

- Abandoned/vacant property, 108, 158–159
- Abbreviations used in property title documents, 114–115
- Acceleration remedies, lender’s (covenant), 38, 40–41
- Agreement for deed (AFD), 50–51
- Appraisal industry:
 - definition of market value, 140–141
 - methods of estimating property values, 141–142
 - online information, 249
- Arm’s length transactions, 190
- Assessed versus appraised value, 141
- Assessor’s parcel number (APN), 106
- Assignment of purchase agreement, 200, 241–242
- Attorneys:
 - loan loss mitigation departments, 182–183
 - real estate, 202–203, 212, 248
- Auction stage, public foreclosure, 18, 20–22
- Automobiles:
 - documenting business-related travel, 58
 - organizing “office on wheels,” 57
- Bail bond liens, 112
- Bankruptcy, owners in, 167, 181
- Beneficial interest in borrower, transfer of property or (covenant), 38, 39
- Boundary line disputes, 208
- Bribing owners, 190–191
- Broker(s):
 - loan (versus lender), 37–38
 - real estate (*see* Real estate professionals/brokers)
- Broker’s price opinion (BPO), 192
- Business entity, separate, 61–62
- Buyers, qualifying, 234, 237–239
- California statutes/Civil Code, 30, 83
- Carpets, 224–225
- Checking accounts, 57, 58
- Child support liens, 113, 163
- Classified ads:
 - finding property owners with delinquent loans, 76–78
 - reselling property, 233–234
- Cleaning property for resale, 222
- Closing on purchase of pre-foreclosure property, 14, 209–216
 - attorney, hiring, 212
 - buyer’s checklist, 215
 - deed recording, 216
 - double-checking documents, 213
 - expecting the unexpected, 209–210
 - final inspection, 214
 - HUD 1 settlement statement, 213
 - mailing checks to lenders/lienholders, 216
 - most important advice, 210
 - property taxes (prorating using 365-day method), 213–214
 - Real Estate Settlement Procedures Act (RESPA), 212–213
 - title/escrow companies, role of, 211–212
 - utilities, 214
- C.L.U.E (Comprehensive Loss Underwriting Exchange), 118
- Code enforcement liens, 112
- Code violations, 104, 208
- Cold calling, 79, 85–86
- Collusion between bidders, 21
- Comparable sales method, property evaluation, 104, 141, 142, 248–249
- Compromise sales, 197
- Consensual versus judgment lien, 162
- Constructive notice, 108
- Contacting property owners in foreclosure, 12–13, 79–92
 - cold-calling (not recommended), 79, 85–86
 - direct mail recommended, 80–81
 - letters:
 - appealing to emotions and offering immediate relief, 82
 - follow-up, 83, 84–85
 - quality of writing, 80, 85
 - samples, 87–92
 - stamped first-class, 82–83
 - timing (during loan’s reinstatement period), 81
 - typewritten, individually addressed, and personally signed, 82
 - zip codes for targeting potentially profitable properties, 81
- Contingency clauses in purchase agreement, 201
- Contract for deed (CFD), 50–51
- Contractors. *See* Fixing up pre-foreclosure properties
- Conventional mortgage loan, 37, 47. *See also* Loan(s), real estate
- Corporate franchise tax liens, 112
- Covenants, 38–41
- Crime, neighborhood, 104, 116–117, 247
- Current owner and encumbrance (O&E) title search, 115–116
- Debt-to-value ratio, 6, 143–144
- Deed, recording, 216

- Deed of trust loans, 36, 38, 112, 163, 240
- Default:
- clauses (buyer/seller) in purchase agreement, 200
 - management (versus loan loss mitigation), 178
 - notice of, 69, 71, 74, 164–165
 - status, foreclosure process and, 68
- Demographic information, 104, 117, 247
- Department of Veterans Affairs (DVA) loans, 37
- assumption of (problem with, as non-veteran owner-occupant), 50
 - borrower's right to reinstate clause, 81
 - due-on-sale clause, legal way to get around, 50–51
 - factor contributing to number of foreclosures, 6
 - judgment liens resulting from default, 110
 - lenders lacking authority to foreclose, 49
 - regional loan centers, 197–198
 - short payoff sales (compromise sales), 197
 - strict rules, 23, 24
 - web sites/online information, 48, 197
- Depreciating equipment, 59
- Disclosure statement, property, 206–208
- Divorce, owners in process of, 151, 187
- Drugs/alcohol, owners addicted to, 151–152
- Due diligence, 13, 102–118
- checklist, 103–104
 - code violation search, 104
 - comparable sales search, 104
 - definition, 103
 - demographic and economic data search, 104, 117
 - flood zone map search, 104
 - hazardous waste search, 104
