

How to Get A Good Deal on A Foreclosed Property?



Foreclosed properties often represent unique opportunities for real estate investing. At the same time there are risks that must be considered. We always suggest that you work with qualified experts to help understand the risks and guide you through the process of buy a foreclosure or any home for that matter.

Are foreclosures bad to buy?

You are looking for foreclosures because you are looking for good deals. When considering the purchase of any property, the more information you have, the better your chances are to succeed. Many properties that have been foreclosed, have also been neglected to some degree, and have items of deferred maintenance. To address the physical aspects of the property in the right context it is advisable to have a professional property inspector provide a written report of his findings. Many property appraisers qualify to do professional inspections, and it is advisable to have that person not only report on the condition of the property, but to provide an estimate of its value as well. You will want the comfort of knowing that you are not overpaying for the property. Your team should also have on it an experienced real estate agent, a reputed home inspector, a reliable mortgage broker, and a title agent or real estate attorney.

Are foreclosures a good deal?

Be objective when assessing the property. Try to see the property as it really is. If a property has poor curb appeal, that might be OK if you realize that it will cost money to bring it up to



standards. Likewise, just because a property has good curb appeal does not necessarily mean it's a worthwhile investment. There are properties that need work that represent excellent investments, just as there are properties that do not need much work that are not good investments. It is best to write down the pros and cons of a property and use the checklists provided on foreclosure.com's web site so that you have an organized approach to investing, and you have quantified your risks thoroughly and objectively.

Are foreclosures cheaper?

When shopping for foreclosed properties you must learn to control your emotions. That means do not fall in love with the foreclosed property. Not all foreclosures are good deals; in fact, some are complete losers. One of the biggest mistakes you can make is to get emotional about a specific property for all the wrong reasons. A property might have a swimming pool you love, or a swing set you can visualize your children playing on. Perhaps the kitchen counter tops have caught your attention, or a Jacuzzi tub in the bathroom looks inviting. Those are just features of the property and do not tell the whole story. First and foremost, use common sense; rely on your teammates for objective advice, and be prepared to walk away from a property that does not represent the perfect deal for you. Sure, a water stain on a wall can be painted over to make the room look new. But painting over a wall that has backed up plumbing as the source of the water stain does not solve the problem. Instead of a \$100 fix, you may be looking at a \$5,000 fix. Once you take possession of the property it becomes your problem, so proceed with caution and leave the emotion out of it.

How can a lender help?

Lenders play a vital role for a real estate investor looking to jump into the foreclosure market. For one important thing, if you are relying on financing to purchase real estate, you should become familiar with mortgage brokers, or mortgage lenders operating in your area. Get to know their programs, how they view financing foreclosed properties, and what their pricing looks like. Lenders also play a role because it is almost always a lender that owns the foreclosed property. And here's some advice to bear in mind: lenders hate to own real estate. Foreclosed properties are a burden and a money loser for lenders, and they are always anxious to get them off their books. Frequently a lender will recognize that the first loss is the best loss, and price the property in such a way to move it fast. This spells opportunity, with capital letters. Get to know lenders in your market area that own foreclosed properties and let them know of your interest in working with them. It may surprise you how cooperative they can be.

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