

Beginners Guide to Finding Bargain Priced Foreclosure Properties

Thank you for downloading this report from our website. You are receiving this free report because you are interested in learning more about wholesaling real estate, flipping houses and buying bargain priced foreclosure properties.

The Foreclosure Crisis has created an abundance of bank owned REO properties and short sales. Many of these properties have been listed on the market and the increase in inventory has caused real estate prices in the U.S to decline dramatically. In some states as many as 1 in 10 homeowners are facing foreclosure and cannot afford their mortgage payments. Many of these homeowners would like to sell their home in order to avoid foreclosure and are considering a short sale.

This crisis creates an opportunity for real estate investors. Cheap bank owned properties can be purchased for pennies on the dollar and are selling at a substantial discount to their true market value. These bank owned REO properties are typically listed on the MLS (multiple listing service) and can be viewed on many websites such as www.realtor.com, www.zillow.com or www.trulia.com.

You are reading this report because you know that buying real estate now is an incredible opportunity for you to make money. It is an opportunity regardless of whether you are buying a house for yourself, a house to fix and flip or a house to keep as a rental property. Either way regardless of whether you want to wholesale real estate, flip real estate or buy and hold real estate you know that prices are now so low that this represents a historic buying opportunity. And this represents an opportunity for you regardless of whether you do or do not have any cash.

If you are interested in buying a bank owned property to wholesale, flip or keep as a rental property then you might have spent a considerable amount of time searching online on real estate sites for bargain priced properties in your area. And if you have, then what you have found has probably been pretty discouraging. There is so much competition today from buyers looking for bargain priced properties especially lower priced homes. The cheaper the house the more likely it is that landlords and rehabbers that want to fix and flip these houses have already purchased them. If you have been trying to buy a bargain priced bank owned property for cash then you have probably found that almost every house is either sold, contingent or pending sale.

Whatever properties are still available are often short sales where the bank has not even approved the short sale. These short sales are often listed by realtors that may or may not have previous experience in submitting short sale offers to banks. As a cash buyer it can be pretty frustrating to actually try and buy a bank owned property only to find that all of the good properties have already been sold. And this applies regardless of whether you are buying a property for yourself, a property to wholesale or a property to fix and flip or keep as a rental.

One good source of finding good deals at decent prices is to network with “real estate wholesalers” in your area that know how to find great deals at good prices. These wholesalers don’t want to keep the houses for themselves; they simply want to flip them for a small profit to other investors. For example if you want to see a list of houses that we have in South Florida visit <http://www.floridawholesalerealestatedeals.com>. The easiest way to find real estate wholesalers in your area is to attend your local real estate investment club meetings. Every town has a local REIA (real estate investor association) and these can be a great source of information for wholesale deals and networking with other real estate investors. If you live in South Florida or if you ever visit South Florida make sure you stop in at our Real Estate Investment Club which meets on the first Tuesday of every month at 6:30 P.M. for more information about our real estate investment club meetings visit <http://www.distressedreia.com>.

Buying properties from other wholesalers makes your job as a real estate investor much easier. All you need to do is sign up for their cash buyers list and then wait for them to send you an email with their latest wholesale real estate deals. If you see something you want to buy then you can make an offer and buy it from the wholesaler who will make a small fee. We send out these “wholesale deal” emails on Mondays and Wednesdays. If you have signed up for our cash buyer list then you are already receiving these emails. If you have not signed up and you would like to receive our wholesale deals then you can sign up for our cash buyer list by visiting: <http://www.cheaphousesinsouthflorida.com>

If you don’t want to buy properties from other wholesalers and you want to find the properties by yourself then you will need to learn how to find great deals that other investor’s cannot find. And the way that you will do that is by not behaving the same as all the other wannabe real estate investors out there. You will need to look for deals in places where no one else is looking. In other words you will need to learn how to beat the competition (all the other cash buyers). And the way that you will do this is by learning exactly what wholesalers do and how they consistently manage to find all of the great deals before other investors do. A great way to get a quick introduction to learn how to find wholesale real estate deals is to attend our Distressed Real Estate Boot Camp which is held twice a year in South Florida. We have trained thousands of students how to find great deals at really cheap prices. Many of our students are now full time wholesalers, rehabbers and landlords. You will benefit from the boot camp regardless of whether you want to fix and flip houses, buy and hold real estate long term or wholesale real estate deals to other investors for a small fee. If you want to learn more about the Distressed Real Estate Boot Camp please visit this link: http://www.lexlevinrad.com/Boot_Camps.html

