§ 291.205 Competitive sales of individual properties.

When HUD conducts competitive sales of individual properties to individual buyers, it will sell the properties on an ‘as-is’ basis, without repairs or warranties, and it will follow the sales procedures provided in this section.

(a) General. (1) Properties that are sold on an individual competitive bid basis are sold through local real estate brokers, except as provided in §291.100(h).

(2) For properties being offered with insured mortgages, priority will be given to owner-occupant purchasers, as defined in §291.5, for a period of up to 30 days, as determined by HUD. For properties offered without insured mortgages, priority will be given to governmental entities and nonprofit organizations prior to other owner-occupant purchasers.

(b) Net offer. (1) The net offer is calculated by subtracting from the bid price the dollar amounts for the financing and loan closing costs and the broker’s sales commission, as described in paragraph (b)(2) of this section.

(2) If requested by the purchaser in the bid, HUD will pay all or a portion of the financing and loan closing costs and the broker’s sales commission, not to exceed the percentage of the purchase price determined appropriate by the Secretary for the area. In no event will the total amount for broker’s sales commission exceed 6 percent of the purchase price, except for cash bonuses offered to brokers by HUD for the sale of hard-to-sell properties.

(c) Acceptable bid. HUD will accept the bid producing the greatest net return to HUD and otherwise meeting the terms of HUD’s offering of the property, with priority given to owner-occupant purchasers as described in paragraph (a)(2) of this section. The greatest net return is calculated based on the net offer, as described in paragraph (b) of this section.