

CNN Money

### **How to buy a foreclosure**

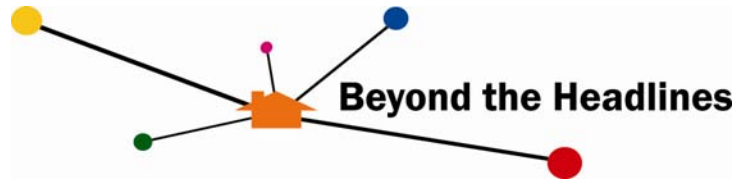
Many buyers, especially first-timers, hope to purchase a foreclosed property at a bargain price. While purchasing a foreclosed home can be a wise choice for some buyers, it is important that buyers understand the differences in buying at different stages of foreclosure and be prepared to take on the challenges typically associated with each.

#### **KEEP THIS IN MIND**

- There are three basic stages of foreclosure in California: Pre-foreclosure, trustee's sale, and repossession, often called an REO or real estate owned by the bank.
- Pre-foreclosure homes are in the foreclosure process, but have not yet been auctioned. Owners of pre-foreclosed homes often try to sell the properties because they are "underwater," meaning they owe more on the mortgage than the home currently is worth. Many homeowners attempt to sell via short sale, where the lender must agree to accept less than the amount owed on the mortgage. Buying at this stage of foreclosure often is a complicated and slow process. However, buyers of pre-foreclosed properties often are given the opportunity to inspect the home prior to purchasing, whereas this is not always the case when buying at other stages of foreclosures.
- The second basic stage of foreclosure is the public auction at a trustee's or foreclosure sale. Homes in this stage often are well priced, but also come with challenges to buy. These homes may not be available for inspection and buyers may later discover the property needs numerous repairs. As a result, many of the homes at auction are purchased by investors and contractors who have experience working with homes needing numerous repairs, or taken back as REO by the foreclosing lenders.
- If a home does not sell to a third party at the trustee's auction, the bank takes the property--the final stage of the foreclosure process. Although homes in this stage typically do not offer buyers the best prices, buyers generally can perform a thorough inspection of the property prior to closing.

To read the full story, please click here:

[http://money.cnn.com/2010/05/04/real\\_estate/how\\_to\\_buy\\_a\\_foreclosure/index.htm?source=cnn\\_bin&hpt=Sbin](http://money.cnn.com/2010/05/04/real_estate/how_to_buy_a_foreclosure/index.htm?source=cnn_bin&hpt=Sbin)



In Other News...



The New York Times

#### **The importance of watching home equity**

Homeowners with secure jobs and no immediate plans to move will often watch mortgage rates anyway, just in case they have the opportunity to refinance their loans. But few of them will regularly bother to check housing sales or foreclosures, which also could effect their ability to refinance.

To read the full story, please click here:

<http://www.nytimes.com/2010/05/02/realestate/02mort.html?ref=realestate>



The Wall Street Journal

#### **Why Americans get ripped off on mortgage loans**

You might think that Americans would have learned over the past few years that home mortgages can be dangerous products, to be approached warily, only after careful study and consideration. You'd be wrong.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2010/04/29/why-americans-get-ripped-off-on-mortgage-loans/>



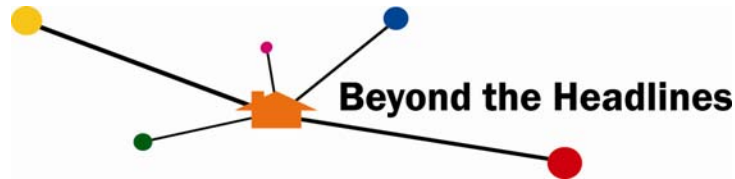
Los Angeles Times

#### **Pending home sales rise 5.3 percent in March**

The number of buyers who signed contracts to purchase U.S. homes surged more than expected in March, another sign that government incentives are propelling the housing market this spring.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-home-sales-20100505,0,7504300.story>



CNN Money

**Fannie Mae to make qualifying for interest-only loans tougher**

Fannie Mae, the government-backed mortgage giant, announced Friday that it would tighten lending requirements for the interest-only loans and adjustable rate mortgages (ARMs) it backs.

To read the full story, please click here:

[http://money.cnn.com/2010/04/30/real\\_estate/Fannie\\_okays\\_interest\\_only\\_loans/index.htm](http://money.cnn.com/2010/04/30/real_estate/Fannie_okays_interest_only_loans/index.htm)



Sacramento Bee

**California home buyer tax credit takes effect**

Just as one government home buyer tax credit program ends, another begins. The home buyer tax credit signed into law in March by Gov. Arnold Schwarzenegger now is available.

To read the full story, please click here:

<http://www.sacbee.com/2010/05/01/2718894/california-homebuyer-tax-credit.html>



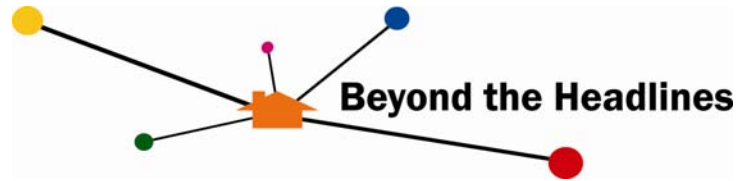
Bloomberg

**Homeowners who default by choice rise to 12 percent**

Decisions by U.S. homeowners to walk away from mortgages they can afford account for an increasing share of defaults, according to Morgan Stanley.

To read the full story, please click here:

<http://preview.bloomberg.com/news/2010-04-29/-strategic-home-mortgage-defaults-in-u-s-reach-12-morgan-stanley-says.html>



### **What you should know about the market**

- Properly staging a home for sale is one of the most essential elements of the selling process. Not only does it help to set a home apart from comparable homes in the area, it also enables buyers to visualize the home's potential. While staging a home can be something as simple as a fresh coat of paint or something pricier like purchasing new furniture for a room, one essential component that all sellers should utilize is removing clutter. Sellers should work with their REALTOR® to determine the best staging opportunities for a home, including which furniture, household items, and the like should remain in the house, and which ones should be donated or temporarily put into storage.
- When searching for a home inspector, consumers should seek recommendations and referrals from their REALTOR®, as well as other recent home buyers. It is recommended that consumers interview at least three potential candidates during this process. Home inspectors are not regulated as closely as other industries; home buyers should consider choosing one that belongs to the American Society of Home Inspectors. The American Society of Home Inspectors requires its members to complete at least 250 inspections. Consumers also should inquire about fees, and whether the inspector is bonded and insured.