



Tips for Buying Foreclosed Homes

Buying a foreclosed home can net big profits for several different types of buyers. These buyers include homebuyers looking for a bargain deal, those looking to create rental properties for revenue, and those looking to “flip” houses by fixing them up and selling for profit. If you fall into one of these categories, take a look at the tips below to help you find the right foreclosed home for you.

Finding the Home

One of the hardest parts of getting started is knowing where to start. You first need to find listings of foreclosed homes. Any time someone begins the foreclosure process, he is required to file a record of it with the local government. These records are then made available to the public. You can either put yourself on Internet or post mailing lists that will provide you with listings of recently foreclosed homes, or you can search through the public records yourself. The benefit of the latter is that you will probably find new records faster than those who wait for the mailing lists; this might score you the better homes. The down side is that it takes time and effort to do the research yourself.

What to Look For

When you find these listings and start to check out the properties, you should be very selective in your decision. Some foreclosed homes will cost you far more in repairs and remodeling than the you'll make in profit, so be sure to find a home that only has surface-level problems, things that can be inexpensively and quickly repaired.

Another costly mistake would be to buy a foreclosed home that has existing liens or other claims. This means another party is entitled to fees or profits from the sale of the house and you, the homebuyer, would have to add these costs into the sale price. Such a condition will obviously make your real estate venture far less profitable, so make sure there are no other outstanding claims on the house.

Whether you're buying to live in the house or turn around and use it for profit, you should choose a foreclosed home that you would be comfortable living in. This will ensure that others will too and it will be easier to attract buyers or renters when the time comes.

Pay attention to the area the home is in. It should be an area where other home prices are constant or increasing. Once you buy the home and make any necessary repairs, your home should be able to fit in that category of price inflation. Buying in a run-down part of town, even after repairs and remodeling, will not bring in the profit you're seeking, as the surrounding area is undesirable for most buyers and renters.

Along the same lines, you should not buy a home that will be too expensive for the majority of renters or buyers in the area. For the greatest return on your investment, you should find a foreclosed property that is at or below the market value. Don't forget to examine the current housing market and see how other sellers or landlords are doing with their properties. Right now, for instance, is probably not the best time in many areas to try to “flip” properties, as the market is saturated with extra single-family homes for sale. It could be a great time however, to create a rental property from a foreclosed home because there is currently a nationwide shortage of quality rental homes.



Hopefully with all this knowledge behind you, you'll find the perfect home and earn the profit you desire. With some patience and diligence, you'll likely find a great investment in a foreclosed home.