

Foreclosures Explained in Four Minutes

Contributed by Scott Baxter
Thursday, 03 January 2008

It is a sad reflection on the times to write that it is currently a good time to invest in a foreclosure property. Does that possibility leave you feeling slightly uncomfortable?

Well, it should not, because when buying a foreclosure property you are probably doing the previous owners a favor. By law, once the foreclosure order is finalized it cannot be rescinded in favor of the original owners again, and the longer the house remains unsold, the more painful it can be.

It is a sad reflection on the times to write that it is currently a good time to invest in a foreclosure property. Does that possibility leave you feeling slightly uncomfortable?

Well, it should not, because when buying a foreclosure property you are probably doing the previous owners a favor. By law, once the foreclosure order is finalized it cannot be rescinded in favor of the original owners again, and the longer the house remains unsold, the more painful it can be.

Having got that out of the way, and having acknowledged that someone has to buy it - why not you? It is no surprise to report that foreclosures are up, but to realize that the figures are up 94% over this time last year is quite a revelation to most of us

A home can be brought into foreclosure once a home owner is at least two months in arrears; a lender can give notice that it will foreclose. The final part of a foreclosure is public auction sale, but before this, the owners do have certain time allowances to bring the loan current. Time varies from state to state.

When we think of a foreclosure sale, to most of us, it is a home coming under the auctioneer's hammer. But buying a 'distressed' property is far more complicated than that. For instance, when looking for a foreclosure you will also come across REOs and short sales.

REOs are not short sales, but some intended short sales can end up as an REO. All short sales are foreclosures but not all foreclosures are short sales.

To further complicate matters; although REO stands for real-estate owned, in fact some bank owned properties are called REOs (meaning real estate owned by the lender). Foreclosed homes can become REOs when the bids have not been sufficiently high enough at an auction. Then the lender retains the property. In the case of an REO, the property is already owned by the lender, through a foreclosure action.

With a short sale, the home is in foreclosure, but has not yet gone to public auction. (In this instance, the lender must agree to accept less than the amount that is owed on the property). This is a legal requirement because this type of sale will save them the problem of dealing with the final part of the foreclosure.

A 'short sale' home is a good investment for a buyer looking for a bargain home. This type of transaction is often

portrayed as happening on the court house steps!

All these different scenarios are pointing to the fact that you will probably feel more comfortable working with a real estate agent that has experience in buying foreclosure homes. This way you will know what to expect at each stage of the purchase and you will be forewarned of the procedures.

Apart from the lower price in foreclosure purchases, there is one other difference. Everything moves very fast. Have your financing ready and expect to feel rushed!

Working with a real estate agent who can inform you of the different stages of the process ahead of time and prepare you for each stage may help to ease your mind and offset any unfamiliar feeling of moving into such a large sale faster than you would choose!

Article Source: <http://www.articlesbase.com/real-estate-articles/foreclosures-explained-in-four-minutes-294998.html>

About the Author:

Written on behalf of Scott Baxter. Scott is an agent that specializes in Prescott Arizona real estate . To learn about Dewey-Humboldt real estate , be sure to visit Scott's website at www.prescottscott.com