

# How to Find and Buy a Bargain House

Contributed by Jeanette Joy Fisher  
Sunday, 24 December 2006  
Last Updated Sunday, 24 December 2006

Real estate investors know how to make money buying distressed houses. Investors recognize that bargain houses offer the best way to make a return quickly.

Bargain houses also open up a way for first-time home buyers to buy with little or no savings for a down payment. If you want to reduce the amount of down payment needed to buy a house, get the seller to pay your closing costs. In a hot seller's market when more buyers compete for the same properties, you either need to increase the purchase price to cover your closing costs or find a distressed seller.

A bargain house may be in bad shape or the seller may be distressed. Home sellers who suffer from problems such as job loss or transfer, divorce, death, pending foreclosure, and lack of funds sell fast for less. Often these sellers offer incentives to the buyer, like paying the buyer's closing costs.

A distressed house may also be a "doghouse," a dump, or a fixer. Owners of fixers are not always distressed sellers, but they may still feel pressure to get rid of their problem house.

## How to Find a Distressed Seller

Look for listings and advertisements with the words "make offer," "fixer," "must sell immediately," "handyman's special," "divorce," "owner transferred," and "owner help with closing costs." If you see two or three of these clues, you know you've found an anxious seller.

Discovering the seller's problem and finding a solution is the key to buying a bargain property from a seller under pressure. Perhaps the seller needs to close quickly; in this case, a buyer ready with financing in place with a lender who acts fast can make an offer with a short escrow. Prepare yourself for quick action by getting your credit and financing in order before you go home shopping.

## How to Buy a Distressed House

You must understand that a property also needs to qualify for financing. Extreme fixers in poor condition don't qualify for a 100% purchase loan. However, houses needing only cosmetic upgrades easily pass a lender's inspection. If you find a great bargain fixer, make sure that the house will pass health and safety codes. Sometimes home buyers will help the seller with little changes that make a house "loanable." Minor changes like covering exposed wires with switch plate covers, which cost as little as 19 cents, and repairing broken windows can make the all the difference in passing inspection.

If you need help with your closing costs, find yourself a distressed seller under pressure to sell. Not only will you get help with funds needed to buy a home, you might also get a great purchase price and be on your way to making your future investing in real estate.

Copyright (c) 2005 Jeanette J. Fisher-All Rights Reserved.

Jeanette Fisher, author of *Credit Help! Get the Credit You Need to Buy Real Estate*, *Doghouse to Dollhouse for Dollars*, and other books teaches real estate. She loves to help first-time home buyers get into a home. For a free 30-page "Credit Tips for Mortgage Financing" report, go to <http://recredithelp.com>

For more information for beginning real estate investors, see <http://www.doghousetodollhousefordollars.com>