

**Discover The Secrets To Owning  
Your Dream Home With Little Or  
NO MONEY DOWN!**

Exclusive Home Ownership Report

July 23, 2008

Dear Future Home Owner,

I would like to personally congratulate you on your first step to home ownership and all of the incredible benefits that will be made available to you as we embark on this journey together.

Although there are many ways to purchase your new home, we have simplified this report by focusing on the two most economical ways to obtain your home at the lowest price with the least amount out of pocket in today's market.

We thank you for the opportunity to share this incredible opportunity with you and look forward to serving you.

Warm regards,

Kylon Trower  
Founder & President  
Premier Equity Group, Inc.

P.S. Feel free to contact us directly at 661-298-2104 if you have any questions about this exclusive report.

# Option # 1 – Foreclosed Properties

## Overview

Foreclosure is a process that allows a lender to recover the amount owed on a defaulted loan by selling or taking ownership (repossession) of the property securing the loan. The foreclosure process begins when a borrower/owner defaults on loan payments and the lender files a public default notice. The foreclosure process can end one of four ways:

1. The borrower/owner pays off the default amount to reinstate the loan during a grace period known as pre-foreclosure.
2. The borrower/owner sells the property to a third party during pre-foreclosure, allowing the borrower/owner to pay off the loan and avoid having a foreclosure on his or her credit history.
3. A third party buys the property at a public auction at the end of the pre-foreclosure period.
4. The lender takes ownership of the property, usually with the intent to re-sell. The lender can take ownership through an agreement with the borrower/owner during pre-foreclosure or by buying back the property at the public auction.

### Foreclosure Buying Opportunities

The foreclosure process offers the following three bargain-buying opportunities:

1. Buying during pre-foreclosure
2. Buying at public auction
3. Buying bank-owned properties

## 4 Steps to Buying a Foreclosure

### **STEP 1. Find a Property**

Buying a home in foreclosure can begin with you logging in to the Premier Equity Group website and decide where you want to search for property. Premier Equity Group allows you to search by county, city or zip code. We recommend starting with a broader search (like county or city) and narrowing the search later if necessary.

### **STEP 2. Get Financing**

Obtaining financing not only gives you an estimate of what you can afford, it also enables you to move quickly once you locate a property that interests you. When you

approach a borrower/owner or a foreclosing lender about a property, secured financing will demonstrate that you are a serious buyer and are ready to buy quickly. You can apply for financing with Premier Equity Group's financing partner. The application is free. You will be able to apply online or by phone.

### **STEP 3. Contact an Agent**

If you're a first-time homebuyer and you've never purchased a home, let alone a foreclosure property, it is beneficial to contact a local real estate agent who can guide you through the process of buying a foreclosure. If you work with an agent, make sure they know your priorities. Ask any potential agents if they have experience with foreclosures. Especially for first-time buyers, a good agent can be a comforting and helpful resource. You can contact an agent using the Premier Equity Group Agent Network. There is no cost to contact an agent, although you should ask the agent how much he or she charges for commission.

### **STEP 4. Make an Offer**

If you have never purchased a foreclosure property before, we recommend that you have a real estate agent help you prepare and make an offer. Contact an Agent to find a local real estate agent in the Premier Equity Group Agent Network.

To get an estimate of the potential bargain for any property, you need to find out the estimated market value of the property, how much is owed on the property and if the owner has any other loans or liens encumbering the property. Your agent will assist you with getting these details.

Your agent will also view the comparable sales of up to 15 recently sold neighborhood properties and provide an analysis of property values in that neighborhood.

Add together any outstanding loans and liens and estimated repair costs and subtract that total from the estimated market value of the property. Based on your research of the potential bargain, you can make an offer. Usually the offer amount is somewhere below the market value but above the total outstanding liens and estimated repair costs. If the property is a pre-foreclosure or bank owned, you could prepare an offer similar to a typical purchase offer, contingent on a full inspection and title search.

If the property is selling at auction, you will need to make your offer, or bid, at the auction. In many states, bidders are required to pay in cash in the form of a cashier's check at the auction. You probably won't be able to conduct a full inspection and title search when you buy at an auction, so it's important to do careful research before attending an auction.