 - insurance claims history, 118
 - liens, 109–113
 - neighborhood crime search, 104, 116–117
 - people search online, 117, 118
 - preliminary (using the Internet), 104
 - property records search, 104 (*see also* Public records, searching)
 - property tax records search, 104
 - title company databases, 115
 - title searches, 115–116
 - current owner and encumbrance (O&E) title search, 115–116
 - full title search, 116
 - hiring experienced title abstractor, 116
 - types of real property (statutory/equitable), 109
- Due-on-sale clause, 41, 43, 44, 50–51
- DVA loans. *See* Department of Veterans Affairs (DVA) loans
- Earnest money deposit, 200
- Economic conditions:
- affecting resale, 235–236
 - nationwide foreclosures and, 5–6
- Electrical inspection checklist, 130
- Eminent domain, 201
- Employees versus independent contractors, 61
- Entry, buyer's right of, 201
- Environmental contamination, 104, 123–124, 206–207, 247
- Equitable liens, 109
- Equity:
- calculating owner's, 146–147
 - defined, 140
 - instant, 184–185
 - mistaken assumptions about owners and, 93
 - property owners with little/no (*see* Short payoff sales)
- Equity skimming, 45–46, 51
- Escrow agents, 52, 211–212
- Estimating market value of foreclosure property, 13, 139–147
- appraisal methods, 141–142
 - comparison sales, 104, 141, 142, 248–249
 - income, 142
 - replacement cost, 142, 143, 249
 - assessed value versus appraised value, 141
 - calculating owner's equity, 146–147
 - definitions of, 140–141, 144
 - equity defined, 140
 - method recommended, 142, 144–146
 - online sources of property appraisal information, 141
 - pursuing only pre-foreclosures that have relatively low debt-to-value ratio, 143–144
 - worksheet, 145
- Estoppel letters, 98, 99, 101
- Ethics, 7–8, 152, 190–191
- Existing loans. *See* Loan(s), real estate
- Expense records, 58
- Exterior property checklist, 126
- Failure, overcoming fear of, 63
- Fannie Mae, 24–25, 48, 239
- Federal Housing Administration (FHA) loans, 37
- assumption of, as owner-occupants, 49–50
 - judgment liens resulting from default, 110
 - lenders lacking authority to foreclose, 49
 - short payoff sales (pre-foreclosure sales), 196
 - toll-free telephone number for National Loan Servicing Center, 196
 - web site, 48
- FICO (Fair Isaac Corporation) credit scoring model, 12, 239
- Financial records. *See* Record keeping
- Financing purchase of pre-foreclosure property, 47–54
- avoiding equity-skimming scam, 51
 - existing loans:
 - assuming, 49–51
 - purchasing subject to, 43–45, 52–53
 - information on loan programs nationwide, 48
 - installment sale contract (holding documents in escrow), 52
 - licensed loan servicing company, using, 51
 - limits on number of loans per investor (Freddie Mac and Fannie Mae), 48

- lines of unsecured credit, 53–54
- sources of startup capital, 53
- trading monthly rental payments, 54
- types of residential real estate loans, 47–48
- Finding property owners facing foreclosure, 12, 67–78
 - classified ads, 76–78
 - county government office,, 67–68
 - court and commercial newspapers, 72
 - default status, and foreclosure process, 68
 - foreclosure notices, 68–69, 72–75
 - lenders' handling of delinquent loans, 76
 - most important advice, 67–68
 - nationwide county recorder office
 - information available online, 72
 - notice of default, 69, 71, 74, 164–165
 - notice of lis pendens, 69, 70
 - online foreclosure reporting services, 75–76
 - owners one payment away from foreclosure, 76
 - questions to ask property owners, 78
 - sample loan breach letter to owner, 77
 - worksheets, 73, 74
- First-time homebuyers, 6
- Fixing up pre-foreclosure properties, 15, 217–227, 250
 - carpet/floor coverings, 224–225, 226
 - cleaning, 222
 - cost estimating, 221, 222, 250
 - eliminating indoor odors, 222–223
 - items that must be cleaned, patched, repaired, or replaced, 225–226
 - painting, 223–224
 - planning elements, 218
 - record keeping, 226, 227
 - state construction lien law, 221
 - working with repairmen/contractors:
 - avoiding being ripped off, 219
 - finding competent professional tradesmen, 219–220
 - requiring written estimates, 220
 - walk-through inspection before final payment, 226
- Flood zone map search, 104
- Floor coverings, 224–225, 226
- Foreclosure:
 - actions (two types):
 - judicial foreclosure process, 28–29
