

*HUD REO Disposition: Offering
Housing Opportunities for
Neighborhood Revitalization*

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The Servicer/Investor Perspective

Stabilizing Communities

Addressing the Negative Impacts of Foreclosure

HUD REO



What is a HUD home?

A 1-4 unit residential property acquired by HUD as a result of a foreclosure action by the mortgagee on a FHA insured mortgage.

HUD becomes the property owner and offers it for sale to recover the loss on the foreclosure claim.

OVERVIEW



**FHA INSURED LOAN
FORECLOSURE**



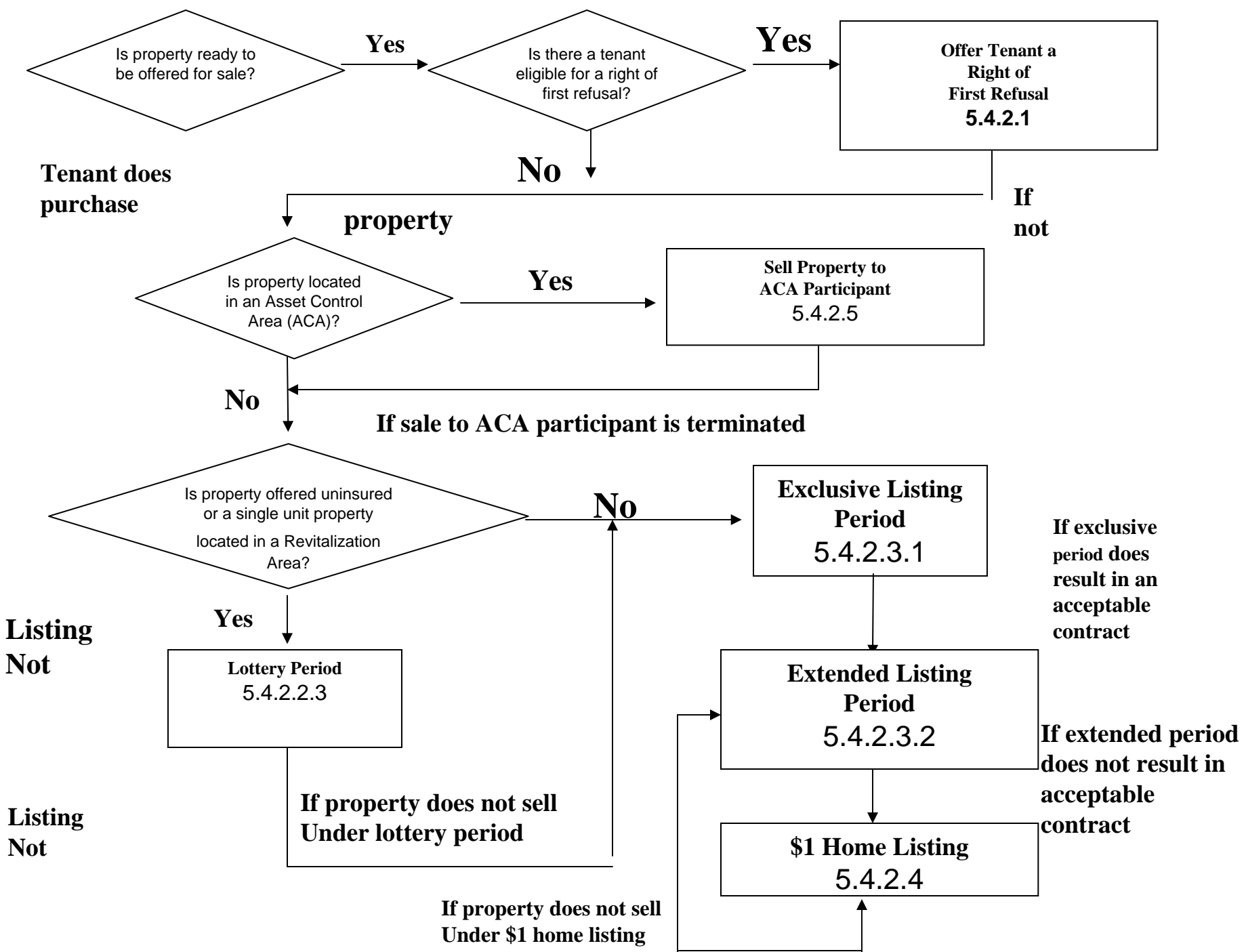
**VACANT PROPERTY W/
CLEAR TITLE CONVEYED TO
HUD BY LENDER**



**M&M MAINTAINS
AND SELLS
PROPERTY**

M & M DUTIES

- Monitor lender compliance to the conveyance process**
- Maintain and secure properties**
- Appraise**
- List and accept bids**
- Award Contracts**
- Monitor closing process**



Is property ready to be offered for sale?

Yes

Is there a tenant eligible for a right of first refusal?

Yes

Offer Tenant a Right of First Refusal 5.4.2.1

No

If not

Tenant does purchase property

property

No

If sale to ACA participant is terminated

Is property offered uninsured or a single unit property located in a Revitalization Area?

No

Exclusive Listing Period 5.4.2.3.1

If exclusive period does result in an acceptable contract

Listing Not

Yes

Lottery Period 5.4.2.2.3

Listing Not

If property does not sell Under lottery period

Extended Listing Period 5.4.2.3.2

If extended period does not result in acceptable contract

\$1 Home Listing 5.4.2.4

If property does not sell Under \$1 home listing

Who can buy a HUD home?

Almost anyone!

If you have the cash or can qualify for the loan (subject to certain restrictions) you may buy a HUD home. HUD homes are initially offered to owner-occupant purchasers. Following the priority period for owner occupants, unsold properties are available to all buyers, including investors.

Discount Sales Programs

- **Direct Sales Program – up to 30% discount**
 - Community & Faith based non-profit organizations
- **Good Neighbor Next Door – 50% discount**
 - Law Enforcement/Teachers/Firefighters & Emergency Medical Technicians.
- **Dollar Homes**
 - Local governments have opportunity to purchase homes that have been listed for over 6 months.
- **Disaster Discount Programs**

REO Sales Incentives

- REO finances all reasonable and customary closing costs on FHA sales.
- HUD pays up to 5% sales commission
- Priority period for owner occupant buyers

Other exciting sales incentives are available from time to time and can be accessed on HUD's website by state.

Inventory

as of 7/6/08

- California 269
M&M - Pemco, LTD
www.hudpemco.com
- Arizona & Nevada 368
M&M – MCB
www.mcbreo.com

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