

# 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 far 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 Nov – Dec 2009**  
**Attached Homes in 92007, 92014, 92024, 92122, 92130**

MLS#	Address	Zip	Bd	Bt	Est SF	List Price	Sold Price	Close Date	DOM
090048699	1268 Evergreen	92007	3	2	1,258	\$275,000	\$295,000	12/15/2009	156
090051472	1923 San Elijo Ave. # 5	92007	2	3	1,274	\$522,000	\$511,650	11/25/2009	12
090034823	13754 Mango Drive # 310	92014	2	2	804	\$216,000	\$216,000	11/20/2009	155
090062143	13754 Mango # 327	92014	2	2	804	\$229,900	\$225,000	12/30/2009	8
090058301	13754 Mango Dr # 213	92014	2	2	804	\$210,000	\$235,000	11/10/2009	12
090015195	2229 Del Mar Scenic Pkwy	92014	3	2	1,886	\$675,000 - \$775,000	\$675,000	11/18/2009	237
090027233	1820 S S. El Camino Real # 207	92024	2	2	906	\$199,000	\$180,000	11/23/2009	180
090058946	760 Encinitas # 203	92024	2	1	1,092	\$198,000	\$190,000	12/31/2009	21
090053257	1994 Country Grove	92024	2	3	1,097	\$280,170	\$300,000	11/12/2009	24
090031358	155 Mangano	92024	2	2	940	\$325,000	\$310,000	11/23/2009	136
090060855	203 Countryhaven	92024	2	3	1,459	\$340,000	\$350,000	12/31/2009	64
090061558	1149 Vulcan Ave # #1	92024	2	3	1,249	\$342,900	\$351,500	11/25/2009	0
090008583	985 Hermes	92024	2	1	925	\$469,000	\$400,000	12/05/2009	294
080062451	553 3rd	92024	2	1	933	\$599,000	\$575,000	12/16/2009	165
090031042	3151 Via Alicante # 121	92037	1	1	506	\$189,000	\$190,000	11/16/2009	34
090061866	3151 Via Alicante # 221	92037	1	1	506	\$198,850	\$198,850	11/24/2009	6
090049968	9253 Regents # A103	92037	1	1	764	\$239,900	\$210,000	11/25/2009	13
090013971	8368 Via Sonoma # F	92037	1	1	623	\$225,000	\$213,000	12/11/2009	169
090058071	8362 Via Sonoma # B	92037	1	1	636	\$199,000	\$222,500	12/28/2009	36
090022985	3137 Via Alicante # 108	92037	2	2	1,017	\$325,000	\$325,000	12/04/2009	28
090052657	3958 La Jolla Village Drive	92037	3	3	1,600	\$379,900	\$385,000	12/14/2009	31
090045196	5377 La Jolla # 4	92037	2	2	1,157	\$398,000	\$395,000	11/25/2009	76
090040266	4165 Executive # F401	92037	2	2	1,128	\$420,000	\$420,000	11/12/2009	13

