



Buying in a *Buyer's Market*

What to watch out for.

Distressed Properties: Who is the Seller?

For a Short Sale, the owner (individual) is the seller of the property.

For an REO property, the bank is the seller of the property.

Buying a distressed property? You will need...



TIME—Both short sales and REOs will take longer than traditional sales between buyers and sellers. You should allow up to 90 days or more.



FINANCING—If you don't have very strong financing already lined up, you need to get pre-qualified prior to making an offer.



PATIENCE—Buying a distressed property can be a great way to get a deal on a property, but be prepared for the out of the ordinary.

So, you are a buyer in a buyer's market—what an excellent time to be in the market to purchase property! Inventory is available and sellers are looking for you; however there are items you need to watch out for to protect yourself and make the most of your home-buying investment.

Just because it's on the market doesn't mean it's for sale.

This can be a difficult concept for many buyers to understand, but it should be one you are familiar with. While foreclosures and short sales are a great way to purchase property at below market value, the reality is that unless a qualified agent is handling these properties, the chances of closing decrease considerably.



When looking to purchase a short sale or foreclosure, you should discuss the following with your agent:



1. Multiple Contracts

When you are purchasing a home and put it 'under contract,' you should be the only buyer pursuing that property. If your listing agent submits your contract as one of many, or even worse, signs multiple contracts, you are in essence entering into a blind auction for real estate. Unless you are an experienced investor, this will likely be an uncomfortable situation.



2. Inspection Allowances

Regardless of what type of property you decide to purchase, you need to make certain you have the right to have a professional fully review the property and report to you their findings. This is critical!



3. Submit a Strong Contract

Treat a short sale or REO like any other contract and put your absolute best offer forward. If you truly want to purchase the property in question, make your offer count.

Pre-Qualification is More Important than Ever

In today's market, any seller will want to see that you are a strong buyer and have been fully pre-qualified with financing. You will want to meet with at least one (if not two) mortgage brokers or lenders to get pre-qualified.

You will want to make certain you are comfortable with:

- The Mortgage Program
- Your Monthly Payment
- Any Projected Payment Increases
- Payment or Interest Rate Adjustments and Time Periods

Laying out a financial strategy prior to finding a home allows you to confidently target homes in your price range.



Hire an Educated, Experienced Agent

Short sales and foreclosure purchases are not typical real estate transactions. They can be difficult and come with their own specific challenges. However, the right agent can help guide you through this process and help you purchase the property you are looking for.



Agent's name: _____