 - non-judicial foreclosure process, 29–30
 - definition, 28
 - factors contributing to the skyrocketing number of, 5–6
 - historically low interest rates, 6
 - loans with high loan-to-value ratios, 6
 - overextended first-time homebuyers, 6
 - predatory lending practices, 6
 - notices:
 - accessing online, 72–75
 - finding court and commercial newspapers, 72
 - information usually contained in, 68–69
 - published in newspaper of record, 72
 - online reporting services, 245–246
 - stages, 18 (*see also* Pre-foreclosure)
- Freddie Mac, 25, 48, 239
- Garage and carport inspection checklist, 129
- Government-backed loan programs. *See also*
 - Department of Veterans Affairs (DVA) loans;
 - Federal Housing Administration (FHA) loans:
 - contributing to rate of foreclosures, 6
 - discounting liens, 166
 - Fannie Mae, 24–25, 48, 239
 - Freddie Mac, 25, 48, 239
 - HUD-owned properties, 23, 24
 - HUD settlement statement, 192, 194, 213
- Grantor/grantee indexes, 107
- Grounds inspection checklist, 127
- Hardship test (short sales), 186–187
- Hazardous substances, 104, 123–124, 206–207, 247
- Heating and cooling systems, 132, 226
- HELOC (home equity line of credit), 53
- Home equity sales contract (state statute), 30
- Home office:
 - inspection checklist, 138
 - setting up, 56–57
 - tax deduction, 56–57
- Homeowners' association liens, 113
- Hostile occupants, 22
- HUD-owned properties, 23, 24
- HUD settlement statement, 192, 194, 213
- Income method of appraisal, 142
- Inheritance tax liens, state, 112
- Insolvency, 187, 192
- Inspecting contractors' work, 226
- Inspecting property before buying, 13, 119–138
 - auction sales, lack of opportunity in, 20, 23
 - checking out neighborhood, 122
 - checklists, 125–138
 - attic, 128
 - bathroom, 134
 - bedroom, 137
 - dining room, 135
 - electrical, 130
 - exterior property, 126
 - garage and carport, 129
 - grounds, 127
 - heating and air conditioning, 132
 - home office, 138
 - kitchen, 133
 - living room, 136
 - plumbing, 131
 - on closing day, 214
 - finding competent inspector, 120
 - having owner accompany you on walk-through property inspections, 121–122
 - inspecting for:
 - environmental contamination, 123–124
 - indoor mold, 122, 123
 - lead-based paint hazards, 124, 125

- Inspecting property before buying (*Continued*)
 purchase agreement clause, 120
 watching out for unscrupulous owners
 trying to conceal major defects, 120–121
- Institutional lenders, 36–37, 99
- Insurance:
 private mortgage (PMI), 188
 refusal to insure, and property sold at public
 auction, 21–22
 title, 21, 248
 vacancy exclusion clause, 242–243
 verifying property's claims history, 118
- Interest rates, historically low, 6
- Internet:
 bogus information on, 26
 BTI/ATI (Before/After the Internet), 56
 marketing resale of properties using, 231–233
 preliminary due diligence using, 104
 purchase agreements (ones available free not
 recommended), 199
- Internet resources:
 attorney locator services, 248
 bankruptcy cases, federal, 167
 building and repair cost calculators, 250
 California Civil Code, 30
 comparable property sales data, 248–249
 crime information, 247
 demographic information, 247
 environmental hazardous waste information,
 247
 finding your state's foreclosure statute, 28
 foreclosure reporting services, 245–246
 lead-based paint hazard information, 250
 loan information, 95
 maps, 247–248
 people search, 246
 property appraisal information, 141, 249
 property records, 72, 104–105, 106, 246
 property replacement cost information, 249
 property valuation and analysis software, 249
 residential loan application, 240
 residential mortgage and deed of trust loan
 documents, 38, 240
 tax information, 60, 244, 250
 title insurance information, 248
- Investing. *See* Pre-foreclosure, profitable
 investing in
- Judgment liens, 112, 163. *See also* Lien(s)
 consensual liens versus, 162
 contesting validity of, 169
 sample Florida satisfaction of judgment, 177
 verifying, 110, 168
- Judicial foreclosure process, 28–29
- KISS (keep it simple) principle, 154–155
- Kitchen inspection checklist, 133
- Land parcel identification, 106
- Landscaping, 226
- Lead-based paint hazard, 124, 125, 250
- Legal description of property, 200
- Legality of buying property from owners in
 foreclosure, 7–8
- Legal notice, 108
