



No. 29

Buying a Foreclosure: 5 Things to Know

BY JANET HOWARD
EQUITY SMART REALTY INC

Buying a property out of foreclosure can be a very smart move, financially. But it can also be complicated, expensive, and stressful. Here are 5 things to keep in mind before you take a first step in that direction:

Cash or Pre-approval Required

Buying a house that has been returned to the lender through foreclosure means dealing with bureaucracy rather than with a motivated seller. Large lenders are notorious for taking their time to approve a contract, even if the offer is for the exact amount specified. Then there's the paperwork, which can seem endless. Most lenders require that prospective buyers have cash on hand, or a pre-authorized loan in place



in order to even submit an offer.

There's Little Room for Negotiation

Although in certain circumstances there may be an opportunity for some discussion about the price, that is not the norm in a foreclosure. The minimum price is usually written in stone, even during an on-site property auction, and the only direction is

up! The days of buying foreclosures for a song are long past, if indeed they ever really existed.

As-Is Condition Means Just That

Some buyers specialize in foreclosures while other investors run in the other direction. There are pros and cons, of course, to every transaction. Sage advice is to always



pay the fee for a property inspection on a foreclosed property, even if you have experience. A third-party evaluation is especially valuable if the home has been vacant for an extended period of time, if the utilities have been turned off, or if there are extensive visible defects.

Foreclosures can be like icebergs: What you see may be nothing compared to what lies below the surface. Also, with the findings in writing, always confirm that your loan commitment and insurance quotes will be honored in spite of the existing condition.

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Senate Majority Advances Legislation Penalizing Housing Discrimination

The Senate Democratic Majority last month advanced legislation to hold real estate professionals accountable for discriminatory housing practices. The bill, S.6874A, sponsored by Senator James Gaughran, penalizes licensed real estate brokers and salespersons by revoking or suspending their licenses, or issuing a fine if they violate the Human Rights Law, which includes housing discrimination.

"Housing discrimination and predatory practices will not be tolerated in New York," Senate Majority Leader Andrea Stewart-Cousins said. "By advancing this legislation, the Senate Majority is sending a clear message that you will be held accountable for engaging in unfair, discriminatory, and racist housing practices. I applaud Senator Gaughran for sponsoring this legislation and continuing the Senate Majority's commitment to equal and fair access to housing for all New



Senate Majority Leader Stewart Cousins



Senator Gaughran

Yorkers."

Bill Sponsor, Senator James Gaughran, said, "This legislation will ensure that real estate agents who violate New York's Human Rights Law by "steering" minority families towards certain communities, or other racist practices that deny individuals the dignity of choosing their home and neighborhood, face license revocation. Our nation's soul is in crisis and public officials must speak out against racism and end segregation and discrimination in our

society, once and for all. I thank Leader Stewart-Cousins for her historic leadership in swiftly shepherding passing this bill and fighting for a more fair, and just society."

This legislation, S.6874A, will: Make clear the Department of State is able to revoke or suspend a license, or issue a fine, for violations of the Human Rights Law, which includes the State's prohibitions on housing discrimination. ■

Deed Transfers

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- Advise you on the best way to take title (eg: tenants in common or joint tenants with right of survivorship).
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Advantages of a Listing Agent



Before listing your home for sale, many home sellers are tasked with the decision to hire an agent or make the venture alone.

While the FSBO (For Sale By Owner) avenue might save you a little money by avoiding the commission cost of a listing agent, a real-estate transaction is best navigated with the guidance of an expert.

Recent data from the National Association of Realtors reveals that only 7% of FSBO attempts were actually successful in 2017. Typically, these sales were made when sellers already had a buyer in mind.

Finding the right listing price is considered the most difficult task for this type of sale. Before attempting to join this small percentage of those who sell their homes without expert help, consider the advantages of hiring a professional real estate agent.

Setting the Price

Choosing a price point is more involved than having a home appraised and asking that amount. In fact, while an appraisal is a good starting point, an expert can access a CMA or comparative market analysis to analyze current trends in the area including what similar homes sell for, current market trends, interest of local buyers, and how long homes are listed.

With this important information, a real estate expert can price your home to ensure a profitable sale with a quick turnaround.

Suggest Renovations

A real estate agent is efficient in finding flaws in your property that may slow down a transaction or effect bids from buyers. For instance, if you live in an area that experiences heavy rain fall, a new roof or air-tight windows and doors may be necessary before listing. Homes for sale in regions with intense summers and brutal winters can



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BRIAN FIGEROUX, ESQ.

benefit from an updated HVAC system. If you decide to purchase a new unit, make sure to keep warranty paperwork on hand to pass on to the next owner. Small incentives like this can make the difference between receiving unimpressive offers and making a sale.

