

The 5 Top Proven HUD Home Investor Secrets

For the investor it is critical to have a pool of “bargains” they can choose from in order to achieve any investment strategy or goal. HUD homes are one of the best and overlooked investments in today’s real estate market.

Unfortunately, many investors do not take advantage of these government owned goldmines for several reasons:

- An Investor’s unfamiliarity with HUD’s program and how it works.
- Resistance from the real estate community to accommodate their investor/buyer.
- Finding an up-to-date HUD Home property list, preferably for FREE.

Here are “*5* Proven HUD Home Investor Secrets” to successfully make money with government owned HUD Homes.

Investor Secret #1 - Finding an Agent Who Likes HUD Homes

Most agents avoid HUD Homes. They DO NOT like selling them. I know this for a fact. For over three decades I have heard buyers’ complain that agents do not want to work with them. Even the agents themselves have confessed to me their disdain for HUD’s. Their reasons for placing a distance between them and this esoteric inventory are as follows:

- Lower sales price
- Lower commission % rate
- Being beaten out at the end of the HUD auction bid period Unfamiliar paperwork
- Bad taste in their mouth from an unpleasant experience

I’ve heard it for years that real estate agents do not like selling HUD homes. The trick is to find one who does. Here’s how you do it. Go to HUD’s website www.hudhomestore.gov and drill down to your state. Look under the “Bid Result” tab/link. The names of each real estate company are shown for each sold property. You will begin to see a pattern of which company is selling the most HUD homes. Call that company and see which agent is selling the lion’s share. I guarantee there will be one agent that stands out in the pack and has made it their business to understand how these “strange animals” work.

Investor Secret #2 - Finding a HUD List for FREE

How do you find a HUD Home? Have you tried to search for HUD Listings on the Internet? Only to give up after every site wanted your credit card information to charge you an arm and a leg for something you hoped not to pay for? The government has set up a FREE website for you to view their HUD properties. For the most up-to-date list of HUD homes found in your state go to: www.Hudhomestore.gov.

Investor Secret #3 - Investor Financing Options

How do you finance a HUD home? If you are an investor looking to live in as an “owner occupant” meaning you plan on living in the property for at least one year, then FHA financing is the best way to finance any HUD home. If, however, you are an investor with intentions of not living in it, as most of you are, then your financing options will be slightly different. Here are the financing options I recommend for investors not intending on living in the property in order of easiest first:

- Cash
- Home equity line of credit
- Investment property equity line of credit
- Use the equity in a Whole Life Insurance Policy
- Private Financing - Hit up a family member who loves you :)
- Conventional (Rehab) Mortgage

Investor Secret #4 - Look Forward to the “Disaster”

The average home shopper looking to live in a HUD home, exterior/interior condition matters to them. In this “turnkey” society we live in, the worse the home’s condition is, the less attractive it is for Mr. and Mrs. Joe Average Buyer. The majority of HUD homes are in varying degrees of distress. But after looking at thousands of HUDs in the Central NY area for over 30 years, I would say about 10-20% are in good to excellent condition, requiring only carpet, paint and a good cleaning. The 80-90% that are in run down condition is where the Investor will be looking for their opportunity more seriously because “owner occupants” tend to shy away from the disaster properties. The more rundown the condition of a home is, the more unlikely an owner occupant is going to buy it. You basically want the owner occupant to get scared off due to the home’s condition. It thins the pack. So, next time you walk into a disaster, get happy.

Investor Secret #5 - How Much Profit is Reasonable

How much can you save or make on a HUD home? Well after buying several myself, between the sale prices of \$15,000 - \$60,000 and reselling them between \$65,000 - \$120,000 during the years of 2001-2009, we earned, after all expenses, netting \$18,000 - \$40,000 on each property. But, please understand that there was a good deal of sweat equity involved. We did 90-95% of the work ourselves.

Conclusion

Here are the keys in a nutshell on how to successfully purchase a HUD home for maximum earnings:

- Find HUD's website and save it in your favorites.
- Look at the site every day for the latest listings and price reductions.
- Make sure your financing is in place.
- Zero in on a property that looks promising.
- Check with your county tax office and gather additional information.
- Drive by the property.
- Identify and contact a HUD experienced real estate agent for a preview.
- Learn the strategies on placing a successful bid.
- Place your Bid and 30 days later close on the property.



To learn more on how to get your piece of the HUD Home pie, grab your phone and call Adolfi Real Estate at **(315) 695-6434**.