090028927	7550 Eads # 201	92037	2	2	1,351	\$600,000	\$580,000	12/07/2009	160
090061910	333 Coast Blvd # 13	92037	2	2	1,342	\$694,900	\$695,000	12/09/2009	9
090027616	333 Coast # 21	92037	2	2	1,342	\$874,900	\$849,900	12/15/2009	141
090059351	325 S Sierra Avenue # 30	92075	2	2	1,230	\$465,900	\$435,000	12/24/2009	50
090009756	429 S Sierra # 151	92075	2	3	1,422	\$539,900	\$520,000	12/02/2009	253
090043702	135 Sierra # 12	92075	2	3	1,823	\$775,000	\$735,000	11/20/2009	34
090058102	3520 Lebon # 5123	92122	1	1	535	\$158,888	\$166,000	12/01/2009	34
090059822	7130 Shoreline Drive # 1306	92122	1	1	597	\$150,000	\$171,000	11/25/2009	12
090042669	7565 Charmant Dr # 413	92122	1	1	704	\$170,000	\$175,000	12/16/2009	2
090057586	7180 Shoreline # 5106	92122	1	1	597	\$175,900	\$175,900	11/30/2009	10
090046910	7405 Charmant # 2035	92122	1	1	704	\$162,800	\$183,000	11/18/2009	10
090037194	7425 Charmant # 2813	92122	1	1	704	\$185,000	\$185,000	12/18/2009	152
090057280	7405 Charmant # 2027	92122	1	1	704	\$207,200	\$185,000	12/07/2009	18
090061330	3550 Lebon # 6115	92122	1	1	600	\$175,800	\$186,000	12/15/2009	18
090067609	3941 Nobel # 175	92122	1	1	680	\$205,000	\$205,000	12/22/2009	71
090057949	3955 Nobel Dr # 191	92122	1	1	554	\$205,900	\$205,900	11/13/2009	6
090063115	3927 Nobel Drive # 58	92122	1	1	680	\$214,800	\$212,500	12/22/2009	10
090057774	7565 Charmant # 308	92122	1	1	796	\$169,900	\$222,000	11/17/2009	10
090027428	4090 Rosenda # 201	92122	1	1	685	\$235,000 - \$270,876	\$225,000	12/03/2009	22
090049053	7425 Charmant Dr. # 2808	92122	1	1	796	\$225,000	\$225,000	11/30/2009	68
090061440	3927 Nobel Dr. # 38	92122	1	1	680	\$246,400	\$262,250	12/07/2009	11
090059428	7405 Charmant Dr # 2101	92122	2	2	934	\$272,500	\$272,000	11/24/2009	22
090058131	3550 Lebon # 6220	92122	2	2	956	\$270,000	\$275,000	12/11/2009	49
090050624	7405 Charmant # 1907	92122	2	2	934	\$269,900	\$280,000	12/10/2009	19
090058143	8889 Caminito Plaza Centro # 7235	92122	2	2	1,001	\$277,900	\$311,000	11/23/2009	6
090062875	6210 Agee Street # 242	92122	1	1	692	\$160,000	\$320,000	12/31/2009	11
090059318	6242 Caminito Araya	92122	2	2	1,366	\$363,900	\$368,000	12/11/2009	15
090059695	3976 Camino Lindo	92122	3	3	1,380	\$419,500	\$407,500	11/24/2009	14
090061328	3990 Mahaila Ave # B	92122	2	3	1,719	\$391,050	\$410,000	12/15/2009	10
090042077	12269 Carmel Vista # 169	92130	1	1	791	\$220,000	\$240,000	12/31/2009	171
090053937	3877 Pell # 110	92130	1	1	900	\$270,000	\$270,000	12/02/2009	24
090055673	12360 Carmel Country Rd # B-203	92130	1	1	770	\$269,900	\$270,000	11/13/2009	13
090058790	12570 Carmel Creek # 74	92130	2	2	864	\$295,000	\$290,000	12/09/2009	52
090045305	4120 Via Candidiz # 129	92130	2	2	976	\$325,000	\$345,000	12/08/2009	12
090056973	12604 Carmel Country # 21	92130	2	3	1,050	\$370,000	\$355,000	11/17/2009	56
090060623	12980 Carmel Creek # 151	92130	2	3	1,180	\$371,925	\$367,000	12/30/2009	36
090061179	12372 Carmel Country # 103	92130	2	2	1,212	\$399,900	\$399,900	12/16/2009	8
090066573	12370 Carmel Country # 105	92130	3	2	1,376	\$384,100	\$410,000	12/30/2009	14
090022005	3759 Carmel View # 1	92130	2	2	1,163	\$445,000	\$420,000	11/11/2009	204
090054684	3896 Creststone	92130	2	3	1,405	\$415,000	\$435,000	11/30/2009	60
090060107	906 Intrepid Court	92014	3	3	1,617	\$405,000	\$444,000	12/11/2009	6
090048095	2052 Willowood Lane	92024	3	2	1,014	\$279,900	\$305,000	11/23/2009	75
090063763	8855 Caminito Sueno	92037	3	3	1,596	\$514,900	\$525,000	12/24/2009	20
090006119	7115 Calabria Ct. # D	92122	3	3	2,076	\$575,000	\$545,000	12/18/2009	203
090062079	3587 Caminito Carmel Landing	92130	2	2	1,066	\$339,900	\$360,000	11/24/2009	7
090062282	12624 Carmel Country Rd # 92	92130	2	3	1,178	\$409,900	\$395,100	12/30/2009	21
090055309	3784 Mykonos # 50	92130	2	3	1,202	\$449,900	\$425,000	12/31/2009	65
090027764	12728 Via Nieve	92130	3	3	1,532	\$479,000	\$495,500	12/15/2009	159

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