



# Buying a Foreclosed Property

## TYPE OF FORECLOSURES

Type of Foreclosed properties depends on who is selling. If the property is being sold by the Lender you may have more flexibility in getting the deal done faster with option to do your due diligence by placing conditions on the contract. Judicial or court ordered sales, the process can be very lengthy and uncertain.

## UNCERTAIN POSSESSION DATE

Bank Foreclosures may allow you to set your preferred possession date in Judicial Sales, possession date is left up to the courts. The courts may also allow original owner to come up with the money to extend the sale process or cancel it all together.

## ACCEPTANCE TIME

In Bank Foreclosures the process could be quite quick depending on restriction set by the lender. Bank may set a number of days on MLS before they consider any offers and you will not get a response on the weekend. With Judicial sale, the waiting time may extend to weeks or months until the court date is set for offer presentation.

## WHERE IS THE MONEY?

Before starting to buy a Foreclosure property you must make sure you are approved for financing. Ideally, if you have cash, investments that can be liquidated in a short time period or use the equity in your other properties. If new financing is required be aware that you might not have access to the property to do an appraisal if one is required by the lender.

## DEPOSIT ?

Deposit as always must be available in a short time period and delivered when the offer is accepted by the bank. In a Judicial sale deposit must be provided in certified funds with the offer submitted to the listing brokerage. These funds will be withdrawn and returned if the offer is not accepted. Typical deposit depending on price can be in the range of \$ 5,000 to \$ 15,000.

## SOLD "AS IS WHERE IS"

In other words buyer accepts all risks. Lender or Courts will not provide any documents pertaining to the property, for example; permits, condo documents, municipal compliance, tax debts etc. Buyer is responsible to do the "due diligence" before offer submittal. Judicial listings will not allow buyers to have Financing or Property Inspection conditions.

## GOOD DEAL OR NOT?

Everyone will have a different idea of what is a good deal for them. Buying a Foreclosed property can have it's financial benefits. Typically these properties are neglected, damaged or full of junk. They are priced below market value because of that. If you have the experience, funds and risk tolerance to take on these projects, than buying a foreclosure will pose a lesser risk to you as opposed to a first time home buyer.

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CALL TODAY