



Help for Buying a Foreclosure

Q: Teri, how do you buy a property that is in foreclosure ?

A: There are many methods of purchasing foreclosures depending upon the stage of a particular foreclosure. A majority of these methods involve cash-in-hand for the full purchase price and would not involve the assistance of a real estate broker. If you are not one of those lucky few who have cash in hand, this information will be helpful to you.

The safest and most common method of purchasing a foreclosed property in Central Oregon is by using the services of an experienced real estate broker. I have assisted many of my clients thru this process allowing them to use lender financing and still purchase a great bargain. There *is* a trick to buying these properties!

I recommend signing up to receive instant notifications of new bank owned property listings that fit your criteria.

You've got to know your niche market. Do this by watching properties similar to what you are hoping to buy. Know the most recent sales prices, know the current listings available and watch their prices, don't be fooled by the short sale prices of similar active properties.....watch the sale prices.

You must be educated to comfortably act quickly. When a property that fits your niche comes onto the market, you must view it immediately. Contact me and let's get inside. Decide if you want to purchase this property quickly.

If I may, I'd love to share my "flashlight" story with you. This last year my clients and friends, Danny and Brenda Graham, contacted me wanting to find a home for their family. I was sending them emails as new homes came on the market. There were not many to choose from as most of the available inventory was not actually buyable properties – they were short sales. We wrote on each short sale and had several offers floating around out there. Wanting to buy and having no "for sure" purchase, I instructed them to quickly contact me if they saw a bank owned property via my emails that they liked. Well, at about 9:20pm I got a phone call, a text and an email from them. Danny grabbed his flashlights and we all ran over in our slippers to check it out. We wrote the offer that night and submitted it just before midnight. Long story short, they got a tremendous deal on a beautiful home large enough for their family with beautiful amenities and in a nice neighborhood location!

Listen to your real estate broker with regard to what your offer should be in order to win the purchase. If the home is getting a lot of immediate traffic, often a full price offer will not win the purchase. This is where your niche education comes in handy. You and your broker know what these homes are

currently selling for, ask yourself: "If I lose this home because I didn't offer \$1,000 more, will I be truly sorry?" Offer the highest you, in your heart – depending on your goals, would be willing to pay for this particular home. (This will be different for each buyer) Your offer will often need to be \$2,000 to \$20,000 (depending upon the price of the property) over list price in order to win the purchase. However, when and if the home appraises for less, you can submit an addendum that you will only pay the appraisal value for the home. As I said before, the appraised value is approximately 40% below the 2007 peak values. Bidding high can often be necessary to win the purchase. How high depends on your buying goals.

As an investor, typically homes with a lot of traffic cannot be purchased for a price low enough for you to meet your budget requirements.

If you'd like clarification as to how this pans out, give me a call at (541) 350-8424.

Submit your offer ASAP. It must be complete and on bank forms if required. Your agent must know the forms the bank will require and have those attached.

Foreclosed properties are sold "As-Is." This is a **SERIOUS** consideration. Your real estate broker should be able to explain the diligence necessary on your part to fully investigate this property prior to purchase.

Foreclosed properties are sold by banks and they are not friendly. In accepting your offer, they will not accept your terms but will present to you their unfriendly and one-sided many paged addendum for you to sign in order to purchase this home. Your real estate broker will need to review their response contract with you and explain in detail exactly what you are agreeing to in order to buy this home. Basically, these contracts are very one-sided and written for the protection of the bank only by their lawyers. However, you cannot buy a bank owned property without agreeing to their terms. This is why working with a real estate broker with experience in these transactions is very important.

You must close on time. Experienced brokers should know how to effectively communicate through the escrow period with the escrow officer, the selling agent, you and your lender to confirm this process is on time and on target to close as agreed. Banks have been known to refuse to extend closing dates or they charge astronomical fees for each extension day. Both should be avoided if at all possible.

Need Additional Information on Buying a Foreclosure?

Contact Teri Today! Simply email Teri at: greent@hasson.com or call her at (541) 350-8424