

# A QUICK PRIMER on Bank-Owned, Short-Sales and Probate Sales

Are you interested in 'distressed' properties for sale? Would you like to take advantage of the hot market - properties selling at a big discount? Here we explain the most popular types of distressed properties, and a little about what you need to know when you want to make a serious offer.

The term “distressed” is not referring to the condition of the home, but the condition of the sale. Most “distressed” sales are bank-owned, short-sales, or probate sales. These properties usually have the following characteristics:

- o The property is listed below market value.
- o The property needs some (or a lot) of work, for example, basic appliances and functionality, bringing the property up to safe building code, general repairs and upgrades, sanitation, etc.
- o The sale is usually “AS IS”! (do a home inspection, but don’t ask the seller to fix anything)
- o A buyer will often receive limited disclosures from the seller.
- o The seller will usually not pay for any repairs, building code violation fixes, home warranty, and/or termite reports and extermination/damage repair.

**BANK-OWNED** (also called REO - Real Estate Owned) properties have been foreclosed upon by the owner’s lender and are now owned by the lender. Usually, in these cases, the owner has long since abandoned the property and is very delinquent on payments. The property is often in questionable condition.

**SHORT-SALES** are also known as pre-foreclosures. The sellers are working with their lenders to allow them to sell the property for less than the mortgage amount owed (plus closing costs). The sellers are trying to get the lender to forgive a portion of their debt so that they can sell the home at a lesser (or no) loss. Sometimes, sellers in this case are trying to preserve some of their credit rating (a little better than foreclosure), and often the property is in better condition than 'bank owned'. However these properties may also be severely neglected.

**PROBATE SALES** are usually homes listed for sale by the heirs/trustees of recently deceased property owners. The condition of these properties ranges anywhere from very good to a serious state of neglect.

Usually, but not always, unpaid property taxes will be paid by the seller/lender in the case of a short-sale, however unpaid HOA dues are often paid by the buyer. It's important to obtain all possible disclosures and title information for these properties and evaluate the information carefully when making a purchasing decision.

Below is a chart that includes recently closed distressed sales in selected north county zip codes (short sales and bank-owned). Note that many of them have sold for the full asking price or more, as a result of multiple offers and subsequent bidding wars that these listings received.

There is a common technique of real estate agents frequently used for these types of sales - if the properties are listed very low, a lot of interest is generated, and “bidding wars” can drive the price of the property above the asking price. If you know the market and see a fantastic price, it will probably sell for more.



A note about short-sales - as mentioned previously, these are sales that take place only when the seller's lender forgives a portion of the loan in order for the sale to take place. These homes are listed for the amount that the listing agent feels the seller's lender will accept, or, for the agreed upon amount in advance with the lender. They are usually listed below the true market value, so are generally a good buy - especially if you are handy, depending on condition. Keep in mind that buying a short-sale can be a very lengthy process, often taking at least 6 to 8 months once your offer has been accepted by the seller (this is when a listing goes into "contingent" status). This is due to many reasons, but mainly because the forgiving banks have extremely slow response. In addition, there are usually two loans and getting the two banks to agree on every detail is a major feat. It is also very possible that the short-sale may *never* be approved, which may only become known many months down the road. A buyer needs to be extremely patient and be flexible with changing interest rates if getting a mortgage, and should realize when entering into a short sale that closing is not a sure thing.

A note about competition. As mentioned earlier, there is usually a lot of competition for distressed properties. The offered amount being equal, all-cash buyers usually take priority, then buyers with the largest down payments. The main reasons for this are the higher probability of a successful sale and for confidence that the sale can be completed quickly once lender approval is obtained.