The best way to find great deals is to do what wholesalers do which is to locate them yourself. The way that you do this is by creating your own advertising campaign to find bargain properties directly from distressed homeowners that are currently facing foreclosure and thinking about selling their home. You see, prior to a property going to the foreclosure auction and selling at the courthouse it is still possible to submit a short sale offer to the bank. And right now, with the abundance of foreclosures on the market

the banks are beginning to take short sale offers much more seriously than they did in previous years. In fact in many cases they are even paying the owners money to complete a short sale. We have recently seen cases where the banks have paid homeowners as much as \$20,000 to complete a short sale.

The reason for this is really quite simple. When a bank has a bad loan on their books they are forced to pay a mortgage insurance premium. This premium can be as much as 15% of the value of the outstanding loan. In addition to this, legal fees to foreclose on a property can be substantial especially if the homeowner hires a foreclosure defense attorney. It can take a bank six months or even longer to finally get the deed to a property and take the property back.

This means that while the bank is waiting to take possession of a property they are losing at least six months or more of interest payments. In some cases it can take as long as 2 years for a bank to get their property back if the foreclosure lawsuit was not filed or served correctly or if the homeowner files bankruptcy.

At the foreclosure auction, only a small percentage of properties sell to cash investors. The majority go back to the bank. Since the bank is the mortgage holder with a first mortgage secured by the property, the bank can get the deed to the property and own the property. Once the bank gets the deed to the property, the bank requests a BPO (broker price opinion) from a local realtor and the asset manager at the bank decides based on the broker price opinion what the property is worth and how much it should be listed for on the MLS (multiple listing service).

The property is then handed over to an REO listing agent who lists the property for the bank based on the instructions and pricing that the asset manager at the bank gives the real estate agent. The bank has to evict whoever is living in the house, has to pay to clean out the house and then still has to pay a 6% real estate commission in order to sell the house to an investor. The bank also has to pay closing costs, outstanding liens and any code violations in order to finally sell the house to an investor. It is estimated that it costs banks on average approximately \$30,000 per foreclosure case to get rid of a house in foreclosure. More expensive houses can cost the bank a lot more than that.

For this reason many banks are taking short sales offers much more seriously and would rather simply sell the house to a cash investor via a short sale instead of going through the cumbersome REO process above. From the banks perspective putting more properties on the MLS will just flood the MLS with inventory which will further reduce prices and increase their losses. The banks know this and for this reason have been holding on to their inventory and releasing it slowly. In fact over the past year there is more investor demand than there is supply of houses which has resulted in an increase in prices.

From the perspective of the bank it makes much more sense for the bank to ensure that their foreclosure inventory never hits the MLS. The last thing that the banks need is more bank owned properties on their books. So this leaves the banks with only two

good options. Either the loan has to be modified via a loan modification or the bank has to agree to accept a short sale offer. A short sale occurs when and if the bank agrees to take less than the full balance that is owed to them on the original mortgage. Savvy cash investors submit short sale offers to the bank to buy properties directly from the bank and bypass the foreclosure auction entirely. Accepting a short sale offer makes sense for the bank as well as the homeowner. The bank receives as much as they can for the property without incurring the additional costs and legal expenses of pursuing a foreclosure lawsuit. The homeowner avoids having a foreclosure on their credit report and gets to walk away from the property. In most short sales, the bank agrees to a non-deficiency judgment which means that they will not sue the homeowner for the difference between the original mortgage and the amount that the property finally sells for. Most short sale investors make this part of the short sale offer.

So if you are looking for a cheap bank owned property in your area and you do not want to compete with all of the other investors for REO listings that are on the MLS then you either need to buy directly from a wholesaler or you need to find homeowners that are in foreclosure and would like to sell their home. Any homeowner in foreclosure who is planning on walking away from their property would be happy to have a completed short sale instead of a foreclosure on their credit report.

So how do you find these home owners in foreclosure?