- Lenders. *See also* Loan(s), real estate; Loan
 loss mitigation departments:
 handling of delinquent loans, 76
 institutional, 36–37, 99
 loan broker versus, 37–38
 mailing checks to, 216
 negotiating with (*see* Negotiating with
 foreclosing lenders)
 predatory practices, 6
 private, 37, 98–101
 properties owned by, 23–25
- Letters:
 estoppel, 98, 99, 101
 to owners, 80–85, 87–92
 short payoff sale proposal, 192, 193
 to subordinate lienholders, 171, 174–175
- Leverage, 21
- Lien(s), 207
 bail bond, 112
 checking public records for, 110–113, 163
 child support, 113, 163
 code enforcement, 112
 consensual, 162
 construction, 221
 equitable/statutory, 109
 fraudulent, 168
 homeowners' association, 113
 judgment, 110, 112, 162, 163, 168, 169, 177
 marital support, 113
 mechanics'-111–112, 163
 medical, 163
 mortgage and deed of trust, 112, 163
 municipal, 113
 priority determined by type of lien and date
 recorded, 109–110
 public defender, 113
 specific/general, 109
 tax, 111, 112, 163, 166–167
 welfare, 113, 163
- Lienholders, subordinate, 14, 161–177
 as defendants in foreclosure lawsuits, 164
 government agencies (local/state/federal) not
 discounting liens, 166
 mailing checks to, 216
 most important advice, 175–176
 negotiating with (for discounting liens),
 171–173, 175
 contacting by letter, 171, 174–175
 what to do when lienholder balks at your
 initial offer, 175
 what to say to lienholders during
 negotiations, 171–173
 notification of default/foreclosure action,
 163, 164–165
 profit margins and, 161–162

- recording fraudulent lien constituting
 - slander of title, 168
- release of lien from, 175–176, 177
- state law and, 165
- time factor (double-edged sword), 162–163
- unlicensed contractors, 165–166
- validity, verifying/contesting, 168, 169
- what to do when lienholder no longer in
 - business, 169–171
 - worksheets, 171, 172–173
- Lines of credit, 53–54
- Lis pendens, notice of, 69, 70
- Living room inspection checklist, 136
- Loan(s), real estate:
 - documents available online, 38
 - existing, 34–46
 - assumption of, 41–45
 - covenants, 38–41
 - definition of, 35
 - due-on-sale clause, 41, 43, 44
 - equity skimming, 45–46
 - overview of what you must know, 35
 - subject to, taking title, 43–45
 - financing purchase, 47–48, 51
 - first/second/third, 37
 - foreclosure actions, two types, 28–30 (*see also* Foreclosure)
 - government backed (*see* Government-backed loan programs)
 - with high loan-to-value ratios, 6
 - lender versus loan broker, 37–38 (*see also* Lenders)
 - owned by bank that no longer exists, 169–171
 - terminology dictionary, online, 38
 - types, 37, 47–48
 - types of lenders, 36–37 (*see also* Lenders)
 - types of security instruments, 36
- Loan(s) in default, getting information about, 13, 93–101. *See also* Finding property owners facing foreclosure
 - estoppel letters, 98, 99, 101
 - fastest way to get loan information from
 - foreclosing lenders, 94–95
 - initial meeting with property owner, 95, 96
 - from private lenders, 98–101
 - property owners, online information, 95
 - time factor, 94–95
 - worksheets, sample:
 - loan information, 97
 - owner interview, 96
 - written authorization, 98, 100
- Loan loss mitigation departments:
 - avoiding excessive legal fees, 182–183
 - dealing with uncooperative people, 179–180
 - default management versus, 178
 - defined, 34
 - HUD, 180
 - negotiating with, 180–181
 - short sales requests processed by, 185–186
 - what you need to know about, 179
 - why attorneys and trustees have no real incentive to work with investors, 181–182
- Loan servicing company, licensed, 51
- Lowball offers to owners, 157
- Mapping information available online, 232–233, 247–248
- Marital support liens, 113
- Marketable title, 200
- Market value:
 - determining (*see* Estimating market value of foreclosure property)
 - not buying foreclosures at, 19
- Mechanics' liens, 111–112, 163
- Microfiche, 107
- Mold, indoor, 122, 123
- Mortgage/deed of trust liens, 112
- Mortgage loans, 36, 37, 47. *See also* Loan(s), real estate
- Municipal liens, 113
- National Delinquency Survey (NDS), 7
- Negotiating with foreclosing lenders, 14, 178–183
 - avoiding excessive legal fees, 182–183
 - bankruptcy threats, 181
 - contacting HUD nationwide loan loss mitigation department, 180
 - dealing with uncooperative people, 179–180
