

# Top 7 Tips When Buying a HUD Home

by *Eric Bramlett*

**HUD homes offer many buyers the chance to purchase their home with built in equity, and allows investors some fantastic deals, as well.**

When the foreclosure rate is particularly high, as it is in 2007, HUD's inventory swells, and there are deals to be made. HUD deals are very different from traditional purchases, however, so make sure and follow sound advice before purchasing your first HUD home. Follow these tips, and you will be on your way.

**1. All HUD Homes Aren't Great Deals --- *Many buyers mistakenly assume that, if the US Department of HUD is selling, it must be a great deal. This couldn't be further from the truth!*** Many *Realtors* relentlessly market HUD homes to drum up business, and this can create a glut of HUD buyers. *When the HUD inventory is particularly low, oftentimes buyers will bid the property up to, or above the fair market value. Look at every HUD deal on its own merit, and make your decision based on that.*


**2. Understand the Bidding Process ---** HUD purchases are very different than conventional deals because they follow a "blind" bidding process. The bidding date is released by HUD, and each buyer submits their best offer without the knowledge of any other bids. As long as HUD finds the highest offer acceptable, that offer is accepted. HUD retains the right to refuse all offers.

**3. Know the Difference--- Between "Owner-Occupant" & "Investor" ---** One of HUD's goals is to increase the number of US citizens who own homes. Because of this, they give preferential treatment to owner-occupants over investors. Owner-occupants have the first 10 days to bid on any home before it is released to investors. A buyer may bid as an owner-occupant once every two years. Make sure and bid honestly-otherwise it is illegal, and can result in hefty fines.

**4. Anticipate Repairs ---** You are allowed the opportunity a third party inspection before closing, but buyers cannot negotiate repairs based on the results. Backing out of HUD deals & retaining your earnest money is trickier than conventional purchases, too, so you may run the risk of losing your earnest money. Make sure and go through the home thoroughly before bidding on it.

**5. Continuously Monitor the Inventory ---** As foreclosure rates raise and fall, so does HUD's inventory. The laws of supply & demand definitely apply here-when the inventory is high, your chances of getting a great deal is higher than when they are low. Follow the asking price & sales price of HUD homes-if they are selling far over asking, it might not be the time to buy.

This article is being presented through **Ron Hidalgo REALTOR<sup>®</sup>/Broker** Associated

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**6. Make Sure Your Realtor & Lender Know the Process** --- After your bid is accepted, the paperwork begins! In Texas, HUD requires that you submit original signed (in blue ink) paperwork to the HUD agent's office within 48 hours of the bid's acceptance. If the paperwork is incorrect, you are allowed one revision-which must be received within 48 hours. They are just as strict with a lender's closing documents-so make sure both your Realtor & lender are very familiar with the HUD process. Oftentimes, the HUD agent's office will be located in a different city-and often, the escrow agent will be located in yet another city-this can put a very interesting twist on the process, and time constraints.

**7. Act Quickly & Decisively** --- Because HUD places very strict time constraints on bidding, and due to the bidding process, you must act quickly & decisively. You will typically have 1-2 weeks from the date HUD places the property on the market until the bidding period begins-and more often than not, the property will be purchased on the first day of bidding. Make sure & exercise your due diligence, and make your decision quickly-you often won't get a second chance.

**HUD homes can be fantastic opportunities for a buyer or investor to get a great deal on a property.** However, because the purchase process is quite different, make sure & do your research before attempting to find your first buy. Follow these tips, & you will be on your way to a successful transaction!

**Disclaimer:** The information above is based on Eric's experiences with HUD in Texas from 2004-2007. The process continually changes, so make sure & get the most up-to-date information for your area before bidding.

**Note from Ron:** Need assistance in viewing and presenting an offer on VA or HUD properties, contact Ron at either, Mobile: **334.546.1410** • Toll Free: **1.866.508.3535** or send an **E-message** to **Ron** at [RonHidalgo@MindSpring.Com](mailto:RonHidalgo@MindSpring.Com). **Ron** is **"Totally Mobile Connected"** . . . while working out of the office environment, **Ron's** laptop is wirelessly Network connected. He can *receive and send e-messages* wherever he's working either in or out of the office.

Have real estate or financing questions, do not hesitate to call or **e-mail Ron**, he will be delighted answering your questions or locating the property that best suits your needs. Contact **Ron** for **"Professional and Quality Service that's Priceless and Ron's clients deserve nothing less"!**

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**\*\*\* Below, you will find--- "Top Seven Reasons to use a Buyer's Agent when purchasing a home." \*\*\***

# Top 7 Reasons to Use a Buyer's Agent When Purchasing Your Home

by Eric Bramlett

Purchasing a home is a big step, and a big decision. The average person spends around 1/3 of their income on their home. *The home that you choose has a big impact on your life, and can have a big impact on your finances, as well.* It always surprises me when Buyers attempt to "*go at it alone*" because of the possibility of mistakes. A good Buyer's Agent is invaluable to a Buyer, and can be the difference between a wonderful transaction, and a nightmare.

