

SPECIAL REPORT

**THE 22 BEST SOURCES
FOR FINDING HIGH GROWTH
INVESTMENT PROPERTY**

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Introduction

As conscious consumers, we bargain shop for our clothes, our cars, even our groceries. So why not bargain shop for homes? While some homebuyers prefer a more simple approach, others are willing to put their nose to the grindstone to find the best bang for their buck. Luckily, for bargain shoppers, there are many options available.

Whether you're looking to invest and turn a profit or are looking for your next home, you should never pay full price if you don't have to. There are a few good techniques you can apply to find good deals as a buyer in most any market. For instance, a lot of people know that buying a home that's been foreclosed on can save you some cash, but did you know that you can get that home for cheap before the foreclosure sign is put up? We'll discuss this, and more, in this quick guide to bargain shopping for real estate.



Foreclosure Deals

A foreclosure occurs after a homeowner fails to make payments on their property. When a foreclosure property hits the market, it doesn't take long before the sharks start to circle. As a first-time homebuyer or as a real estate investor, these are deals you will want to jump on. The reason is, that little tag hanging from the For Sale sign that reads "foreclosure" is essentially a clearance sticker. But before you jump right in, you have to take the time to learn the process.

When a homeowner falls behind on their mortgage payments, this typically means they have been struggling for quite some time. This could also mean that, in some cases, the home may be in general need of repair and maintenance. Be prepared to deal with leaky roofs, missing light bulbs, poor landscaping, cracked windows, broken appliances, etc. So while you may be getting a steep discount when buying foreclosures, it is important to understand your total cost of repair before making any moves.

“The foreclosure process varies from state to state. However, in most cases, if the borrower has missed 90+ days of payments, a Notice of Default is then placed on the home. The loan is then handed over to a foreclosure department and the default is officially public record. Typically, if the loan isn't brought current within three months, a foreclosure date is established.”

Finding Deals in Pre-Foreclosure

Being that foreclosure homes are public record, purchasing these homes becomes a highly competitive business. That is why some real estate professionals choose to specialize in working with homes that are in the “pre-foreclosure” stage.

- Notice of Default is sent when a homeowner misses a mortgage payment.
- The property owners are told that they have to pay up within three months, or risk losing the home.
- A potential buyer is given an opportunity to purchase the property and save the homeowner from a pending foreclosure.

One of the biggest tasks you will have when buying a home in pre-foreclosure is getting the homeowner on your side. When an investor is involved in the deal, he or she has to make a profit. If you are an investor, be direct with the homeowner and let him or her know that you will stop the foreclosure process, but you also intend to make a profit. Create a win-win situation.

What are Short Sales?

“Short sales are a possible solution for a homeowner in this situation. If the homeowner owes more on the loan than the property is actually worth, you should educate them about this option. Banks are willing to accept less than what is owed because they are in the business of making money, not owning homes. If a lender has to take the home back and foreclose on it, it will become a non-performing loan in their books.”

A Few Benefits of a Homeowner Avoiding Foreclosure:

- Protecting credit
- Recovering equity
- Freedom to rebuild your life

Make sure you get an update on the status of a home before proceeding. Once you've done a considerable amount of homework, you can contact the homeowner and let him or her know that you are interested in their property. Try to arrange a meeting if possible to discuss things in person and, if they are willing, take a tour of the property.

Once you've contacted the owner or the listing agent and are all on board, you will negotiate a purchase agreement and hopefully purchase the home. You will need to negotiate the terms, enter escrow, and close the deal before the property is scheduled for public auction.

“Buying pre-foreclosure homes can be the most profitable segment of real estate. Unfortunately, it’s also the most misunderstood. Before you move forward buying homes in pre-foreclosure, do your research and consult with an expert!”

Auction Properties

There are two different ways a house can reach an auction: either the home has gone into the foreclosure process, or the owner did not pay property taxes. The starting bid on the home can be the remaining balance on the mortgage, or lower.

Once a home reaches the courthouse steps, buyers must be ready to pull the trigger fast. Buying a house at the auction can be a high risk, but the reward can be extremely high as well. You will have to do a lot of research about the current market and have a solid understanding of just how much you're willing to spend.