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**DISTRESSED SALES FOR Feb – Mar 2010**  
**Attached Homes in 92007, 92014, 92024, 92122, 92130**

#	ML #	Address	Zip	Bd	Bt	Est SF	List Price	Sold Price	Close Date	DOM
1	090068856	1244 Caminito Septimo	92007	2	2	922	\$279,900	\$304,000	03/05/2010	30
2	090056981	2330 Hosp Wy # 203	92008	1	1	690	\$102,000	\$103,000	03/24/2010	24
3	100006699	2350 Hosp Wy # 250	92008	1	1	690	\$105,000	\$112,500	03/26/2010	36
4	090065949	2340 Hosp Dr # 117	92008	2	1	810	\$160,000	\$150,000	03/04/2010	52
5	090052531	4014 Aguila St. St # D	92008	2	2	1,600	\$350,000	\$350,000	02/26/2010	136
6	090056108	4738 Birchwood Circle Cir	92008	2	3	1,721	\$375,000	\$365,000	02/26/2010	118
7	100003944	2625 Pirineos Ave # 324	92009	2	2	1,444	\$234,000	\$233,000	03/31/2010	38
8	090062385	2354 Caringa Wy # D	92009	2	3	1,080	\$274,900	\$255,000	03/10/2010	76
9	090064567	6936 Sandpiper	92009	2	2	1,073	\$299,900	\$284,500	02/05/2010	52
10	090062357	2564 Luciernaga	92009	3	2	1,420	\$312,500	\$310,000	03/10/2010	103
11	090042373	6287 Citracado Circle Cir NW	92009	2	3	1,123	\$305,000	\$315,000	03/09/2010	230
12	100001107	6364 Citracado Cir	92009	3	3	1,367	\$325,000	\$330,000	02/22/2010	44
13	090067682	2423 La Costa # A	92009	2	3	1,530	\$339,900	\$339,900	02/26/2010	15
14	100012495	6279 Citracado Circle	92009	2	2	1,199	\$309,900	\$340,000	03/02/2010	1
15	090065500	2520 Navarra Dr # B	92009	3	3	1,680	\$365,750	\$370,000	03/05/2010	95
16	100007826	3103 Rancho Del Canon St	92009	3	3	1,685	\$450,000	\$452,000	03/30/2010	135
17	090048384	2821 Via Carrio	92010	3	3	1,496	\$200,000 - \$235,000	\$240,000	02/02/2010	90
18	100004048	3017 Via De Paz	92010	3	3	1,496	\$269,900	\$260,000	03/29/2010	12
19	090070005	2911 Via Libertad	92010	3	3	1,496	\$234,900	\$272,000	03/03/2010	34
20	100005165	4469 Gladstone Ct	92010	2	2	1,008	\$315,000	\$317,000	03/29/2010	56
21	090065486	3776 Portland Ct. Ct	92010	3	3	1,693	\$344,900	\$360,500	02/02/2010	34
22	090055576	1562 Camino Del Mar # 639	92014	1	2	981	\$729,900	\$715,000	03/05/2010	98
23	090065764	1710 S. El Camino Real Rd # E105	92024	2	2	906	\$100,000 - \$125,000	\$170,000	02/12/2010	49
24	090048342	1710 S. El Camino Real # E 101	92024	2	2	906	\$185,000	\$185,000	03/30/2010	16

