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Real Estate Investing 101



1. What are some opportunities?

Savvy investors work with realtors to identify investments on the traditional Multiple Listing Service, such as short sales and REO properties. County sheriff's departments auction foreclosed properties. A lesser known option is to purchase municipal tax certificates for unpaid property taxes. These certificates provide good interest rates and are a priority lien that can be used to start the foreclosure process.

2. What's the difference between a short sale, a foreclosure, and an REO?

In a short sale, the owner needs the bank's approval to sell the property for less than the mortgage owed. Once approved by the bank, the process proceeds normally and the buyer can use a traditional mortgage to fund the purchase.

Buying a foreclosure takes place at a sheriff's sale. After a final foreclosure judgment is entered, the sheriff's office will schedule an auction. These are generally cash transactions. Be aware that there may be property taxes or municipal liens owed on the property.

"REO" stands for real estate owned by a bank. These properties are sold "as is" and can be greatly distressed, but can be a tremendous opportunity when banks seek a quick sale to avoid carrying costs. Investors will use cash or hard money loans to fund the purchase.

3. What else should I consider before investing?

Before spending money, line up professionals to assist you. You'll want an attorney, a realtor, home inspector, general contractor, insurance agent, and tax professional to help you make and protect your investment.

4. What are the risks?

Each investment requires its own risk/reward analysis. Some properties are distressed and require significant repairs. Other times, further legal proceedings are needed such as to evict an occupant or complete foreclosure procedures. You will want to limit your liability through insurance and corporate structures. It is critical that you consult with an attorney and others to protect your investment and guide your decision-making.

We provide *quality representation at a fair price*. Call (609) 298-4280 or email us at Jennifer@Leighton-Law.com to get started.