Keep in mind that when buying a property at an auction, you will likely be required to buy the home with cash. Each auction company and county government requires a certain method of payment. Familiarize yourself with the process of your local auction ahead of time.

One of the biggest tips we can provide is to make sure you have someone with you at all times who understands the local auction process – especially if you are a novice buyer. This can help you to protect yourself from making a bad decision. Whether the person is your agent or your attorney, have someone there to represent you in the transaction. Having an expert's help will allow you to reap the benefits and avoid the risks.

Here is a list of the biggest pros and cons of buying at an auction:

| PROS | CONS |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Potential for deep discounts• Closing typically happens within 30 days of the auction• No negotiations- either the bid is accepted or denied | <ul style="list-style-type: none">• Not always time for an inspection• Homes are purchased “as is”• Full purchase price required same day• Tax liens become responsibility of new homeowners |

Bank Owned Homes

A bank-owned property, also known as real estate owned (REO), is a home that fails to sell in a foreclosure auction. These properties can be a great bargain for homebuyers. If you are an inexperienced buyer, bank-owned properties can be some of the safest deals you can get. Since the bank owns the home, they can sometimes end up taking care of things like tax liens or repairs that you may have had to otherwise do. Also, lenders trying to rid themselves of underperforming assets may be willing to offer more attractive terms.

While some REOs are given steep discounts due to damage or location, others may be competitively priced. For this reason, you will want to have an official inspection done on the home, and consult with an expert before you sign any paperwork.

The timeline for an REO purchase can also be a bit longer than a typical purchase. An REO offer is often reviewed by a number of parties, making the process a bit lengthy.

Keep in mind that while these homes are offered at a discount, banks are still trying to make a profit. So don't be surprised if they counteroffer whatever you throw down.

Ways to Find Bank Owned Properties

- **Multiple Listing Service** - Most lenders will list bank-owned properties on the Multiple Listing Service (MLS). A real estate agent can help you find REOs in your area.
- **Bank Websites** - Some banks have an entire department set up to sell REOs, and sections of their websites are dedicated to their listings.
- **Online Searches** - Some online listing services charge a fee for you to search their database, however websites such as Zillow will have free foreclosure listings.

Everyday Ways to Buy for Less

If you aren't quite ready to jump into foreclosures or the idea of going to an auction is just plain scary, there are other ways that you can chop down the price of a home.

Use Cash

Don't forget that cash is always king. Cash speeds the buying process because it eliminates a lot of hassles. Also, in some cases, as with certain auctions, cash will be the only purchase option.

Find A Good Location

Buy in a neighborhood that is going through a bit of a transition. It may be up and coming, but still moderately priced. Residents around you may have just started moving in and fixing up places for themselves. If you buy at the right time and in the right location, you could get yourself a bargain deal that will increase in value as your neighborhood improves.

Search Online

The early bird gets the worm. Do a lot of online shopping when bargain hunting for homes. Sites such as Craigslist.com can prove to house a lot of great deals. Be the first one to find it and you can save yourself a pretty penny.

Apply For Grants

Some towns offer transitional and developing neighborhood homes at very steep discounts. You may have to agree to live in the house for a certain number of years or agree to do a good amount of repairs, however this is definitely a program to search for in the area you're looking to buy.

The 22 Best Online Sources For Finding Property

Best Sources for Investors

1. www.realtymogul.com – This is one of the most buzzed about real estate investing approaches available in the current market. They've established a system in which accredited investors can partner up to fund large deals together. For those who embrace the ways that collaboration can propel their bottom line, this should be your next bookmarked site.

2. www.benutech.net – This is considered one of the finest lead research tools available. Its sophisticated system helps collect and filter numerous “seller triggers” into an impressively accurate and targeted list of “hot leads” for an investor to target. It even allows you to further filter based on what leads have already been listed, giving you unprecedented “laser focus” on the best deals.

3. www.gsaauctions.gov – This is an auction site for government owned property. You can click on the REAL ESTATE button on the home page to view and sign up to bid on any properties of interest. You shouldn't be surprised to learn that a government site has some unique quirks of the “red tape” variety, but you can find one-of-a-kind investment opportunities here as well!