25	090070226	561 Hygeia Ave	92024	3	3	1,728	\$699,000	\$675,000	03/08/2010	3
26	090055120	7405 Charmant Dr # 2002	92122	1	1	704	\$177,000	\$177,000	02/26/2010	146
27	090064523	4075 Rosenda Ct # 277	92122	1	1	685	\$174,900	\$177,500	03/11/2010	44
28	090068552	7190 Shoreline Dr # 6109	92122	1	1	597	\$193,900	\$179,500	03/02/2010	58
29	090064250	7565 Charmant Dr # 606	92122	1	1	704	\$180,000	\$181,000	03/12/2010	108
30	090062174	7415 Charmant # 2511	92122	1	1	704	\$179,000	\$185,000	03/26/2010	129
31	100008773	3520 Lebon Dr # 5329	92122	1	1	600	\$180,000	\$192,000	03/24/2010	8
32	090068052	7405 Charmant Dr # 2415	92122	1	1	704	\$199,900	\$192,126	03/08/2010	37
33	100001884	7585 Charmant Dr # 807	92122	1	1	796	\$190,000	\$195,500	03/15/2010	63
34	090064170	3929 Nobel Dr # 91	92122	1	1	554	\$199,900	\$200,600	03/12/2010	93
35	100004329	7565 Charmant Ave # 609	92122	1	1	796	\$200,000	\$203,000	03/23/2010	3
36	090063525	7160 Shoreline Dr # 4109	92122	2	2	848	\$250,000	\$240,000	03/10/2010	73
37	090059898	3550 Lebon Dr # 6321	92122	2	2	956	\$269,000	\$270,000	02/26/2010	126
38	090046409	7405 Charmant Dr # 2325	92122	2	2	934	\$275,000	\$275,000	02/03/2010	181
39	090055310	7405 Charmant Rd # 2121	92122	2	2	934	\$299,000	\$281,000	02/11/2010	135
40	090035250	7425 Charmant Dr. Dr # 2701	92122	2	2	934	\$288,000	\$285,000	03/15/2010	27
41	090069171	7445 Charmant Dr # 1709	92122	2	2	1,037	\$284,800	\$300,000	02/04/2010	19
42	090067596	4004 Mahaila Ave # D	92122	2	3	1,719	\$399,900	\$425,000	02/18/2010	14
43	080056831	12675 Camino Mira Del Mar # 174	92130	1	1	638	\$215,000	\$215,000	02/01/2010	338
44	090050363	3622 Bernwood Pl # 54	92130	1	1	639	\$199,000 - \$219,888	\$215,000	03/17/2010	165
45	100003429	3820 Elijah Ct # 223	92130	1	1	704	\$230,000	\$215,000	03/10/2010	26
46	100003624	12560 Carmel Creek Rd # 54	92130	2	2	864	\$289,900	\$290,000	03/08/2010	34
47	090039254	12213 Carmel Vista Rd # 236	92130	2	3	1,269	\$330,000	\$325,000	02/18/2010	174
48	090057820	4045 Carmel View # 98	92130	2	2	1,071	\$331,000	\$331,000	03/05/2010	143
49	100008522	12942 Carmel Creek Rd # 65	92130	2	3	1,316	\$410,000	\$400,000	03/09/2010	359
50	090052134	2231 Newcastle Ave. Ave	92007	3	3	1,850	\$689,900	\$793,000	02/26/2010	11
51	090069172	2910 Luciernaga St # C	92009	3	3	1,740	\$349,900	\$350,000	02/25/2010	6
52	100009657	6553 Via Barona	92009	3	3	1,501	\$410,000	\$400,000	03/17/2010	13
53	100004698	6426 Terraza Portico	92009	3	3	1,538	\$454,900	\$470,100	03/19/2010	15
54	090062592	4090 Karst Rd	92010	3	3	1,390	\$399,900	\$385,000	02/19/2010	63
55	090047975	1300 Verbena Ct	92011	3	3	1,232	\$364,900	\$340,000	02/25/2010	157
56	090066498	1723 Bluebird Ln	92011	2	3	1,545	\$495,000	\$495,000	02/12/2010	18
57	090057849	2015 Countryhaven Ct	92024	3	3	1,459	\$345,000	\$376,500	03/09/2010	82
58	090041005	529 Sweet Pea Pl	92024	2	3	1,088	\$402,500	\$393,000	02/26/2010	14
59	090054981	369 Playa Blanca	92024	1	1	903	\$379,000	\$435,000	02/05/2010	87
60	090065281	3550 Lebon Dr # 6125	92122	2	2	1,001	\$310,000	\$309,100	02/09/2010	80
61	090065163	3550 Seahorn Cir	92130	2	2	1,097	\$365,000	\$365,300	03/26/2010	199
62	080057827	12366 Carmel Country Rd. Rd # i 308	92130	3	2	1,256	\$430,000	\$385,000	02/01/2010	89
63	090053142	12918 Carmel Creek Rd # 20	92130	2	3	1,180	\$394,000	\$394,000	02/25/2010	126
64	090069541	3664 Caminito Cielo Del Mar	92130	2	3	1,178	\$450,000	\$430,000	02/26/2010	36
65	090070015	12287 Caminito Mira Del Mar	92130	3	3	1,333	\$435,000	\$441,000	03/31/2010	45
66	090070165	13389 Tiverton	92130	3	3	1,445	\$465,900	\$485,000	02/12/2010	17

Note, sold prices above are recorded sales prices and do not include buyer's out-of-pocket payment for back-taxes, back-HOA fees, etc. Information from Sandicor, Inc. deemed reliable but not guaranteed.