

5 Ways to Profit from Buying Distressed Residential Properties

According to the CoreLogic Home Pricing Index (HPI) Residential Real Estate prices have depreciated by as much as 59.11% from the peak in May, 2006. Prices have increased the last few months in 2012, but the overall decline in prices is substantial. There are many ways that Real Estate Investors can capitalize on this home price depreciation. Today's Blog will discuss the 5 ways most Investors are profiting from this housing market decline:



- 1. Purchase, Fix and Flip a Short Sale:** Investors around the country are working with Realtors and Asset Managers to snap up Short Sale Listings. Short Sales and Foreclosures make up approx. 25% to 50% of sales in most markets. Buying a Short Sale takes patience, an understanding of the stakeholders and often requires multiple offers to get accepted.
- 2. Purchase and Fix a REO:** Similar to finding a Short Sale, Real Estate Owned (REO) buying requires patience. An REO is a property the Bank or lending institution has taken back into their portfolio. Aka they have foreclosed on the property and did not sell the property at the Trustee Sale. There are many sources available online to find REO properties. Individual Banks like Wells Fargo and BofA have their own sites with their REO listings and other sites like Realtytrac.com and foreclosureradar.com will help you find REO opportunities. Typically, an REO, once purchased will require rehab work to get the property ready for sale.
- 3. Purchase and Fix a Trustee Sale Property:** Investors looking to scoop up good deals should consider purchasing properties at a Trustee Sale held by the County. There are many experts bidding and buying properties at the "Court House Steps" and to compete with these "experts" you will need to study this market and process and come up with your own parameters. This approach also requires you to have cash on hand to purchase the properties with Cashier's Checks. Whether that cash is yours or someone else's is up to you.
- 4. Buy a Discounted Note and do a Workout:** The number of real estate investors buying discounted notes and or pools of notes continues to grow. Many Banks, Hedge Funds, and Credit Unions that have portfolio loans are finally deciding to jettison the loans and take losses. If you can find a legitimate source for quality performing or non-performing notes, the exit plans can be lucrative.
- 5. Originate a Hard Money Loan:** Mortgage Bankers and Brokers typically loan up to 60% of the homes value. When homes have depreciated and stabilized, new loans at reasonable Loan to Value (LTV) ratios carry significant equity protection and security against default or further price erosion.

To become a profitable real estate investor, it is important to focus on a niche strategy and then work that niche. Any of these opportunities mentioned can produce big results, but the best way to ensure success is to become an expert. My Dad always used to say, "It is better to be an inch wide and a mile than an inch deep and a mile wide". What is your strategy? Please let me know with a post on our [Mortgage Vintage, Inc. Facebook Page](#) or our [Linked In Group page](#).