## Option # 2 - Short Sale Properties

### Buying A Real Estate Short Sale

*Article summary: An explanation of real estate short sale techniques, from the perspective of the home buyers. How this technique relates to buying a home.*

The short sale has become an increasingly popular real estate tactic in recent years. But what is a short sale and how can a home buyer use it purchase a new home? These are the questions we will answer in this report.

First, let's start off with a basic definition of the short sale as a real estate selling strategy:

**Short sale** - (*noun*), a real estate sale where the sale price is less than what the seller still owes to the lender via the mortgage loan.

In other words, the seller will sell the home for less than what he or she owes to the lender, and the lender will agree to accept this amount from the homeowner and "forgive" the remainder still owed. That is the basic definition of a short sale in real estate terms.

#### **A Way to Avoid Foreclosure**

The question most people have is this. Why would a lending institution accept less than what it is owed from a homeowner? Don't they lose money that way? Well, yes and no.

You see, the short sale is most often used as a way to avoid foreclosure on a home. As the name "short sale" implies, it's a way to sell the home quickly when the homeowner is in financial trouble and facing foreclosure. Thus, the short sale is one of several ways a homeowner can avoid foreclosure on the home.

Mortgage lenders will also want to avoid foreclosure, as much as possible. Lenders are in the business of loaning people money -- they are not in the business of managing properties, marketing them, selling them at auction, etc. These cost the mortgage lender money they don't want to spend. And that's why they often agree to accept a bit less than what is owed to them, as long as the homeowner can sell the home quickly by way of a short sale.

By listing the home below its market value, it's a safe bet that the home will sell quickly. And this is where the home buyer comes into the picture.

### **Tracking Short Sales for Home Buying Purposes**

Many real estate investors keep track of homes going into foreclosure, because that is the first step to buying a home through a short sale (and possibly paying less than market value).

## **Financing With No Money Down**

Yes, no money down financing is still alive in these days of tightening lending standards! The Nehemiah program, in conjunction with an FHA loan can help a potential homebuyer obtain a home loan with no money out of pocket. FHA guidelines state that you must have 3% of your own money into the deal through down payment and closing cost funds, but FHA also allows you to receive a gift that can be used for both your down payment and closing costs. This gift can come from either a family member or a non-profit organization (such as Nehemiah).

Nehemiah is a program that allows the seller to contribute up to 6% of the purchase price. This contribution can be applied towards the buyer's down payment and closing costs. They charge a small processing fee for this service. This fee can be paid by the seller, buyer, or even the lender. You can also combine that 6% gift with the seller contributing up to another 6% as seller contribution.

Under this program, the seller agrees to pay Nehemiah the amount of the gift at closing. Nehemiah brings the funds in as a gift, and that money never has to be repaid by the buyer. There are no income limitations to this program, a buyer only needs to be approved for the FHA mortgage and be working with a seller willing to participate in the program.

Some other benefits of FHA loans include expanded credit requirements, higher loan to values than conventional loans on the market today (up to 97%), and excellent rates. Additionally, if a borrower does not qualify for the loan with their income, you can add a non owner occupant borrower to the loan to help with the qualification. This non owner occupant borrower can be a family member or another person whom the borrower can demonstrate a family type of relationship with.

Some recent changes made have opened FHA programs to many borrowers who may

not have been able to access them only 6 months ago. One of the biggest changes has been an increase in the loan limits. These loan limits are now set county by county, making FHA loans a viable option in high cost areas (such as California) as high as \$729,000. These limits are only temporary for the time being, but there is legislation in the works right now that may extend or make these limits permanent.

FHA offers some great programs for both home buyers and existing homeowners looking to refinance. FHA was a program created in the depression era to help bailout the housing issues of the 30's. Once again FHA is poised to become the government's tool to help stabilize the mortgage and housing industry issues we are experiencing currently.

### **About the author**

Kylon Trower is the founder and President of Premier Equity Group, Inc., a Real Estate and Home Finance Company specializing in helping first time home buyers and investors acquire deeply discounted property in the Southern California area. Trower and his team focus on handling transactions that fall outside of the conventional lending and real estate box.