

# What You Need to Know About HUD's \$100 Down Program

Having enough cash to close on a home purchase can be a challenge for many. For the typical \$50,000-\$100,000 HUD home purchase with FHA financing, your total cash to close can range anywhere between \$8,000 to \$12,000.

Here's how to reduce the down payment on your HUD home purchase.

## Enter the HUD \$100 Down Program

Now before you get all excited thinking you can buy a house with only \$100 total out of pocket to close it, please continue reading...

When you purchase a HUD home, with FHA financing, to determine your total money needed to close, you first calculate your down payment which is 3.5% of the sale price. Then you add your closing costs which include a full year of taxes, insurance, attorney fee, legal docs plus the lender's closing costs.

## Here's an Example of How This Works:

The purchase price of a HUD home is \$100,000

Your down payment is \$3,500 which is  $\$100,000 \times 3.5\% = \$3,500$  Your additional bank closing costs are \$9,000.

Add these two figures and you come to a final amount of \$12,500.

## Now let's employ the \$100 Down Program and see how these figures change.

The purchase price of a HUD is \$100,000

Your Down Payment is \$100

Your additional bank closing costs are \$9,000

Your total is now \$9,100 or \$3,400 less you'll need to bring to the closing table. Awesome!

With the \$100 down program you eliminate your 3.5% down payment portion of your total closing costs. To qualify for this program all you have to do is purchase a HUD home and you can find them listed on HUD's web site [www.HudHomeStore.gov](http://www.HudHomeStore.gov). The other qualifier is that the buyer needs to be an "owner occupant." Meaning you are a buyer with the intention of living in the property for a minimum of 1 year. Sorry investors, this program does not apply to you unless you are buying a home to live in for at least one year and are paying for the property with an FHA mortgage.

So what are you waiting for? Get FHA pre-qualified and then go to [www.HUDHomeStore.gov](http://www.HUDHomeStore.gov)

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For more information contact Adolfi Real Estate at (315) 695-6434.