**1) Full Access to the MLS---** The Multiple Listing Service (MLS) is a powerful tool that only Realtors<sup>®</sup> have access to. When listing agents market a home for sale, they typically allow any Realtor<sup>®</sup> to present the home to potential buyers, and to present contracts for purchase. The MLS is a database of all homes listed by Realtors<sup>®</sup>, and represents roughly 99% of the homes for sale in any given market. As technology advances, so does the MLS. It has evolved into an extremely powerful search engine that allows your buyer's agent to enter in search criteria, and returns only homes that match those specific parameters. Buyers can find a lot of this information online through IDX feeds available on many websites, but this information is a "watered down" version of the MLS because the IDX search engines aren't quite as powerful, and don't return as detailed profiles as the MLS.

Note from Ron: When you notice a home or homes of interest on/in the [Montgomery Area Association of REALTORS<sup>®</sup> MLS](#), send Ron an [e-message](#) asking for additional information and he will return his findings to you!

**2) Maximize Your Time---** While driving neighborhoods is an excellent idea to help you decide which locations you prefer, it's not a very efficient way to find your new home. Gas is expensive, and your time is valuable. *Your Buyer's Agent will listen to your needs, make fantastic suggestions based on your likes & dislikes, and provide you with a list of homes that ALL match your wants & needs.* Your Buyer's Agent has helped MANY new homebuyers through MANY purchases, and will help you better organize your search & decision making process – saving you valuable time.

**3) Representation---** Listing Agents enter into legally binding agreements that require them to ALWAYS act in the best interest of the seller. They are the seller's "coach" and will make sure that their clients' best interests are looked after. Luckily, your Buyer's Agent is there to make sure YOUR best interests are accounted for. With your expert Buyer's Agent in your corner, you can rest assured that you're on, at least, even ground with the home seller. A football team would be at a pretty significant disadvantage without a coach – just as you would be without a Buyer's Agent.

**4) Negotiating Power---** The MLS maintains a record of, not only all homes listed by Realtors in a given market, but also the sales price of those homes. Your Buyer's Agent will run a Comparative Market Analysis (CMA) to determine a prospective home's Fair Market Value (FMV). In simpler terms, your Realtor will look at similar homes in the same neighborhood that have sold recently. This way, you will know whether or not the seller has their home priced fairly. If the home is priced over Fair Market Value, your Buyer's Agent can present your "under asking price" offer with plenty of firepower – and a greater chance that the offer will be accepted.

**5) Experience---** The average person buys 3-5 homes in their lifetime. A good Buyer's Agent will assist in 3-5 home purchases *every month*. What might seem complicated and intimidating to you is fairly common and familiar to your Realtor. Your Buyer's Agent will know what to expect, and will know when to alert you if anything out of the ordinary occurs.

**6) Industry Contacts---** *It takes a lot of people to close a real estate transaction* – Buyer's Agent, Listing Agent, Loan Officer, Inspector, Appraiser, Insurance Agent, General Contractors, and sometimes more! A good agent will come with a strong closing team that has performed in the past, and will continue to perform. A transaction is only as strong as its weakest link – with your strong Buyer's Agent & their closing team; you can rest assured that you will have plenty of support.

**7) Piece of Mind---** If you are like most people, your home is the largest purchase you will ever make. The average person spends around 1/3 of their total monthly income on their home. **This is a *big decision*** and you don't want to go at it alone. When you use a trusted Buyer's Agent, you know that your best interests are accounted for, and that you can feel confident in your purchase.

Purchasing a home can be a fun and exciting process.

However, the home buying process can be intimidating, and mistakes are possible. A **Realtor**<sup>®</sup> who specializes in working with Buyers can help alleviate the fears & possibilities for mistakes. Make sure and use a Buyer's Agent on any real estate transaction, and you will help ensure that you are making the right decisions.

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....."Happy & Successful Home Search!".....

Email or call **Ron** when you are ready to locate and negotiate for your new home and/or investment property! Professional and Experience is awaiting you . . . Call **Ron** @ either mobile: **334.546.1410** or Toll Free: **1.866.508.3535** ask for **Ron** or simply email **Ron** @ [RonHidalgo@MindSpring.Com](mailto:RonHidalgo@MindSpring.Com).

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