



MyTake: Scott Yancey, Star of "Flipping Vegas"

Is Now the Time?

For those of you who pay attention to the daily headlines, and most of us do to some degree, there are some rumblings in the real estate arena.

It's no secret that the housing bubble burst a few years ago, stoking the flames of financial disasters both here and abroad. And although I've told my students over the years that there's always an opportunity in real estate perhaps, just perhaps, there's no time like right now. I'll explain.

A Perfect Storm for Investing

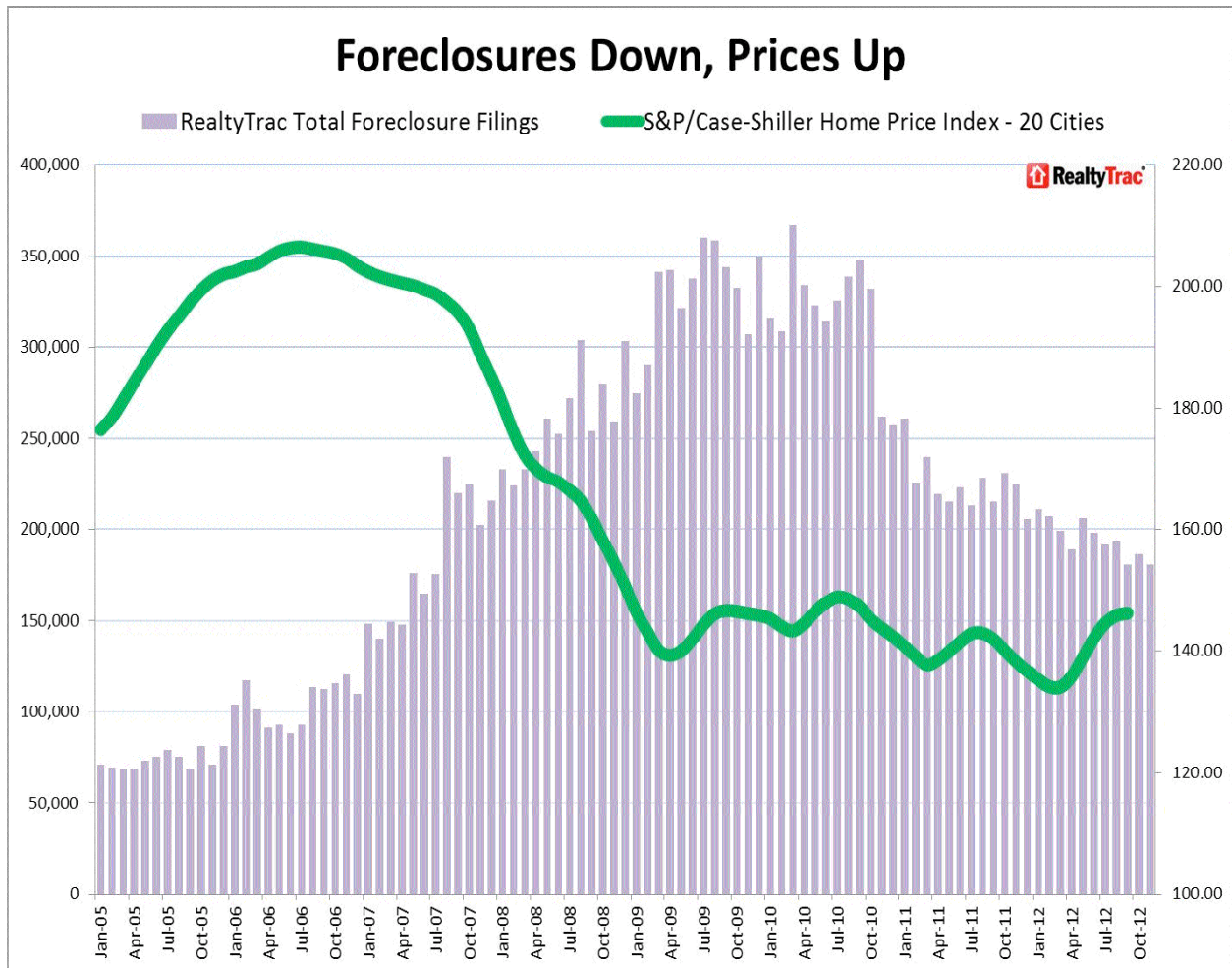
First, home prices appear to have stabilized. Yes, all real estate is local and just because one report claims home prices are slightly higher than this time last year, it may not be true in your neighborhood. But you can't escape the trends. Home prices have not

only stopped falling, they're rising.

