

# Attention Real Estate Investors: Anti-Flipping Rule Suspended

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Real estate investors and house flippers all over the United States are celebrating: HUD has suspended its anti-flipping 90-day seasoning rule for a year. This means you can buy a HUD-owned home and flip it immediately to an FHA insured buyer—no need to hang on to the property (and a mortgage) for three full months, or turn FHA-insured buyers away.

This is huge news for those who want to make some money in the housing market this year. Individuals and real estate investing LLCs are now allowed to move homes through the books much faster. It's not a free-for-all, though, because some rules must still be followed:

- There must be no “identity of interest” between the seller and the buyer. This simply means that the transaction must be arm’s length and above board.
- The seller must actually hold title to the property. This means that the seller must acquire the property completely and have the title transferred into his or her name or company name before selling it to an FHA insured buyer.
- LLC and corporate buyers must be legally established with state governments and operating under all state and Federal laws.
- The property must not have been flipped within the last 12 months. Multiple title transfers could raise a red flag for HUD.
- The property must be marketed openly through a real estate agent, an MLS listing, via public auction, or by the owner. In other words, no under the table deals.
- The new buyer's price cannot be more than 20 percent above the seller's purchase price. This cap protects potential homeowners from predatory practices. However, there is an important caveat: If the seller significantly improves the property and an appraiser agrees, the profit can be more than 20 percent.

Whether you buy and flip one property or a dozen this year, your market of potential buyers has just grown exponentially. Take advantage of the rule change before time expires in 2011.

Find out more about this significant rule change by visiting the HUD website at [hud.gov](http://hud.gov), or read the rule change at [www.hud.gov/offices/hsg/sfh/waivpropflip2010.pdf](http://www.hud.gov/offices/hsg/sfh/waivpropflip2010.pdf).