Be sure to brag about recent upgrades in your listing. Buyers know what they're looking for, and an agent understands how to advertise your property so they can find it.

Dealing with Negotiations

Once you have accepted an offer from a home buyer, there is still one roadblock in the way before you head to close. Most offers are contingent on a home inspection, meaning an independent professional will inspect the property for flaws or defects that may otherwise go unnoticed.


Keep in mind, some states require you to disclose information about known problems that may affect the value of your home. If you fail to inform them, you may be held legally responsible for fines and fees or the rescission of a sale. Your real estate agent is an expert on the sometimes-complicated responsibilities that sellers face and can ensure your deal won't fall through.

If unexpected problems are discovered, it's common for a new offer to be written up. An agent will use his expertise to negotiate with the buyer's agent to maintain fair terms.

Free Consultation

Need assistance? We will be happy to meet with you and share our guidance. Schedule an appointment today. call us at 855-768-8845. ■

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10. Review of title commitment
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7. Preparation for closing
8. Resolving all disputes before closing
9. Representation of you at your successful closing



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Buying a Fixer-Upper

If you like HGTV, the idea of buying an old home and turning it into your dream home can seem fun, romantic and the perfect way to get what you're looking for, maybe even breaking into the neighborhood or suburb you never thought you could afford.

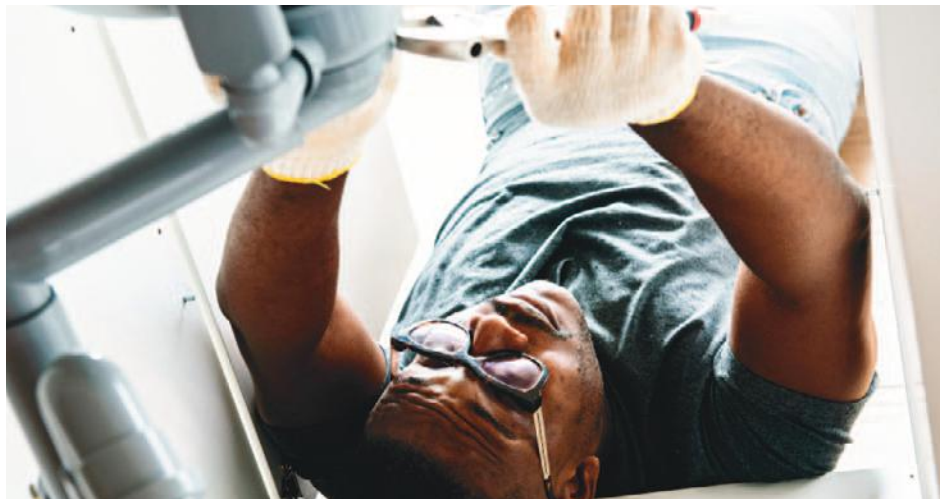
While it's not a bad idea, you should go into such a venture with a clear idea of what a house needs, how much repairs will cost, whether you have the time, skills and tools needed to make those repairs and if this is the kind of investment you want to make. This Old House walked through things people should know.

Take a Hard Look at the Numbers

Assess what needs to be done, then add up the costs to renovate the property, including the costs of materials and labor. Subtract the costs of renovation from the home's likely value when you're done, then take off another 10 percent or so to cover unexpected expenses. That number you're left with is what you should be willing to pay.

Avoid Significant Structural Improvements

Major repairs like plumbing and electrical system overhauls, fixing the foundation or extensive roof or wall work are expensive yet rarely raise the value of the house enough to offset renovation costs because they're invisible repairs. Look for houses



in need of aesthetic improvements — a paint job, new flooring, yardwork, windows, new countertops and so on. These are easier to do, they're less expensive, and they're noticeable.

