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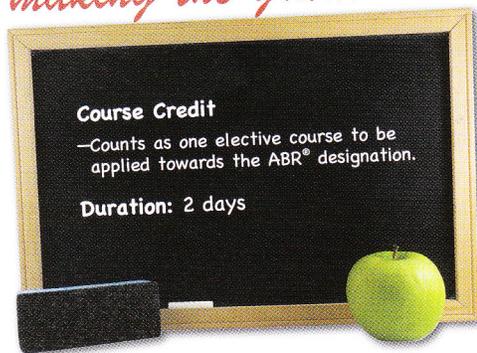
# Foreclosure:

## Prevention and Opportunities for Buyer-Clients

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**F**oreclosures have been occurring in record numbers. Even though foreclosure is a sad fact of today's market, buyer's representatives can view this situation as an important purchasing opportunity.

*making the grade...*



But foreclosures only present an opportunity if you know how to deal with the unique challenges posed by these properties. To be successful in this niche market, you need to understand the ins and outs of finding, negotiating, and closing on bank-owned properties (also called real estate owned, or simply REO, properties). That's the single greatest benefit of taking Foreclosure:

Prevention and Opportunities for Buyer-Clients. Here's a brief preview of three areas that the course addresses in greater depth, along with other topics:

### 1. How do you find foreclosure properties?

Look in your MLS. Most bank asset managers list their REO inventory with one or two local brokers. Also, Web sites like realtytrac.com, foreclosure.com and melissadata.com give buyers and agents access to foreclosure properties nationwide.

### 2. Perform your due diligence before showing a foreclosure property to buyer-clients.

Complete a current market evaluation and detailed analysis of the market for each property, looking closely at the absorption rate. Due to

100–110% loans, negative amortization, and other exotic loan programs offered in recent years, many foreclosed properties are not worth what the lender has invested in them.

Ensure that your buyer has a right to inspect the property before making an offer. REO properties are typically sold "as is." Still, your buyer should conduct an inspection so they know what they are in for. Unfortunately, owners in foreclosure sometimes inflict damage to the property prior to moving out.

Verify whether or not foreclosed owners have a right of redemption after a foreclosure sale in your state. Some states allow foreclosed owners the right, within a certain time frame, to pay up and reclaim their property.

### 3. Make certain that your buyer understands that negotiations with the lender can be long and drawn out, and with uncertain results.

Lenders can be reluctant to accept that market value is what they can get out of a property, not what they have invested in it. The longer a house sits in their inventory, the more likely they'll negotiate favorably with you. Usually you'll be dealing with the bank's asset manager, who has limited authority. But if you can establish contact with the bank's loss mitigation specialist, you'll have a better chance of negotiating a favorable outcome for your buyer.

Despite these apparent hurdles, there are many opportunities for buyers and their agents in foreclosure transactions. Now is the time to learn the rules. Be patient and good luck.