

## What to expect when purchasing Bank Owned Foreclosed Properties

1. In many instances the home will sell AT or OVER the asking price. If they list the property well under value right out the gate, get ready, there will be a flock of people with multiple offers. It's like ebay, John isn't going to let Paul buy the house for pennies on the dollar without putting in a higher bid. Sometimes the house ends up selling for more than market value, just because of the excitement and emotions of multiple offers. The banks will list a home priced below true market value, as an aggressive starting point to attract multiple offers and they are guaranteed the house will sell within one week. When multiple offers occur on a property, they will ask all buyers with offers on the property to then bring their "HIGHEST and BEST offer and the best offer gets the home.



2. Banks accept offers within 5%-10% of asking price within the first 30 days on the market, NOT 50% of their asking price. The most common misconception is that banks are desperate and will take anything. NOT TRUE! The banks will reduce the price every 30 days usually until the house sells. The bank will do one of three things after they receive your offer: They will REJECT your offer, if they feel you are not a serious buyer, ACCEPT your offer, or COUNTER your offer. While these negotiations are happening the bank will be looking at all other offers that come in and they can accept any other offers.

3. The bank will look at the how you will be paying for the property. Cash is always best. When financing they look at the type of loan you are financing the mortgage with: Conventional, FHA or VA, and the amount you are putting down on the property. Conventional mortgages can usually close sooner and have the least amount of contingencies.

4. Banks look for the cleanest offer with the LEAST amount of contingencies. To make your offer strongest you can waive the offer contingent upon a successful inspection, and waive the contingency to get your mortgage obtained.

5. They look for an offer with a large Earnest Money Deposit to ensure you are a very serious buyer.

6. Most banks will ask for a response back from the buyer within 24 hours, if the bank counters your offer or the deal is void.

7. Bank owned homes are sold AS-IS, WHERE-IS. This means they will not provide any repairs or



## **12 Facts Nobody Told You About Purchasing Bank Owned Foreclosed Properties**

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changes to the home. You are welcome to do a home inspection if you put in that contingency, but they don't care what you find wrong, they do not want to do any repairs.

8. After submitting an offer the bank will respond within 2 days to 2 weeks on average. Usually the better your offer is the faster they respond. If they take two weeks to respond it's usually because it was a very low offer.

9. There are NO sellers disclosures provided with a bank owned home. The bank has no information on the condition of the home or when any repairs or updates have been performed, if any. You can pay to have your own private inspection done by an inspector of your choice.

10. Banks prefer to close on a property within 30 days of an accepted offer.

11. You will need a mortgage PRE-APPROVAL and loan program chosen when making an offer on a property. They will not even look at an offer without a current pre-approval from a reputable lender. In fact now most banks require that you get pre-approved through their lender as reassurance you qualify for a loan. You do not have to go through their lender, but some banks require you to be pre-approved by their own lender of choice to be considered on an offer.

12. Many bank properties have MOLD issues due to no utilities being on, and the potential of a water pipe bursting due to cold weather conditions and flooding may occur. This may allowing mold to form in the drywall. The bank WILL NOT remedy this issue.

As a Buyer Specialist with the Cottrell Realty Group, I work with home buyers every day. It is my job to get you the absolute best price and take care of all the details for my clients. It is crucial to work with someone who has vast experience in foreclosures and knows the "ins and outs" of negotiating with banks.

Let me know how I can assist you in getting an truly AWESOME deal on a home or investment property.

I see fantastic deals everyday! Hope to talk to you soon!

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Oh by the way...Who do you know that is looking to buy or sell a home in the next 30 days? Call us with their name & number so we can help them get what they want.