

Here's how to spot bargain in the rough

Discovering seller's problem and then finding a solution are keys to success

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Jeanette Fisher

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What is a ``distressed" property? What is ``bargain" real estate?

A distressed property is one with a distressed seller. Job loss or transfer, divorce, death, pending foreclosure, and lack of money cause sellers to sell fast for less.

Discovering the seller's problem and finding a solution is the key to buying a bargain property.

A distressed property may also be a ``doghouse," a dump, or a fixer. Owners of "doghouses" are not always distressed sellers.

Here are 18 easy steps to buy a bargain house:

1. Get good advice from successful investors. Ask friends and real estate agents for referrals to investors.
2. Create your personal investment journal.
3. Define investment goals: Do you want to buy a home to live in, to fix and sell, or to hold for your future?
4. Get credit reports and scores. Create a file for each credit reporting agency. Take care of any credit issues.
5. Read real estate investing books and articles. Attend workshops and seminars. Also avoid out-of-date infomercials on TV.
6. Get good advice from lenders. Choose a lender with great service, good closing record, and fair costs. Arrange financing.
7. Define your target locations: Is your desired property near home or job, vacation or second home?

8. Learn your target market. Study real estate newspaper sections. Pick up homes for sale flyers. Watch sales and note prices, amenities, and conditions.
9. Interview real estate agents and learn from them. Do not sign any agreements with agents limiting your search for bargain property. (These contracts make you pay the agent a commission even if you purchase by owner.)
10. Use agents who know local market customs and guarantee to make many offers for you.
11. Find a good escrow officer for buying "for sale by owners."
12. Study home remodeling, design magazines and books. Learn the costs of materials, supplies, and trades. Visit home improvement warehouses. Note costs of building materials.
13. Be ready to know a bargain property when you see it.
14. Make many offers. Bid on houses being repossessed.
15. Buy only bargain property. Get great terms or concessions from seller.
16. Plan house transformation during escrow. This speeds your work time – saving you money in holding expenses.
17. Monitor real estate escrow closing. Do not jeopardize your financing by charging up credit cards or making unnecessary purchases.
18. Celebrate buying your "doghouse" with an open house.

*Professor **Jeanette Fisher**, of Lake Elsinore, Calif., is author of *Doghouse to Dollhouse for Dollars and Joy to the Home*. She teaches real estate Investing and design psychology. For more articles, tips, reports, see <http://www.doghousetodollhousefordollars.com>*