 - default management versus loan loss mitigation, 178
 - loan loss mitigation departments, 178, 179, 180–181
 - why attorneys/trustees have no real incentive to work with investors, 181–182
- Negotiating with property owners in foreclosure, 13, 148–160
 - acting in honest ethical manner, 152
 - adopting negotiating style compatible with your personality, 155
 - avoiding owners addicted to drugs/alcohol, 151–152
 - avoiding owners who are divorcing, 151
 - KISS (keep it simple) principle, 154–155
 - knowing when to stop talking, 158
 - lowball offers, 157
 - not advertising “I Buy Foreclosure” on your vehicle, 153
 - offering relocation allowance for owner-occupied properties, 159
 - opening face-to-face negotiations, 156–157
 - owner-occupied versus vacant properties, 158–159
 - playing role of problem solver, 155–156
 - projecting image of savvy polished professional investor, 154
 - rules (five), 149
 - scenarios (three) determining how much to pay an owner for equity, 158

- Negotiating with property owners in foreclosure (*Continued*)
 stressing that it will never cost owners money to sell you their equity, 157
 verifying identity, 153–154
 what you need to know about most property owners in foreclosure, 149–150
 when to offer to buy the owner's equity for 50 cents or less on the dollar, 160
- Negotiating with subordinate lienholders. *See* Lienholders, subordinate
- Neighborhood, 104, 116–117, 122, 247
- Neutron Industries, 222–223
- Non-judicial foreclosure process, 29–30
- Notarizing/recording of documents, 108–109
- Odors, eliminating indoor, 222–223
- Office equipment, 56
- Online information. *See* Internet resources
- OREO (other real estate owned), 18
- Owner-occupied property, 158, 159
- Paint, lead-based, 124, 125, 250
- Painting property for resale, 223–224, 226
- People, online search for, 117, 118, 246
- Plumbing, 131, 226
- Post-foreclosure stage, 18
- Predatory lending practices, 6
- Pre-foreclosure:
 definition, 3, 18
 recommended stage for buying, 4, 18
- Pre-foreclosure, profitable investing in:
 author's experience getting started, 8–10
 capital (*see* Financing purchase of pre-foreclosure property)
 factors contributing to skyrocketing number of foreclosures nationwide, 5–6
 getting started, 55–63
 business checking account, 57, 58
 depreciating equipment, 59
 home office tax deduction, 56–57
 independent contractors versus hourly employees, 61
 office on wheels, 57
 overcoming fear of failure, 63
 preparation/homework, importance of, 62–63
 recommended office equipment, 56
 record keeping, 58–60
 tax issues, 60–61
 waiting for initial success to establish separate business entity, 61–62
 hype about, 11
 knowledge/persistence required, 7–8
 legality and ethics of, 7–8
 National Delinquency Survey (NDS), 7
 process (14 steps), 12–15
 closing on purchase of pre-foreclosure property, 14, 209–216
 contacting property owners in foreclosure, 12–13, 79–92
 doing short payoff sales on properties with little or no equity, 14, 184–198
 estimating market value, 13, 139–147
 finding property owners facing foreclosure, 12
 fixing up properties, 15, 217–227, 250
 getting information on delinquent loans, 13, 93–101
 inspecting properties, 13, 119–138
 negotiating with foreclosing lenders (attorneys/trustees), 14, 178–183
 negotiating with property owners in foreclosure, 13, 148–160
 negotiating with subordinate lienholders, 14, 161–177
 packaging/marketing/reselling properties, 15, 228–244
 performing due diligence, 13, 102–118
 preparing purchase agreements, 14, 199–208
 resources required, 11–12
 riskiness of most foreclosure investment strategies, 17–25
 skeptics, advice for, 15–16
 time/effort required, 16
 why now is one of best times ever for, 5
- Pre-Foreclosure Property Investor's Kit*, 33
- Preparation, importance of, 62–63
- Private company property ownership databases, 105
- Private lenders:
 institutional lenders versus, 37
 obtaining loan information from, 98–101
- Private mortgage insurance (PMI), 188
- Problem solver, playing role of, 155–156
- Proof of funds, 20, 23
- Property records. *See* Public records, searching
- Property tax records search, 104
- Protection plan, buyer's, 240–241
- Public Access to Court Electronic Records (PACER), 167
- Public defender liens, 113
- Public foreclosure auction stage, 18, 20–22
- Public records, searching:
