

Welcome to

FOUNDITREALESTATE

*Finding Creative Solutions
To Your
Real Estate Challenges.*

Topics For Today

- ❖ The “HOW TO” of Foreclosure
- ❖ ARV -vs- Sales Price
- ❖ Deed of Trust -vs- Mortgage
- ❖ Top 4 ways to make \$\$ with Foreclosures
- ❖ Market Financial Evaluation
- ❖ Detroit Foreclosure Market

Foreclosure Definition:

- A legal proceeding where property used to secure a debt is sold to pay off that debt when the borrower has defaulted on loan payments or broken other terms of the mortgage agreement.
- If a borrower has not made payments for a time specified in the mortgage agreement, the lender may sell the property to pay off the loan.
- **David's Definition:** The method of returning real estate to the lender or seller. Finding deals for 40-60% below the ARV.

ARV -vs- Sales Price

- ARV: After Repaired Value
- Sales Price: Price negotiated between buyer and seller.

Question: Traditionally what does the bank lend on the ARV or the Sales Price?

Deed of Trust -vs- Mortgage

- A **Deed of Trust** involves three parties. You as the trustor, the lender as the beneficiary, and a neutral third party as the trustee, who you can think of as someone who holds temporary (but not full) title until the lien is paid.
- A **Mortgage** involves two parties. You as the borrower, and the lender as the beneficiary. It is a formal agreement whereby a lien on a interest in real estate is created.

Why is this important to us as investors?

http://www.foreclosures.com/pages/state_laws.asp#

Top 4 ways to make \$\$ in Foreclosures

- 1) Wholesale: Locate (usually ugly) property that may or not need repairs. Buy low sell low to make quick cash.
- 2) Owner Financing: You become the bank. Property is purchased at a discount and then sold quickly to another person...can be sold for a bargain.
- 3) Flipping: a) *Retail Flip*: Marketing to "home buyers" as the end user.
b) *Investor Flip*: This is the system of locating houses that need repairs. You will be buying the house, fixing the house and selling to investor for a discount.
- 4) Lease Options: A lease containing an option giving the lessee the right to purchase the property. The price and terms of the purchase must be set forth for the option to be valid.

Foreclosure Market Evaluation

1. Strategy: Does My Market Strategy Work? Is it a rental market, resale, or both? If it is a resale market it is wholesale or retail?
2. Location: Where to buy and how to decide?
 1. A B C D F
3. Pendulum: Where is the city financially? Is it hitting rock bottom or is going up?
4. Urban Development: Water front homes
5. Real Estate: 1. Availability 2. Quality 3. Price

Top 5 Foreclosure Markets

- 1. Greeley, CO
- 2. Detroit, MI
- 3. Miami, FL
- 4. Indianapolis, IN
- 5. Ft. Lauderdale, FL

Information from www.cnn.com

Where Not To Buy

NEWS MARKETS MY PORTFOLIO TECHNOLOGY JOBS PERSONAL FINANCE LUXURY

BUSINESS 2.0 **Where not to buy (at least for the next year or so)** [Back to FEATURE](#)

These 10 overvalued cities have run their course and home prices are expected to drop in 2007, reports Business 2.0 Magazine in its November 2006 issue.

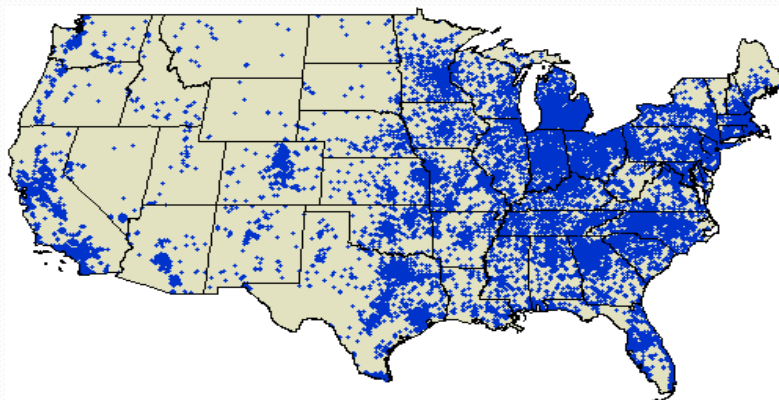
[BACK](#) [NEXT](#) 6 of 6

The Bottom 10

J.S. cities where median home prices are expected to drop the most in the coming year.

