makes no representations or warranties concerning the condition of the property, including but not limited to mechanical systems, dry basement, foundation, structural, or compliance with codes, zoning or building requirements and will make no repairs to the property.

Regardless of whether or not the property is being financed with an FHA insured mortgage, HUD does not guarantee or warrant that the property is free of visible or hidden defects, termite damage, lead based paint, or any other condition that may render the property uninhabitable or otherwise un-useable.



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- “AS-IS” CONDITION

The purchaser is responsible for taking such actions as they believe necessary to satisfy themselves that the property is in a condition acceptable to them, of laws, regulations, and ordinances affecting the property and agrees to accept the property in the condition at the time of contract acceptance.

Purchasers are strongly encouraged to have a home inspection performed to identify any possible defects. Owner occupant buyers have a 15-day period after contract acceptance to activate utilities and complete the home inspection. Home inspection and utility activation are coordinated with the assigned Field Service Manager. Please refer to the Forfeiture and Extension Policy for complete details.



SELLING A HUD HOME

- SELLING PROCESS

Any licensed agent whose brokerage is registered with HUD may submit bids on HUD homes. More about this process is discussed in the “Registering with HUD” chapter of this manual.

Safe, Secure, and Marketable

Repairs are not done to HUD homes; however, steps are taken by the FSM to ensure all properties are safe, secure, and marketable to the conditions as identified by HUD.



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- SELLING PROCESS

The FSM will also take steps to ensure the property is in a marketable condition, as is outlined by HUD, to include maintenance, such as lawn cutting, winterization, initial cleaning, and other processes.

Though not attended to by PEMCO or the FSM, repairs necessary to make the home eligible for FHA Financing will also be identified on the property's listing, and **other repairs noted by the inspector will be identified in the Property Condition Report (PCR – also on the listing site).**



SELLING A HUD HOME

- BUYING A HUD HOME

Anyone who can obtain financing can purchase a HUD

home. Buyers do not need to attend an auction or sign up for a “foreclosure notification” program, or pay any money to join any other type of mailing list or invitation to participate in the HUD Home Sales Process. The only stipulation on this is that the Asset Managers’ contractors, its subcontractors, Local Listing Brokers, their employees, immediate family, and affiliates cannot purchase a HUD home.

All HUD homes for sale are available for viewing on a free, public-access website. HUD’s official listing site for its properties is www.HUDhomestore.com.



SELLING A HUD HOME

- BUYING A HUD HOME

All a buyer needs to do to purchase a HUD home is to find a desired property for sale on HUD's web site, obtain financing, and work with a HUD-registered real estate agent to submit the buyer's offer.



SELLING A HUD HOME

- BUYING A HUD HOME

Buyer Categories:

1. **Owner-Occupant Buyers**

Are eligible for priority bidding on HUD properties

Must live in the purchased home as their primary residence for at least one year (Buyer and Agent must sign the Owner-Occupant Certification)

May not purchase another HUD property for two years after the close date of their current HUD purchase.



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- BUYING A HUD HOME

Buyer Categories:

2. Investor Buyers

A buyer who is investing in and not living in the HUD home(s) they purchase

Investors are not given any priority in the bidding process

Can purchase as many HUD homes as they want, as often as they want



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Buyer Categories:

3. **Non-Profit Organization Buyers**

Are buyers who represent a Non-Profit Organization which has been approved by HUD

Receive the same priority bidding as do the Owner-Occupant buyers

May also bid on properties which are in the Lottery Round and not yet for sale to the general public

Are not required to submit an Earnest Money deposit

Are not required to have a representing agent



HUD SPECIAL PROGRAMS

Lottery Round

HUD offers properties which are eligible for pre-designated special programs available for sale in a “Lottery Round” to eligible buyers prior to the property being offered for sale to the general public.

The Lottery Round is a six (6) day bidding period that precedes a property’s initial listing where offers from eligible purchasers accumulate on the property in a sealed bid period. Bids are opened on the 7th day. If an eligible purchaser places an offer on the property, the property will go under contract. If there are no offers from an eligible purchaser, the property transitions into an Owner-Occupant Exclusive Listing period.