 abbreviations used in property title documents, 114–115
 asking "public servants" for help, 67–68, 106
 assessor's parcel number (APN), 106
 county recorder or prothonotary's office, 110
 documents notarized/recorded, 108–109
 foreclosure notices online, 72–75
 indexes (tract and grantor/grantee), 107
 lien verification, 110–111
 locating owners of abandoned properties in foreclosure, 108
 microfiche files, 107
 online information, 72, 104–105, 106, 246
 parcels of land identified for tax purposes, 106

- private company databases, 105
- states not requiring public disclosure of real estate sales information, 105
- time gap between recording and indexing, 113
- title searches, 115–116
- what to do if your county's property records are not available online, 106
- where to find names of all property owners in your county, 104
- Purchase agreements, 14, 199–208
 - assignment/sale to other investors, 200, 241–242
 - attorney, finding/hiring, 202–203
 - cancellation, sample notice of, 207
 - contingency clauses, 201
 - key provisions, 200–201
 - notices required, 204, 207
 - property disclosure statement, 206–208
 - property inspection clause, 120
 - sample, 205–206
 - state laws, 199, 204
 - witnesses to, 204–206
- Qualifying buyers, 234, 237–239
- Real estate attorneys, 202–203, 212, 248
- Real estate loans. *See* Loan(s), real estate
- Real estate market, local conditions, 235–236
- Real estate professionals/brokers:
 - definition of market value, 140–141
 - lender-owned properties, 23, 24–25
 - purchase agreements used by, not using, 201–202
 - working with, 235, 237
- Real Estate Settlement Procedures Act (RESPA), 212–213
- Real property tax liens, 111
- Recordable form, 175
- Record keeping:
 - financial records, 58–59
 - information available online, 60
 - keeping track of letters to owners in foreclosure, 84–85
 - keeping track of property repair expenses, 226, 227
 - originals/photocopies, 59
- Redemption after sale, 22
- Reinstate, borrower's right to, 38, 39–40, 81, 83
- Release of lien, 175–176
- Relocation allowance, 190–191
- Rental payments, trading, 54
- Repair. *See* Fixing up pre-foreclosure properties
- Replacement cost method, 142, 143, 249
- Riskiness of most foreclosure investment strategies, 17–25
- Risk of loss clause, purchase agreements, 201
- Security instruments used to secure real estate loans, 36
- Seller-financed mortgage loans, 239–240
- Selling pre-foreclosure properties, 15, 228–244
 - calculating resale value, 229–230
 - local real estate market and economic conditions, 235–236
 - marketing methods/tools:
 - classified ads in local newspapers, 233–234
 - e-mail fact sheet, 233
 - for-sale sign, 234–235
 - information sheet listing property's features, 230–231
 - Internet, 231–233
 - telephone answering machine, outgoing message for buyers, 235, 236
 - online documents available:
 - residential loan application, 240
 - residential mortgage and deed of trust, 240
 - providing limited one-year buyer's protection plan, 240–241
 - qualifying buyers, 234, 237–239
 - seller-financed mortgage loans, 239–240
 - selling/assigning purchase agreement to other investors, 241–242, 243
 - taxation of income from sale of pre-foreclosure property, 244
 - vacancy exclusion clause in insurance policies, 242–243
 - working with real estate brokers, 235, 237
- Short payoff sales, 14, 184–198
 - approval process, 185–188
 - "arm's length" requirement, 190
 - broker's price opinion (BPO), 192
 - cash required for financing transactions, 189
 - definition, 185
 - determining feasibility of, 189
 - DVA (compromise sales), 197–198
 - FHA (pre-foreclosure sales), 196
 - hardship test, 186–187
 - instant equity opportunity, 184–185
 - obtaining borrower's written authorization to release loan information, 189
 - offering property owners separate relocation allowance, 190–191
 - package:
 - checklist, 194
 - HUD 1 settlement statement, 192, 194
 - proposal letter, 192, 193
 - parties involved in, 185
 - private mortgage insurance (PMI) and, 188
 - reasons property owners will not agree to, 190
 - steps necessary to complete typical transaction, 195–196
 - tax consequences for property owner, 191
- Skeptics, 15–16
- Slander of title (recording fraudulent lien), 168
- Specific versus general liens, 109

- Startup capital, three potential sources of, 53.