AT A GLANCE: Projected drop in median home prices

Stockton, CA	- 9.7%
Merced, CA	- 8.9%
Reno/Sparks, NV	- 8.9%
Fresno, CA	- 7.9%
Vallejo/Fairfield, CA	- 7.8%
Las Vegas, NV	- 7.1%
Bakersfield, CA	- 6.6%
Sacramento, CA	- 6.4%
Washington, D.C.	- 6.3%
Tucson, AZ	- 6.2%



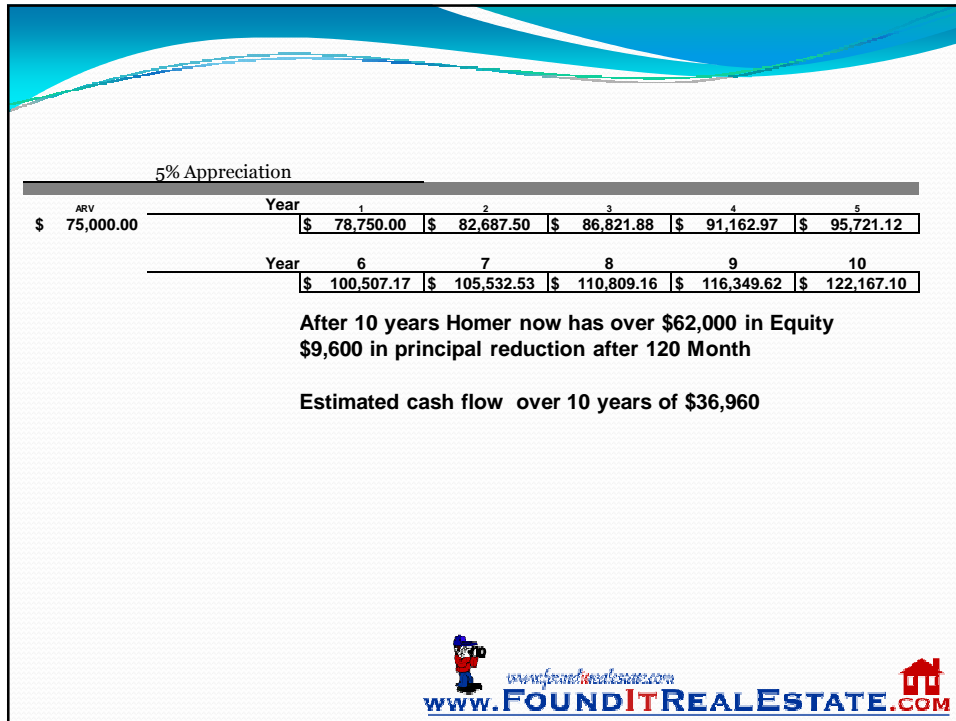
May 17, 2007

If you want to invest in foreclosure, where do you want to be on the map?

Equity Spread

Found It Real Estate Purchase Price	\$25,000.00
Total Rehab Cost	\$20,000.00
Total Invested	\$45,000.00
Investor Base Purchase Price	\$60,000.00
After Repaired Value "At Least"	\$75,000.00
Total Equity	\$15,000.00
Percentage Below A.R.V	20%

Purchase Price	\$60,000.00	\$75,000.00
20% Down	\$12,000.00	\$15,000.00
Bank Financed	\$48,000.00	\$60,000.00
1 st Loan @ 80% LTV	\$48,000.00	\$60,000.00
2 nd Loan	\$0.00	\$0.00
1 st Loan Pmt	\$320.00	\$400.00
2 nd Loan Pmt	\$0.00	\$0.00
Total Mgt Pmt	\$320.00	\$400.00
Rent	\$750.00	\$750.00
Mortgage Pmt	\$320.00	\$400.00
Insurance	\$80.00	\$80.00
Taxes	\$125.00	\$125.00
Property Mgt 8%	\$60.00	\$60.00
Total Expenses	\$585.00	\$665.00
Cash Flow	\$165.00 x 12 = \$1980	\$85.00 x 12 = \$1020
Cash on Cash	16.5%	KEEP COUNTING



Thank you for your time!

Don't wait to buy real estate. Buy real estate and wait!

David W. Loder, Director of Acquisitions
 Found It Real Estate
 David@FoundItRealEstate.com
 www.FoundItRealEstate.com
 (866) 235-9448 ext. 126
 (415) 713-4419 Mobile
 (415) 358-8859 Fax