

## Realtor Q&A: All about "HUD homes," budgeting while paying off student loans, and military moves | Home & Living

**Q.** My parents suggested I buy a "HUD home" like they did years ago. Why, and what is a "HUD home"? I'm ready to buy my first place.

**A.** It sounds like your parents want you to get a good deal on your first home. I'm happy to hear that they had such a positive experience purchasing a HUD home. By exploring this option, you can decide if this may be a good choice for you as well.

HUD is short for the U.S. Department of Housing and Urban Development. This is the federal agency responsible for national policy and programs that address housing needs in America. It works to improve and develop the nation's communities. This agency also enforces Fair Housing laws. One of the primary programs started by HUD provides mortgage and loan insurance through the Federal Housing Administration (FHA). FHA-insured mortgages have made homeownership an option for many people.

A HUD home is a residential property (consisting of one to four units) that was FHA-insured and, due to foreclosure, has been acquired by HUD. HUD then offers the home for sale to recover the loss on the foreclosure claim. Priority for purchasing HUD homes is given to those who intend to live in them. This is where you, as a first-time home buyer, would be able to bid on a HUD home. Once the priority period for owner-occupant purchasers has ended, HUD homes become available to all interested buyers.

While HUD homes may be offered at significantly lower prices, oftentimes these homes need repairs. This is something you will want to consider. There are rehabilitation loans available if this is the case. In terms of budgeting, you can communicate with a local loan officer, who can assess your individual finances to help you choose the best loan product for you.

Regardless of whether you decide that purchasing a HUD home is right for you, your Realtor can guide you through the home-buying process. Your Realtor will not only help you search for the right home for you, but he or she will also represent your best interests throughout the home-buying experience and beyond.

*– Jessica Riegel is a member of the Hampton Roads Realtors Association and a Realtor with Keller Williams Elite Town Center in Virginia Beach*

**Q.** Given my student loans (about \$80,000, and I have been out of school four years), what can I do to calculate the best budget for my first home purchase to make sure I don't overextend myself? I'm trying to save up for my first place and live pretty frugally.

**A.** This really depends on other circumstances involved: income, current living expenses or other debt (including your school loan), etc. My recommendation is to schedule a consultation with a local mortgage lender to discuss your options. They will be able to review your financial state, determine how close you are to buying and, if not, provide recommendations to place you in a position to potentially buy in future.