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5 - foreclosure tips

(1) GET PRE-QUALIFIED

This is the first and most importance step in foreclosure home buying, the bank wants to know that you are qualified to make the purchase, they do not want to wait 30 days to have a loan turned down. Lenders have tightened up their requirement for credit and are also requiring larger down payments. A major bank or lending institute can pre-qualify you the same day. A pre-approval letter or proof of funds is required by the bank to be submitted with the offer on all foreclosed properties. This will show the seller that you are willing and able to close this sale.

(2) WORK WITH AN AGENT THAT WILL KEEP YOU UPDATED DAILY AND WEEKLY

When the bank buys back the property at auction it is then referred to as a REO (Real Estate Owned) property. Every day that the property is not sold the bank is losing money. The banks will assign these properties with a realtor to be listed on the MLS. The best way to get these listing emailed to you is to subscribe to my Foreclosure email update list at MarcoNaplesForeclosures.com Let me know what your criteria is and I'll forward properties that meet your needs as often as daily.

(3) WHEN THE PRICE DROPS ON A FORECLOSED PROPERTY INVESTORS TAKE NOTICE

Most all of the foreclosures are listed 10-15% below fair market value
If the property has not sold within in 4-6 weeks the seller will usually reduce the asking price, at that time many investors will step in and make a cash offer most times forcing a multiple offer situation the bank will then counter with the highest and best offer . The best opportunity for a home owner to buy a foreclosure is to make an offer at or near the asking price when the property is first listed, keep in mind that most foreclosures are already price below the market value.

(4) MAKE A REALISTIC OFFER

Nobody wants to leave any of their money on the table, but low balling the seller almost always never works, there are many other buyer competing for the same property that will make a realistic offer and most times the bank will not even respond to an offer that is 30-40% below the fair market value. All foreclosures are MarcoNaplesForeclosures.com



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sold AS/IS with the right to inspect the bank will not warranty and most times will not do any repairs.

Try not to add contingencies that might cause the seller to reject your offer.

Banks will also require you to read and sign an addendum that release them from any further liability

(5) CLOSING COST

On almost every foreclosure transaction the bank (seller) insist on using their title agency, but will pay for the buyer title insurance. I suggest that you have an Independent title search preformed either by a lawyer or a title company to protect you

Some typical buyer closing costs may include:

1. Financing: Appraisal, loan fees (points, application fee, credit report), FHA or VA fees, fee for preparation of mortgage (if any), prepaid interest (if any), prepaid insurance and tax reserves (typically, 12 months of insurance and tax reserves)
2. Inspection fee
3. Pest inspection
4. Survey
5. Mortgage insurance
6. Hazard insurance
7. Title search
8. Title insurance (owner's and lender's coverage) (Owners policy paid by Bank)
9. Documentary stamps on the note (.35 per \$100)
10. Intangible tax (.002 x mortgage amount)
11. Recording of deed and mortgage

NOTE: If a buyer finances the purchase, it is common for closing costs to approximate 3% of the purchase price. If a buyer pays cash closing cost run 1-2% of purchase price