

Your Real Estate Tekspert

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Specializing in Technology for Today's Market



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Purchasing a Foreclosure or Bank Owned Property (REO)

Foreclosures

A Great Home Buying Opportunity

If there is any silver lining to the dark cloud around real estate, it is for those in the market to buy a home.

Record levels of foreclosures hitting the market at the same time home prices are falling creates an enticing home-buying opportunity. Many people, in the hopes of getting a home at a rock bottom price, will consider buying a foreclosed property.

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With interest rates at record lows and the stock market looking too perilous for small investors, many people are putting money in an asset they understand -- real estate. One of the best places to invest is in foreclosures and bargain residential real estate.

The current market conditions make it a perfect time to purchase one or more foreclosure properties for

your private residence, rental or resale.

During economic downturns, more upscale homes go into foreclosure, so the notion that foreclosure homes are only available in crime-ridden areas is inaccurate. Beachfront and homes in affluent areas are part of the mix of foreclosed properties available. In our area of California right now, 93% of the properties on the market are short sales or foreclosures.

A foreclosure home is one that is currently being foreclosed upon by a bank. Foreclosure is a legal process through which the homeowner's property rights are terminated, usually due to a failure to make the mortgage payments.

Typically, the bank who owns the mortgage will try to sell the home as quickly

as possible, sometimes through a public auction.

To secure a quick sale of the foreclosure property the bank will often sell at a low starting price as well, and this is what get investors excited about buying foreclosure properties in the first place.

The lender might offer to finance the property at a below-market rate or with a lower-than-usual down payment. Because the bank already has done an appraisal, the buyer might not have to pay an appraisal fee. And lender deal typically include title insurance, which removes much of the risk that accompanies buying homes earlier in the foreclosure process.

The foreclosure process starts when a property owner falls behind on mortgage payments.

Many owners of homes that go into foreclosure have been struggling financially for a while before they give up, which many times means that the house has not received



needed repairs or general maintenance. Because of this, a foreclosure deal may be loaded with surprise expenses. Such properties also can come with titles encumbered by judgments, liens, and other attachments you may have to pay off to seal the deal.

Bank-owned houses typically need a lot of work because of this neglected maintenance. This may include everything from missing light bulbs to roof leaks, tree limbs in front yards, broken or missing appliances. Broken windows, dirty carpets, floors and walls are found in even very affluent area foreclosures.



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charge for their listings. But you can get information on foreclosed homes in your area free from local agents.

Call local brokers and talk to the agents who specialize in foreclosures in that office. Banks may put their foreclosed homes up for bidding at auction or simply turn them over to a real-estate broker.

Pay for a detailed home inspection

This is always a good idea when buying a home but especially so when buying a foreclosed home. Vandals may have stripped fixtures and appliances. What's more, the utilities have may have been shut off, making it impossible to gauge the shower pressure or test for leaky pipes. If that's a concern, negotiate to have the utilities turned on for inspection before you close on the home.

A home inspection usually runs from \$250 to \$400 and can save you a lot of money if something is wrong with the home's structure or systems. You need to know what repairs you're on the hook for to determine whether the price is fair.

Have patience

Banks may take 60 days or more to decide whether to accept your offer on a foreclosed home. We see a number of these deals fall

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through because buyers don't want to wait.

Consider title insurance

Even if you aren't getting a mortgage, you might want to buy title insurance as protection against liens that weren't disclosed or discovered. It also prevents someone like an ex-spouse of the previous owner from making a successful claim on the home after it's sold.

Contact Me to have foreclosure properties emailed to you.

\$500
Cash Back
At Closing

(With This Coupon)

Never buy an REO (Real estate-owned: that's where the lender or the bank has the title, and it owns it) property without an inspection, and be sure to factor repair and remodeling work into your offering price.

Houses in poor condition might fetch bargain prices, but repairs can boost the cost again. The first rule of real estate, "location, location, location," applies in these situations. If there is trash in every room of the house, but the foreclosure is in a good area with high property resale values, hold your nose, walk through the entire house and consider making a low offer.

Tips to Buying a Foreclosure

Finding Foreclosures

Skip property listings or websites that charge a fee. Many foreclosure web sites



I can find you the best bargains in the area in any price range or home style.

Right now there are condos available from as low as \$30,000, homes from under \$100,000, newer homes from around \$150,000. Interest rates are low and payments less than rent.

There will probably be no better time in your lifetime to buy the home of your dreams!

Take a look at this week's choices at
<http://homes.emilybernardi.com/buyers/bargains.php>