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## Bargain Hunting — Advice on Short Sales vs. Foreclosures vs. Bank Owned

By JIM SMITH, Realtor®

Given the press coverage about foreclosures and short sales, it's not surprising when a buyer comes to me looking to "get in on the action."

Here in Jeffco, such listings are rare compared with those areas east of I-25, especially Aurora, Commerce City, and Brighton. And that's where I often end up taking buyers who are willing to leave Jeffco to get a bigger house for less money. (Fortunately, not all buyers are willing to make that sacrifice, but many simply can't afford Jeffco's higher prices.)

Here's a brief shopping guide for this kind of bargain hunting.

**Short Sales** — A home becomes a "short sale" when the seller is "upside down," meaning that they owe more than they can expect to sell their home for and don't have money to bring to the closing table. As a result, they list their home for sale subject to approval by their lender(s) to take

less than they are owed. Unfortunately, banks won't tell you, before getting a live contract, what they will or will not accept, which puts the buyer in the awkward position of not knowing when or if they will close on the property. More often than not, such contracts fall after a month or so because the buyer is tired of waiting for bank approval of the short sale and has found another house that is not a short sale and can assure them of closing when they need to.

Having listed a short sale myself, I have experienced this colossal waste of time, and I'm no longer willing to list such homes.

As you might expect, I also discourage buyers from looking at homes which are short sales.

**Foreclosures** — A home is "in foreclosure" when the bank has initiated the process of foreclosure. Until the public trustee holds an auction of the property, the seller may choose to list the home as a short sale. This is a tough sell,

simply from a timing standpoint. At the auction, the lender usually is the only bidder, bidding the amount of the loan payoff. You could bid a dollar more (must be in cash) and get the property right there, but you will probably do better waiting until the bank lists the property for sale — usually for a lot less than the auction price.

**Bank-Owned** — This is the easiest to buy, but you may find yourself competing with other buyers, since the listing price is often quite low. Many sell in just a few days for more than the listing price because of the competition. Space doesn't permit me to discuss some other major issues. (Call me.)

This brings me to my favorite "bargain" — the home that is neither a short sale nor a foreclosure nor bank-owned. I'm referring to the "normal" sale in a city, such as Brighton, where a large number of foreclosures has forced down what a "normal" home can sell for. Let me show you how to find these.

### This Week's Featured New Listing:

#### No Home in Golden Offers Such Views!

House-hunters often tell me how important good views are to them. I'd like to bring them all to see [this](#) home. It surely is the highest elevation home in the City of Golden, located on one acre at the top of Beverly Heights, backing to the mountainside. If you're into mountain or road biking, trail running or just hiking, this home will have extra appeal for you, because Lariat Loop Road begins here, and Crawford Gulch Trail is right around the corner. Visit this home's website to see the views of Golden and the Table Mountains from the wall of windows on the main floor. You can even see over South Table Mountain to Denver and DIA! [Details](#): 3 BRs, 3½ Baths, 3,101 sq.ft.



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