The regarded S&P/Case-Shiller index reported, again, that home prices appear to have bottomed out nationally and are on a slow but steady upswing. The National Association of Realtors reported in November similar findings. Out of 149 metropolitan areas across the country a solid 120 of those showed an increase in value. The same report in 2011 showed only 39 out of 149 metropolitan areas enjoyed increased prices. The study also showed home prices increased by 7.6 percent over the same period the year before — the most dramatic upswing since 2006. That's a big deal.

Second, foreclosures are falling and there are fewer

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foreclosed homes in inventory. Prices for foreclosed and short sale homes appear to have bottomed out as fewer of these homes hit the market.

Finally, interest rates are at record lows. Again. While much of the attention given mortgage rates is for those wishing to refinance, the often-overlooked fact is that more people can buy a home than before. The buyer pool becomes deeper and wider. Today, a 30-year fixed rate with no points is readily available from most lenders under 3.25 percent. A 15-year mortgage can be found at 2.75 percent or even lower. The pundits say, and I agree with them, that while the economy may be on the mend it's hardly a barn-burner and interest rates will remain low for some time.

These three newsworthy events taken separately are important. But combining all three? Home prices rising. Foreclosures falling. Interest rates at historic lows. It's time to invest in foreclosures and short sales. Now.

Getting Started

If you're new to the foreclosure or short sale game it's really quite simple. Find a property that's priced below market and needs some work. Fix the property. Sell for a profit or hold for long term gain. Granted, my seminars

and A&E show *Flipping Vegas* teach much more than that but in reality that's the crux. And by following a few basic guidelines you'll be well on your way to building your own little real estate empire.

Don't try to do everything all by yourself. Find like-minded individuals or businesses that cater to the real estate market with a nose for deals. Who are some of these like-minded folks?

If you're not a licensed real estate agent, find one to work with you. Or you can employ the services of a real estate "bird dog" whose sole job is to find deals for you. The most critical piece of investing in foreclosures and short sales is knowing your final acquisition cost compared to local market conditions. Acquisition costs include not just the purchase price of your investment but the costs to rehabilitate the property and get it ready for the market. A good agent or bird dog can help you find such properties.

A good agent will also help determine an ideal selling price compared with your own individual time frame. For example, if you're fairly liquid and can handle tying up your funds for several months to command a higher sales price, then an agent can compare recent sales in the area with your asking price. For a quick turn and fewer days on market, then the list price can be lower.

If you're a remodeler and are good with your hands you can go a long way in reducing your acquisition costs by doing most or

all of the rehab work yourself. If not, then you'll want a good contractor handy not only to perform the rehab work but to help you analyze rehabilitation costs.

It's also a good tactic for foreclosure and short sales investors to make friends with local banks and Real Estate Owned (REO) departments with lenders. Make some phone calls and when possible visit these departments in person. As lenders foreclose on a property they need those properties off of their books as soon as possible. When lenders find a consistent buyer, such as you, they'll contact you as soon as a new property hits their books.

You need a consistent source of funds. If you don't have a few hundred thousand dollars in cash lying around dedicated to buying and selling foreclosures or short sales — and most don't — then you'll need financing. Some investors rely on self-directed retirement accounts, which can be used to invest in real estate under certain guidelines. Still others tap an individual or group of investors to provide private financing as opportunities arise.

The key with any source of funds is the ability to quickly access the cash. When good deals hit the market they don't last very long. Don't spend time arranging financing after the sale; have your funds ready to go at the blink of an eye.

Finally, market yourself as a real estate investor and assemble a pool of potential buyers who are always looking for a solid real estate deal. While you may be in the market to buy foreclosures, fix them then flip, other investors are looking for long-term appreciation and are always in the market.

Investing in foreclosures is really nothing new. We've been in the business of buying and selling foreclosures for years. And I can say with confidence that the confluence of price stabilization, inventory and interest rates have created the most attractive environment for investing in foreclosures and short sales. Ever.

Don't get me wrong. This business isn't for everyone. There are some perils in this type of investing and without following the proper steps you can find yourself with a real estate dud on your hands. But by following specific, proven strategies for foreclosure and short sale investing you too will be a happy investor. 🏠

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Scott Yancey is best known as the star of the hit A&E TV show Flipping Vegas. His 20-plus years of successful real estate investing have given him unique insight into investing in any economic climate, which he teaches in his investing seminars nationwide and in his new book GoTime. As a complimentary offer to Foreclosure News Report readers, Scott is offering his book in ebook form at no cost. Visit YanceyEvents.com/Book and use promo code RealtyTrac.