See also Financing purchase of pre-foreclosure property
- State(s):
 construction liens, 221
 foreclosure statutes, 26–33
 home equity sales contract statutes, 30
 inheritance tax liens, 112
 liens, 112, 163, 165, 168, 221
 public disclosure of real estate sales information, 105
 purchase agreements, 199, 204
 state-by-state foreclosure timeline (average length of time it takes for a loan to be foreclosed), 32–33
 where to find reliable information on the foreclosure process in your state, 30–32
 where to find your state's foreclosure statute online, 28
- Statutory liens, 109
- Subject to, taking title, 43–45, 52–53
 assuming existing loan, versus, 44–45
 clause, 52
 due-on-sale clause in most loans, violation of, 43
 notifying lenders, 52–53
 purchasing, 52
 riskiness of, 43–44
 violating due on sale clause, 43
- Subordinate lienholders. *See* Lienholders, subordinate
- Tax information:
 IRS office locations, nationwide, 167
 IRS publications available online, 60
 online, 60, 244, 250
U.S. Master Tax Guide recommended as reference guide, 60, 244
- Tax issues:
 contacting IRS on property owner's behalf, 166–167
 hiring properly licensed professional to prepare tax returns, 60–61
 home office deduction, 56–57
 income from sale of pre-foreclosure property, 244
 IRS definition of insolvency, 192
 property taxes:
 prorating using the 365-day method (at closing), 213–214
 records search, 104
 short sales (cancelled debt taxed as ordinary income), 191
- Tax liens:
 contacting IRS on property owner's behalf, 166–167
 corporate franchise, 112
 federal, 111, 166
 real property, 111
 removing federal tax lien from property's title, 166
 state inheritance, 112
- Telephone:
 answering machine, outgoing sales message, 235, 236
 cold calling, 79, 85–86
- Timeline, state-by-state (average length of time it takes for loan to be foreclosed), 32–33
- Title:
 disputes, 208
 insurance, 21, 248
 plants, 115
 slander of (recording fraudulent lien), 168
- Title companies:
 common misconception about, 211–212
 indexing of documents in property records databases, 115
- Title searches, 115–116. *See also* Public records, searching
 current owner and encumbrance (O&E) title search, 115–116
 full title search, 116
 hiring experienced title abstractor, 116
- Tract index, 107
- Transfer of the property or a beneficial interest in borrower (covenant), 38, 39
- Trustees. *See* Negotiating with foreclosing lenders
- Unexpected, expecting the, 209–210
- United States Foreclosure Network (USFN), 31–32
- Unlicensed contractors, 165–166
- Utility meter readings, 214
- Vacancy exclusion clause in insurance policies, 242–243
- Vacant properties versus owner-occupied, 158–159
- Vacate-property clause in contract, 201
- Valuation:
 calculating resale value of pre-foreclosure property, 229–230
 market value (*see* Estimating market value of foreclosure property)
 property valuation and analysis software online, 249
- Weasel clauses, 201
- Welfare liens, 113, 163
- Witnesses to purchase agreements, 204–206
- Written estimates, getting (from contractors), 220
- Zip codes, using to target potentially profitable properties, 81