

Foreclosures Can Mean a New Source for Profits

by Matthew Smith

If you are an investor, you may already know that real estate offers many exciting areas for revenue and profits, but unless you are considering foreclosure properties as well, you may not be getting the most for your property dollar. In general, a foreclosure is a real estate property that has been repossessed, usually because the owner was not able to make mortgage payments. Once the lender legally repossesses the property through a legal process known as foreclosure, the property can be sold again to investors and other property buyers.

There are several sellers you can turn to for a foreclosure:

- 1) **The Government.** When a home owner defaults on a home loan insured by the government, the government pays the lender for the money lost through the loan. In exchange, the lender hands the home over to the government agency and the government then sells the property in order to make up the money that has to be paid to the lender. From the government, you can buy an HUD foreclosure, a VA foreclosure, and a Fannie Mae foreclosure.
- 2) **Banks and Other Lenders.** When a home loan is not insured by the government, the lender has all the responsibility of a bad loan. This means that when the owner defaults, the lender repossesses the property and tries to sell it themselves or through a third party.
- 3) **The Owner.** When an owner knows that foreclosure is imminent, they still have the option of selling the property as a pre foreclosure and paying off the lender. This saves their credit and may give them some cash. Buying a pre foreclosure can be risky but can also give an investor some great deals in real estate.

However you buy a foreclosure, you can expect certain benefits. Most of the time, a foreclosure is sold below its market value, which means that you can buy this sort of property very inexpensively.

Since a foreclosure may have been neglected for a while and since the seller wants to get rid of it fast, you can expect savings of 5% to 50% and more when you buy a foreclosure. This means that you enjoy instant equity you can use right away. The low price also means that you can offer great deals on the property to your own buyers and renters. Plus, the low price and equity you get on a foreclosure can mean very affordable financing, so that you save money all around, which can boost your bottom line.

With these benefits, you may want to buy a foreclosure of your own. Don't look in your local real estate section, though - most foreclosure properties are unadvertised. The best way to find a foreclosure is to subscribe to quality foreclosure listings. Good foreclosure listings offer frequently updated lists of foreclosures that are available for you right now.

Online foreclosure listings such FreeForeclosureDatabase.com make finding a foreclosure a snap, no matter where you live. Plus, you can search FreeForeclosureDatabase.com for free and even receive email alerts when new

foreclosure properties become available in your area.

If you are ready for the next level of real estate investing, do a quick search for foreclosure properties in your area. You may just find one heck of a deal!

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