4. www.myhousedeals.com – The deals on this site are coming from other investors and must have room for at least \$15,000 in profit before they can be listed. Because of this, this site is an especially great resource for investors who have a smaller pipeline of deals and are trying to grow. Benefit from the surplus inventory of your peers!

5. www.rehablist.com – On this site, you pay a \$39/month membership for daily updates from the tax rolls, government agencies, and notices of lenders legal actions. This is another great way to get yourself to the front of the line when incredible prospects emerge in your market!

6. www.homelight.com – For many investors, finding the right agent to work with in a particular market is crucial. Because HomeLight is referral based, it has a great reputation for playing “REI matchmaker!”

7. www.homefinder.com – The specialization at homefinder.com is in foreclosed homes, rentals, and potential lenders. Because of this, this site is another unique avenue to refine your search efforts and direct your time and energy toward more strategic investments.

8. www.williamsauction.com – Imagine being able to bid, in real-time, on auction properties available worldwide! Well, no need to imagine, this easy resource has made it real (and simple).

9. www.10kresearch.com – This site is not strictly for finding deals, but is about getting the best information on market conditions to allow your marketing to be more targeted and effective. This is adding some real precision to your efforts and can be customized to your unique needs for just about any market.

10. www.corelogic.com – This is another great “research to find the best deals” approach. It’s good to have choices and to look for the “life inside the numbers” that help guide what markets you target, what to spend where, etc.

Best Sources for Homebuyers and Investors

1. www.hubzu.com – Hubzu is quickly revolutionizing the home buying process for the 21st century. They have a simple, user friendly process that supports finding, purchasing, and closing on properties entirely online.

2. www.auction.com – This is the Nation's Leading Online Real Estate Market Place. The variety and sheer volume of opportunities here, coupled with its ease of use, have made this resource a global leader as a growing group of international buyers have recognized the power of this tool.

3. www.homes.com – This site makes it extremely quick and easy to scan its 3 million or so unique listings. They do a nice job of keeping things simple, while providing relevant detail where you want it (mortgage rates, school info, etc.). With over 700 MLS organizations represented, they comfortably claim coverage in 95% of our US markets.

4. www.realtytrac.com – With a reputation for accuracy and consistency, and over 20+ years in business, this site does a great job of mixing buyer/seller interaction with strong, well-organized training and education materials. The listings are an especially unique mix of foreclosures, bank-owned homes, FSBO, resale properties, MLS listings, and auctions.

5. www.keyzio.com – Sellers and buyers alike have been flocking to this site, primarily because of the speed and simplicity of setting up a unique profile and communicating with others. One of the most exciting features here is the opportunity to browse listings before and after they go on the market, giving you that much needed competitive edge.

6. www.ready4remodel.com – This is a very unique website that specializes in pre-inspected properties that are specifically identified as being ripe for the remodeler. Even if the additional services, which help you pursue financing and renovation assistance, aren't of use to you, this is a great place to look for fixer-upper properties!

7. www.trulia.com – Trulia has helped pioneer the purchase and sale of real estate online and has stayed at the forefront of the industry through their commitment to staying ahead of the trends and perfecting their approach.

8. www.realtor.com – This site is brought to you from the National Association of Realtors. As you can imagine, the site has the scope and depth that comes with access to over 800 MLS services across the United States. Each listing includes comprehensive details and pictures so you have a clear picture of the property that you're looking at.

9. www.Homes.yahoo.com – This site is popular among homebuyers and investors because of its abundance of homes for sale, foreclosures, and new homes. It even allows the homebuyer or investor to narrow their search by zip code.

10. www.redfin.com – Redfin has gained recognition for their decision to have in-house agents, which has yielded impressive buyer satisfaction results. More importantly, they really pride themselves on a unique ability to save buyers thousands of dollars per deal in fees.

11. www.zillow.com – Zillow, like Trulia, has a proven track record and brand recognition behind it. They also claim over 100 million listings and rentals, which is a singularly impressive inventory among this group.

12. Realestate.com/listings/forsale/ – This is yet another site that that is good for investors and homebuyers alike. It boasts an abundance of homes for sale, new constructions, foreclosures, and even rentals.

Wrapping Up

Here is one last look at the different ways you can find high growth investment property:

