

Funding, Finance and Credit

M: Can I buy a HUD house for as little as \$100 down?

If you are strapped for cash and looking for a bargain rehab property, you may be able to buy a foreclosure property acquired by the U.S. Department of Housing and Urban Development for as little as \$100 down.

With HUD foreclosures, down payments vary depending on whether the property is eligible for FHA insurance. If not, payments range from 5 to 20 percent. But when the property is FHA-insured, the down payment can go much lower.

Each offer must be accompanied by an "earnest money" deposit equal to 5 percent of the bid price, not to exceed \$2,000 but not less than \$500.

The U.S. Department of Veterans Affairs also offers foreclosure properties which can be purchased directly from the VA often well below market value and with a down payment amount as low as 2 percent for owner-occupants. Investors may be required to pay up to 10 percent of the purchase price as a down payment. This is because the VA guarantees home loans and often ends up owning the property if the veteran defaults.

You should be aware that foreclosure properties are sold "as is," meaning limited repairs have been made but no structural or mechanical warranties are implied.

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Author: admin

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