

HUD REO

Through the Property Disposition Insured Sales Program, HUD offers its Real Estate Owned (REO) properties for sale with FHA-insured financing available. Properties must meet the intent of the FHA's Minimum Property Standards (MPS) for existing properties to be eligible for this program.

CREDIT REQUIREMENTS	Minimum 640 FICO – Standard to FHA guidelines. * 620-639 Allowed
PURPOSE	Purchase only
PRODUCTS	Fixed rate 3/1 ARM 5/1 ARM
LOAN AMOUNTS	Varies by county. Check HUD website at https://entp.hud.gov/idapp/html/hicostlook.cfm
LOAN TERMS	15 year, 30 year
LTV	96.5% LTV 99.9% LTV for \$100 down program (not available in all states or with FHA 620-639)
APPRAISALS	As-is appraisal (not as-repaired) The broker should contact the HUD's Management and Marketing contractor to obtain a copy of the current appraisal and PCR. HUD requires this appraisal to be utilized for the underwriting process. * see guidelines for specifics on appraisals over 120 days old
PROPERTY TYPES	<ul style="list-style-type: none"> • Single-family dwellings • 2-4 units • Planned Unit Developments (PUDs) • Condominiums (must be approved by FHA)
OCCUPANCY	Owner-occupied only. Non-occupying co-borrowers not permitted.
BORROWERS	Individuals only.
QUALIFYING RATIOS	31%/43%. Qualifying ratios may exceed guidelines with AUS Approve recommendation, or with compensating factors.
BORROWER'S MINIMUM CASH INVESTMENT	3.5% of the sales price, which must be all down payment
GIFT FUNDS	Standard to FHA guidelines - Allowed *see guidelines for specifics. Cash gifts are not allowed. The file must also contain an FHA Gift Letter which can be found on the MMI website.
MORTGAGE INSURANCE	Refer to FHA Mortgage Insurance Chart.
ESCROW WAIVER	NOT permitted.
UNDERWRITING	All FHA HUD REO loans will be underwritten according to standard FHA guidelines. Loans must be run through Total Scorecard using Fannie Mae's Desktop Originator/Underwriter
REPAIR ESCROWS	<p>Properties that need less than \$5,000 worth of repairs to meet the intent of the MPS will be offered for sale with insured financing available, provided a cash escrow is established to ensure the completion of repairs. (Non-Livability issues)</p> <p>Repair Escrow Financing The repair escrow must be financed in the FHA loan, and is not to be taken from HUD proceeds at closing.</p> <p>Repair Escrow Account Equal to 110 percent of the estimated cost of repairs and must be established for properties sold under the Property Disposition Sales Program. Since the maximum cost of repairs is \$5,000, the maximum escrow amount may not exceed \$5,500. The escrow account must be administered by MMI. A 10% overage is also calculated into the costs so the actual amount given on any repair escrow can be as high as \$5500.</p> <p>Cost of Repairs Repair escrow amount is taken from line 4 of the sales contract. In addition, if additional repairs are revealed during the loan process (i.e. as a result of a home inspection) then 2 bids will be required with a list of the repairs needed to make the property insurable and the estimated cost of repairs and the underwriter will determine the additional required escrow amount.</p> <p>Completion of Repairs Generally, all repairs are to be completed by the borrower within 90 days of closing.</p>

FOR FURTHER DETAILS, PLEASE REFER TO GUIDELINES ON MMI'S WEBSITE