

## How TO Buy A Foreclosed Home

Foreclosure begins when a property owner defaults on the mortgage of a property, mainly due to financial difficulties or the inability to keep up with the mortgage payments for some reason or another. In the event that a property succumbs to a foreclosure, it's most likely that the property has not been maintained as it should have been.

This means that perhaps the roof is in dire need of repair, a damaged foundation or the landscaping has been severely neglected, or a number of other maintenance or repair issues that may be costly. Some foreclosure homes may only need a fair amount of TLC. The amount of repairs needed or required for the foreclosure property may greatly reflect on the asking price. A major fixer upper may be offered at a lower than normal price, whereas a property that is in fair condition may go for a price just below the market value.

When a mortgage lending institution decides to foreclose on a property, they will file a notice of default that will become a public record for all buyers who are interested in locating foreclosed properties for purchase. There are many places buyers can look to find foreclosed properties such as: various web sites on the Internet, real estate agents or brokers and real estate magazines.

Once the buyer locates a foreclosed property they are interested in, the buyer can assess the public records and check for any liens on the property. Most liens that are placed on foreclosed properties are for unpaid taxes. Interested buyers should also check the values of the neighboring properties before entering into a contract, to make sure they would be getting a fair market value.

Novice buyers may be interested in checking out bank owned foreclosure properties. These bank owned foreclosure properties may prove to be at lower risks to the novice buyer. With bank owned foreclosure properties, there are usually no tenants to evict, no liens against the property and no past due taxes.

Some lending institutions may be eager to sell their foreclosed properties and may offer to finance the foreclosed property to the buyer at a low market rate or with a small down payment. If the lending institution has already done an appraisal, the interested buyer may not have to pay an additional appraisal fee. Most lending institutions that are eager to sell a foreclosed property may also include title insurance that generally removes most of the risks that come with buying properties early on in the foreclosure process.

The more experienced buyer may decide to find a pre-foreclosure property owner about to go into default and offer to buy the property for a portion of the difference between the property equity and the market value. This may be an acceptable offer to a property owner who doesn't want to end up losing all of the equity that has been invested in the property. Some pre-foreclosure property owners may offer bargains to a persistent buyer. This is mostly because at this stage, credit collection agencies are constantly hounding the property owners, who would in turn want to resolve these issues to avoid any further harassment.

Buyers may sometimes find that contacting the owner of a pre-foreclosed property can be difficult. Usually by this time, the property owner may not have any electricity or a telephone. Sometimes these pre-foreclosed property owners may also be difficult to deal with directly, due to a drug or alcohol addiction that put them in their situation in the first place. Some owners may also be hostile to the buyer or unpleasant to deal with because they are bitter and frightened about losing their home and perhaps they have no other place to go. Some of these owners may even see the buyers of their foreclosed properties as their mortal enemy and may do some extra damage to the foreclosed property before evacuating the premises.

Many foreclosed properties are normally sold at prices close to the assessed value. Depending on what city or neighborhood the buyer is interested in, what the neighboring property values are, how long it has been on the market and what amount of work needs to be done to the foreclosed property will greatly reflect on the asking price.

## About the Author

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