Looking for Foreclosures? Here's How I'd Recast Your Property Search

Often buyers will ask me to help them find and purchase foreclosed homes. Such buyers are making two assumptions: first, that foreclo-

sures can be found in a distinct database: and. second, that foreclosures represent the best available "deals" to be found.

First I point out that nowadays banks and HUD list their foreclosures on the MLS - or will do so as soon as they are ready to sell them. Second, I suggest that since foreclosures are on the MLS, don't search specifically for

them but rather for all homes that represent a good deal based on recognized indicators of value.

One such indicator of a good deal is a low price per square foot PSF are not bank-owned foreclo-("PSF"). Unfortunately, none of the real estate websites available to listings by individual home owners consumers that I'm aware of has PSF as a search criterion.

The MLS, however, does allow

its members — licensed agents to search by price per square foot. I do such searches all the time. The regional variations in PSF

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can be very dramatic **REAL ESTATE** and guickly tell you where prices are the most depressed. For example, searching in Jeffco, there are currently only 89 single-family listings under \$90 PSF. But in northeast Denver alone, there are currently 189 listings under \$90 PSF. By JIM SMITH, Analysis of those homes with a low

> PSF proves the thesis of this column — that foreclosures aren't the only bargains. Almost 50 percent of those listings with the lowest sures or HUD homes. They are who must compete with those foreclosures. *NOTE*: Many of them are short sales, which require extra

patience if you're interested in buying them, because it can take weeks or months to get lender approval for your transaction.

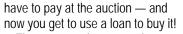
We're fortunate that the number of foreclosures on the market is not high enough in most Jeffco neighborhoods to bring the market down for non-distressed listings. Areas east of I-25, especially Green Valley Ranch, south of DIA, are not as lucky. There, as I write, 88 homes are for sale under \$90 per square foot, and about a third of them are two-thirds which are foreclosures.

By contrast, a short sale listing in Golden's upscale Mountain Ridge community sold last year for \$550,000. It was such an anomaly in that community that it sold for \$177 per square foot, only \$16 below the average PSF for all homes in that subdivision.

So, an opposite dynamic was at work in Golden. Instead of short sales and foreclo-

sures dragging down "normal" sale prices, the "normal" sale prices dragged up the short sale price. The most recent foreclosure in that community sold in June 2009 for \$527,500 or \$152 PSF. Although that was below the average PSF for the neighborhood, it had no effect on other sales that year, precisely because it was an anomaly

What about buying foreclosures at the Public Trustee's auction? Yes, it is possible to get some great deals by outbidding the lenders at privately owned, competing with the the foreclosure auction, but to do so but you, an outsider, can buy that you have to bring cash or certified funds, and not many people can do that. You are usually better off to wait until the bank puts the home on the MLS a few months later probably at a price lower than you'd on such redemption this week.



There's one other way to buy a foreclosure, and that is to "redeem" the property if you are a junior lien holder. The foreclosing bank is usually in "first position," meaning that it holds the first lien against the property. When the house is sold to the lender for lack of a competing bidder, all junior lien holders are wiped out — although they do have the right to "redeem" by paying off the first lien holder. Few will do that. junior lien from one of those junior lien holders for pennies on the dollar and then redeem the property yourself if you do so within 8 days after the auction sale. I'm aware of



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