

## HOW TO FIND FORECLOSURES

by **Barbara Nevins Taylor**

Foreclosure is a tragedy for most families who lose their homes. But it is also an opportunity for buyers.

Real estate attorney Adam Leitman Bailey, author of *Finding the Uncommon Deal* is enthusiastic. “Never in American history have there been better deals than now.”

Chose a neighborhood you like and begin to look for homes that are in pre-foreclosure. You want to find out if anyone needs to sell their property. Neighbors and friends are often good sources of information.

Leitman Bailey suggests you network, “Ask the neighbors. Listen when you go to a cocktail party, or a house party.”

### **COURT RECORDS**

You can also check records in the county clerk’s office. Every time a bank sues for foreclosure it files what’s called “notice of pendency,” or “Lis Pendis.”

### **NOTICE OF DEFAULT**

In simple language, it’s a notice of default. The notice of default is usually sent to a homeowner 30 to 45 days after the first payment is missed. The notices are available to the public in the local courthouse or administration building. Some counties post everything online.

### **TALK TO THE HOMEOWNER**

If you locate a property you’d like to buy and the homeowner still lives there, you might try simply knocking on the door.

Leitman Bailey says, “You want to use your social skills. You are going to start with, ‘Hi. How are you? I’m looking to buy a home for

my family, and I understand you may be selling.’ Stop there and let them speak.”

If the homeowner is willing to talk, you might suggest a short sale and offer to pay less than what the homeowner owes the bank. Homeowners sometimes agree because a short sale does less damage to their credit rating than a foreclosure.

## **SHORT SALE**

If you agree on a price, call your attorney. Leitman Bailey warns that you’ll need a contract. “You want to have a contract with the seller saying that if they can sell and they get this number, they have to sell to you.”

But Mike Copley, Executive Vice President of [TD Bank](#), says banks aren’t always quick to respond. “The caution there is that the negotiation for the final sales price may be a little bit stressful. Banks may not be willing to negotiate as quickly as the buyer may think and that takes time.

## **NEWSPAPERS AND ONLINE SITES**

When a property goes into foreclosure, some local governments list them in newspapers, and the newspapers often post the information online. Companies such as [Property Shark](#) and [RealtyTrac](#) compile all of this information and make it available online for a fee

## **FHA FORECLOSURES**

HUD, the VA and other agencies often take property after homeowners with government-insured loans default. These listed on line state by state and city by city at [www.HUD.GOV](http://www.HUD.GOV).

## **BANK OWNED PROPERTIES REO**

Similarly, banks list on their websites foreclosed properties that they've taken back. You might check [Chase](#), [BankofAmerica](#), [Wells Fargo](#) or [CitiBank](#) to look for property in your area. Banks use the term *Reo* on their websites as short hand for "real estate owned." These are the foreclosed properties in the banks' possession.

Attorney Leitman Bailey says, "I love the bank-owned property because you don't have to worry about what mortgage you are buying, or what liens there are on the property.

A lien is placed on the property if the homeowner owes someone money, say a plumber or roofer, or there's another mortgage outstanding. Make sure that no one has a claim to a home that you want to buy.

## **TITLE SEARCH**

"The consumer really needs to know, is the title free and clear of any other liens or encumbrances prior to them taking over the home," says TD Bank's Copley.

That's why it's important to use a professional title search company to research the property before you buy a foreclosure. Copley says, "The last thing you want to happen is you a buy a foreclosure and six months into it, you get a knock on the door or a letter in the mail saying, 'You're in my house. I have the title before you do.'"

## **HOME INSPECTION**

It is also important to try to get a home inspection, which is an investigation of the structure and the mechanics including plumbing and electrical systems. You can hire a mechanical or civil engineer, or a licensed home inspector to do the job. It's money well-spent.

## **FORECLOSURE AUCTIONS**

A home inspection may be impossible if you buy a house at a foreclosure auction. County sheriffs run foreclosure auctions regularly and there are opportunities if you are knowledgeable about the property and the process. But buying at auction is tricky. You are likely to find yourself in a small room with professionals who've investigated the property and know what it is worth. The bidding goes quickly and is often confusing for a novice.

Attorney [Leitman Bailey](#) warns, "It's a risky game. You had better know the market and what it should go for." Sheriffs usually list requirements for bidding on their websites. There is a protocol and cash is generally required in specific dominations at the time you bid.