An often overlooked approach by beginners is to utilize the classified ads both online and offline. The simplicity of this approach is so simple that many investors simply overlook it. I have even had new real estate investors tell me that it is ridiculous to suggest that they can find bargain priced bank owned properties out of the classified ads in their local newspaper. However, if you think about it a little you will realize that if you were a homeowner in foreclosure and you were desperate to sell your home you would maybe consider placing a classified ad to see if you could find a buyer for your house. This is exactly what many homeowners in foreclosure do. And savvy cash buyers put their own ads in the same classifieds saying something like "We Buy Houses for Cash". When you are looking at the classifieds in your local newspaper or online on sites like www.craigslist.com or www.backpage.com you just need to be able to recognize the classified ads that practically jump off the page saying "desperate seller". Search for words like "short sale", foreclosure, "must sell", "make offer", "any offer considered", "handyman special", "needs work", "investor special" "desperate" "hurry" "must sell quick" etc. When I first started looking at the classifieds it took less than one month of reading the classified ads for me to find a bargain priced property. The first property that I found from a classified ad was not for one house but for three houses!

These houses were all located in Port St Lucie, Florida, and two of them were on the same street. All of these houses were for sale by a wholesaler that had signed a contract to purchase all three houses from the same seller and the wholesaler wanted to "assign" (flip) the contracts. The houses were worth around \$140,000 at the time but had sustained some roof damage from one of the hurricanes. I agreed to buy the houses for \$95,000 each and after paying for the roof repair and some basic cleanup

there was around \$90,000 in equity in those three houses. My real estate mentor and his partner still own those houses as rental properties today. Believe it or not, you can get amazing bargains right out of the classified ads in your local newspaper. I have the complete story about those 3 houses and the first 10 houses that I purchased with no money down in my Home Study Course called “Millions in Real Estate with No Cash and No Credit”™. I give this Home Study Course to everyone that attends my Distressed Real Estate Boot Camp in order to make sure they really understand the concept of distressed real estate and distressed sellers and why someone would sell their house for less than what it is worth.

You can also find houses by advertising your services to potential distressed sellers by placing a classified ad in your local newspaper classifieds. Simply place an ad that says “We Buy Houses for Cash” with your phone number. The phone will start ringing immediately and you might get as many as 3-5 calls per day. You can also get creative by targeting short sales specifically and saying something like

Are You Behind On Your Payments And Considering A Short Sale?

Cash Buyer Looking To Buy Houses That Are In Foreclosure!

No Fees, No Obligation. Free Phone Consultation. Call 800-Your Number.

This soft sell approach of placing a classified ad is a great way to find homeowners in distress. By placing an ad, the home owners will be calling you instead of you calling them. Psychologically you are in the drivers’ seat. They are calling you because they want your help. They want you to buy their house. It is up to you to decide if you want to buy it or if it is even feasible for you to buy it at the price that the bank wants you to pay.

The only way you will know this is if you negotiate a short sale with the bank. You will need to meet with the homeowner and get all of the necessary documents from them in order to submit a short sale offer. You can also use a short sale negotiator like we do to negotiate the short sale on your behalf. We have expert short sale negotiators that can negotiate a short sale anywhere in the U.S.

In addition to classified ads, I have also found the following methods to be very useful in locating distressed homeowners in foreclosure. We teach all of these methods and how to use them at our Distressed Real Estate Boot Camp:

Bandit Signs – If you want to use the signs we use visit this link:

<http://www.supercheapsigns.com/partners/lex-levinrad>

Postcards – mail 4 x 6 postcards to homeowners in foreclosure in your area. Buy a list of notices of default or lis pendens leads for your area. We have Lis Pendens leads for Florida that we can provide to you.

Yellow Letters – mail these to homeowners in foreclosure. Visit the resources page on our website for yellow letter information at: <http://www.lexlevinrad.com/resources.html>

Attorneys – Foreclosure Attorneys and Probate Attorneys can be a good source of leads for real estate deals. Network with them and you will get good results. Take these attorneys to lunch and you can get a good referral source for these deals.

Listing Agents – Network with REO listing agents and find out who is getting all of the REO listings. Take these agents to lunch and pay for their lunch and tell them you are looking for deals. Some will enjoy the free lunch and never call you but some of them will start calling you with deals. And you will be able to pay for many more lunches from the profits of just one good deal.

Social Networking - Twitter, Facebook, Linked In, Pinterest and You Tube are great ways to make sure that sellers can find you

Internet Marketing – Learn how to use capture pages to get desperate sellers online 24 hours a day 7 days a week. We teach this at our Real Estate Internet Marketing Boot Camp. For more information about using the internet to find desperate sellers visit the boot camp page at this link: <http://www.realestatemarketingbootcamp.com>

Online Classified Ads – Place ads on Craigslist, Backpage, Ebay Classifieds, and other online sites where sellers can find you.