Be Prepared to Get Dirty

This doesn't include plumbing, wiring or work that requires expertise if you don't have it, but for most people, a fixer-upper is only a good deal if they do much of their own labor. Be realistic about how much time you can devote to home improvement and what you're able to do. If you're prepared to slowly renovate over several years, that may be a better investment than a house that needs immediate improvement

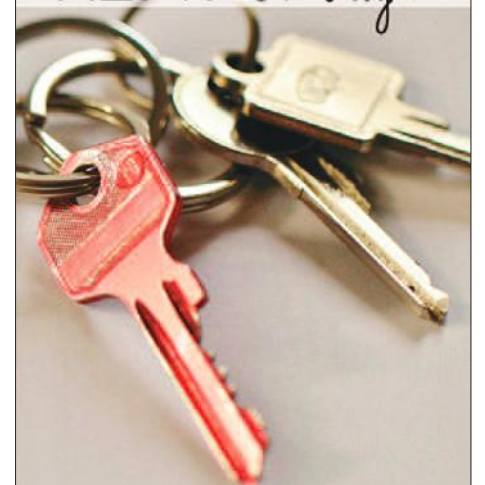
to even be livable.

Know Where Your Money is Coming From

You may be eligible for a renovation loan tied to your mortgage. These loans borrow against the house's value after the work is completed, and interest is tax-deductible. The FHA, Fannie Mae and Freddie Mac offer renovation loans as well. Another option for DIYers is a home equity line of credit.

If you're currently embarking on buying a fixer-upper, you may want to contact one of our real estate professionals for more information. Schedule an appointment today by calling 888-670-6791. ■

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Hidden Costs: What to Know When Buying a Home

When purchasing a home, most people focus on what their costs of ownership will be after they close on the sale.

While the costs of a mortgage, insurance, taxes, and maintenance need to be accounted for, many people end up overlooking the costs that could occur prior to and during the loan closing.

Prior to purchasing a home, there are many unexpected costs that all home buyers need to be aware of:

Third Parties

The first cost that buyers need to be aware of is the cost of third-party services. When purchasing a new home, most mortgage lenders will require a borrower to order an appraisal and property inspection report. Most buyers will also benefit by hiring an attorney to review the loan documents and handle the closing.

While these services are very valuable, they can be quite expensive and could end up costing a few thousand dollars depending on the complexity of the purchase. Buying a home is a huge investment, you want to avoid shortcuts and oversights that may come back to haunt you. Prevention is always better than cure.



Bank Charges

Another commonly overlooked expense is the cost of closing with the bank. While mortgage lenders are very forthright with their interest rate offers, they may not always tell you — and sometimes simply don't know — exactly what the total closing costs will be until the deal gets closer to completion.

Closing costs with banks will include the origination fees, mortgage points, under-

writing fees, title costs and various other costs. These expenses are typically at least \$1,000 but could easily end up costing \$5,000 or more based on the loan you are receiving.

Since they can be so significant, it's a good idea to receive a full title cost statement a few days prior to closing.

Tax Bill

A significant fee that many home buyers forget to include in their budget is the cost of paying city or state taxes.

Depending on what state the home is being bought in, there could be hefty purchase costs, mortgage stamp taxes or transfer fees. In many cases, these fees could cost over one percent of the purchase price, not to mention the ongoing property tax bill after you purchase the home.

Overall, buying a new home makes perfect financial sense for many Americans. It's just important that you know what one-time expenses to expect so there are no surprises at the closing table.

Getting Assistance

Now that you are ready to make the commitment, help is just a phone call away. Call us at 888-670-6791. We are ready to assist! ■

Buying a Foreclosure/ continued from page 1

The Need for an Experienced Realtor

Navigating the landscape of property foreclosures is a specialty field, and caution is the name of the game. As a prospective buyer of a pre-foreclosure, a short-sale or a foreclosed home, an experienced realtor is your best resource. A real estate professional will help you deal with all timelines and requirements, and has the knowledge and expertise to recommend lenders, inspectors, insurance agents and contractors to help you make a decision.

Always Consider Future Value

Although the initial price might be right, there are additional variables at play in every real estate transaction. What can you expect in terms of appreciation over the short term? What is the long-term outlook for the neighborhood? Will needed repairs and improvements add to the home's value, or simply bring its condition up to standard? Do you plan to live in the home, or is it strictly for resale?

Your trusted real estate professional is the best resource to help you thoroughly evaluate all the information about every foreclosure.

Help Is Available

We are happy to help and share our insight and experience to help you with the buying process. Schedule an appointment today. Call 888-670-6791. ■


Fire Your Landlord: Tenants Rights and Homeownership. Don't Lose Your Home!



The Chambers' pre-purchased education program is known as **Fire Your Landlord**. This program is designed to take the mystery out of the home-buying process and prepare first-time homebuyers to make the important choices related to home ownership.

The seminar covers such topics as:

- Knowing your financial situation
- Credit and credit issues
- The types of home ownership
- The role of the lender
- Understanding the loan closing process
- Your legal rights and responsibilities as a home owner
- Tax benefits of ownership

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