



Get Quote

Search

- Subscribe to Money
- Make CNNMoney my Homepage
- Add to Favorites

PARTNER CENTER



[Click Now](#)



[Top things to know](#)



[International News](#)



[Search rates](#)

Money

3 tips on buying a foreclosed home

Sure, banks are anxious to sell foreclosed properties and you can get a decent price. Here's what you need to know before you shop.

By [Stephen Gandel](#), Money Magazine senior writer
Last Updated: June 23, 2008: 3:23 PM EDT

(Money Magazine) -- Meet the latest desperate home seller: the bank. According to RealtyTrac, lenders repossessed 197,800 homes in the first four months of 2008 vs. 90,800 in that period last year.

Banks don't want to be in the real estate business, so sometimes they'll accept much less than you might think to get the darn things off their books - especially in markets having lots of trouble. But buying such properties has drawbacks.

Here's what you need to know.

1. Use the Web

Websites can help you find foreclosed homes. On Redfin.com, you can do a free search for so-called real estate owned (REO) properties - those for which the bank holds the deed - in Baltimore, Boston, Los Angeles, San Diego, San Francisco, Seattle and Washington, D.C. (and soon, Chicago).

Or you can locate them nationwide on Foreclosures.com or RealtyTrac.com for a subscription fee of \$49.95 a month.

2. Use a broker

Forget buying directly from the bank (lenders typically deal only with pros) or at auction (you may wind up bidding more than you should).

Work with brokers; banks use them to sell most homes. Once you've identified which properties are REO, you'll know those are the ones for which a low-ball offer is more likely to be accepted.

3. Watch out for repair costs

Look for houses that have been on the market for more than 90 days and offer

Bank-owned houses typically need a lot of work: People facing foreclosure often neglect maintenance and may have swiped fixtures and appliances on their way out.

Never buy an REO property without an inspection, and be sure to factor repair and remodeling work

EMAIL | PRINT | + SHARE | RSS



Current Mortgage Rates

Type	Overall avgs
30 yr fixed mtg	6.26%
15 yr fixed mtg	5.78%
30 yr fixed jumbo mtg	7.32%
5/1 ARM	5.58%
5/1 jumbo ARM	6.26%

Find personalized rates:

Enter ZIP code

More From Money Magazine

[Adjusting to a softer real estate market](#)

[New ways to save on drugs](#)

[Lured into cloak-and-dagger investment pitches](#)

Best Places to Live

Current Issue

[Subscribe to Money](#)

Sponsored Links

Auto Insurance Quotes

Save Hundreds In Minutes w/ Fast, No Hassle Auto Ins From The Hartford AARP.TheHartford.com

Investing With 15% Return

Invest in Medical Imaging Device & Earn a Monthly Income: Min Inv. \$25K DirectMedicalInvesting.com

[Buy a link here](#)

- Top Stories
- Most Popular Stories
- Most Popular Videos

1. Real Estate: Vultures swoop in
2. Gas prices hold in record territory
3. Stuck with an SUV
4. Offshore oil drilling: An early jump in Florida
5. Global warming and oil top agenda at G-8 summit

REPLAY

Why not try before you fly?

For a chance to pilot our flight simulator

US Indexes	Fortune 500 Movers	
Markets	Last	Change
Dow Jones	11,288.54	▲ 73.03 / 0.65%
Nasdaq	2,245.38	▼ -6.08 / -0.27%
S&P 500	1,262.90	▲ 1.38 / 0.11%
10-year Bond	99 4/32	Yield: 3.98%
U.S.Dollar	1 euro = \$1.570	0.000

July 3, 2008 12:00 AM ET

Go

Sponsored by

[Subscribe to Money Magazine](#)

+ SYMBOL LOOKUP

Photo Galleries



Boom times for fiery business

The Fourth of July is the Big Bang weekend for fireworks companies. Here's our behind-the-scenes look at what's coming this weekend in five

into your offering price. According to a recent survey by Remodeling Online, replacing a bathroom alone costs nearly \$16,000, on average. ■

First Published: June 20, 2008: 4:48 AM EDT

[Tales from the housing bust](#)

[5 new rules for home buyers](#)

[Latest housing prices - 151 markets](#)

[Send feedback to Money Magazine](#)

Sponsored Links

[Mortgage Rates Drop - Fed at 2%](#)

\$200,000 loan for \$708/month. Free Quotes - No SSN Rqd. Save \$1000s!
[Mortgage.RefinanceFrontier.com](#)

[Investing With 15% Return](#)

Invest in Medical Imaging Device & Earn a Monthly Income: Min Inv. \$25K
[DirectMedicalInvesting.com](#)

[What's your credit score?](#)

The U.S. Average is 692. See your 2008 report and score now for \$0!
[FreeCreditReport.com](#)

[Buy a link here](#)

Features

Issue #1: America's Money - Solutions



4 ways to drive greener

Easy ways to shell out fewer dollars and spew out less carbon. [More](#)



Cheap power for tomorrow

5 entrepreneurial ventures actively pursuing new energy sources. [More](#)



Best way to take a pension

A life of monthly checks usually beats a big lump sum. [More](#)

[cities. More](#)



Top 10 luxury rides

For those who want the best of the best, here they are. Plus 20 more options to consider. [More](#)



Where cheetahs roam

In Namibia, animal lovers' tourism dollars help protect threatened species. [More](#)

GET A FREE TRIAL ISSUE!



Money

Name

Address

City

State/Pr

Zip/Postal

E-mail

[Privacy Policy](#)

© 2008 Cable News Network. A Time Warner Company. All Rights Reserved. [Terms under which this service is provided to you.](#) [Privacy Policy](#)

[Home](#) [Portfolio](#) [Calculators](#) [Contact Us](#) [Newsletters](#) [Podcasts](#) [RSS](#) [Mobile](#) [Widgets](#) [Press Center](#) [Site Map](#) [User Preferences](#)
[Advertise with Us](#) [Magazine Customer Service](#) [Download Fortune Lists](#) [Reprints](#) [Career Opportunities](#) [Special Sections](#) [Conferences](#) [Business Leader Council](#)

Live Quotes automatically refresh, but individual equities are delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. Market indexes are shown in real time, except for the DJIA, which is delayed by two minutes. All times are ET.

* : Time reflects local markets trading time. † - Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. [Disclaimer](#)

Copyright © 2008 [BigCharts.com](#) Inc. All rights reserved. Please see our [Terms of Use](#). MarketWatch, the MarketWatch logo, and BigCharts are registered trademarks of MarketWatch, Inc. Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. All Times are ET. Intraday data provided by [Interactive Data Real-Time Services](#) and subject to the [Terms of Use](#). Historical, current end-of-day data, and splits data provided by [Interactive Data Pricing and Reference Data](#). Fundamental data provided by [Hemscott](#). SEC Filings data provided by [Edgar Online Inc.](#). Earnings data provided by [FactSet CallStreet, LLC](#).