Real Estate Investment Club Meetings– Go to meetings held by your local real estate investment club or association and network with other buyers and wholesalers and investors. Become known as the short sale expert and people will start referring you deals.

Bird dogs (property finders) – Hire other people to do all of the above and pay them a percentage on each deal or pay them by the hour. Put your teenage kids to work and bribe them with a new xbox or iPad if they help you find a deal that successfully closes.

When you have sellers coming to you, you have all the control. You decide which deals are worth pursuing and which are not. You won't be dealing with hostile homeowners, but with people looking for your help. Be honest and sympathetic to their needs and let them know if you cannot help them. Don't let them think that you will solve their problems if you cannot. And please educate yourself about the foreclosure process and foreclosure laws in your State and know what you are doing because if you don't then you are not helping them but hurting them. They will also see that you have no experience and will not feel comfortable talking with you about their situation.

Get some training and education and use a short sale negotiator if you don't know how to negotiate a short sale. Remember the goal is to help them avoid foreclosure. Never ever forget that you are there to help them. A lot of responsibility comes with that so make sure you know what you are doing and please don't ever give a homeowner in foreclosure any legal advice if you are not an attorney.

You also need to make sure that you are aware of local foreclosure laws. For example in Florida CS/HB 643 and CS/SB 992 were made part of Florida law in 2008 since there were so many scam artists taking advantage of homeowners in foreclosure. Every city and state has different laws when interacting with homeowners in foreclosure so make sure you are aware of your local State laws. If you buy a house from a homeowner in foreclosure and they claim after the fact that they didn't know that they would lose their home then you will have a big problem and a lawsuit. Make sure that you have an attorney prepare or review any documents that you intend to use.

Taking some of the steps that I have mentioned above will mean spending some money on advertising and marketing. Distressed sellers will not find you if you don't advertise. Most real estate investor's especially new real estate investors don't want to spend money advertising. That is bad for them and good for other real estate investors that do advertise like me. For example look how much time and money it took to prepare and write this report.

And you got this report from a website which took more time and money to create. But because of that advertising you are now reading this report. That is why my phone rings with desperate seller leads every single day. And that is why this report has been read by over 30,000 people many of who sign up and attend one of my real estate boot camps. You must advertise for desperate sellers. You must take this first step if you want to find great wholesale deals. If you are not willing to take this step then you are going to need to buy deals from wholesalers. Many cash investors do this and it is certainly an easy way to get access to great deals. But to make the most profit you will need to find the deal yourself by advertising and marketing for distressed sellers.

Advertising and marketing can be the difference between finding a bargain property and not finding a bargain property. If you made \$30,000 on one property by buying a house for \$70,000 that was worth \$100,000 then that would pay for many years of advertising. If you are serious about being a real estate investor and finding bargain priced bank owned properties and short sales then you should be prepared to spend some money advertising yourself and your business services to desperate sellers.

I hope you enjoyed reading this report and I would like to personally wish you the best of luck in your real estate investing. Please visit my website at www.lexlevinrad.com for more information about investing in distressed real estate, buying foreclosures, short sales and bank owned properties. I have trained thousands of investors how to wholesale real estate and flip houses and I can train you too. If you want to learn more about wholesaling real estate and flipping houses then read my book "Wholesaling Bank Owned Properties" which you can find in the Amazon Kindle Store at this link: <http://lexlevinrad.net/wholesalingbook> . If you want to learn specifically about fixing and flipping houses then make sure you attend our Fixing and Flipping Houses Boot Camp. You can find information about the fixing and flipping boot camp at: <http://www.fixingandflippinghouses.com>

If you have any questions about any of the information in this report please call our office at 800-617-2884 or 561-948-2127. You can email any questions you have about wholesaling or fixing and flipping houses to our dedicated support staff at support@lexlevinrad.com . Make sure you visit the Wholesale Real Estate Forum for more information and networking with other real estate investors at this link: <http://www.wholesalerealestateforum.com>. We also post new articles about real estate on our real estate blog at <http://www.lexlevinradblog.com>

I wish you the best of success in your real estate investing,

Lex Levinrad

Founder and CEO

The Distressed Real Estate Institute™

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www.SouthFloridaPropertyListings.com
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