

## ForeclosureRadar.com Investor Tutorial:

# Better evaluate property values, both now and in the future

ForeclosureRadar makes it easy to know how the foreclosure pipeline may affect pricing when you're ready to come to market with a property. This tutorial guides you through using the relevant panels on the Details window and creating and interpreting a Foreclosure Comps report to determine property values today, and likely values in the future.

### Use ForeclosureRadar to:

- See where prices are headed
- Price your property to sell
- Stop chasing the market

ForeclosureRadar provides several tools that help when it comes time to estimate property values and the price you'll get when you go to resell your flip investments. Assuming we're using the Status capability to manage our research workflow, let's start by getting a list of all saved properties with a status of Check Value.

### To search saved properties by status:

1. In the main menu, select View My Saved Properties.
2. Click the Any Status dropdown menu and select a status.
3. Click the Search button.

Click on a property in the list to open the Details window. The Value & Equity panel shows the estimated value of the property vs. the debt on the property. The Estimated Value is a computer estimated automated valuation model (AVM) based on public property records and sales data. It is important to note that this value doesn't take into account the condition of the property or other factors beyond what is readily available from public records that could impact value.

Next, the Links panel provides links to sources for third-party value estimates, such as Zillow, plus sources of comparable sales information, such as Realtor.com and Yahoo. We recommend you get further insight into valuing the property by checking the MLS for comps or consulting a Realtor for a brokers price opinion (BPO).

After you get a sense of the current market value, we recommend getting a handle on where values are headed – especially if you plan to flip the property in the future.

A Foreclosure Comp Report is a crystal ball that will show you every possible REO listing for months to come, and show you how aggressively they are likely to be priced when they do hit the market.

The first step in creating a Foreclosure Comp report is to establish the area to include in the report. Do a radius search on the target property and use a quarter-mile radius in densely populated areas, greater in rural areas. We could also do a map search based on a rectangle or a circle to better target a particular neighborhood. See the Advanced Property Search and Search by Location tutorials for more information.

## To do a radius search:

1. On the main menu, select Search Foreclosures.
2. Open the Location panel and click Radius.
3. Enter the full address of the property you want to value.
4. Set the radius. A quarter mile is good for densely populated areas, more for rural areas.
5. Click the Search button.

If the search turns up too many results, you can restrict the results to similar properties by adding more search criteria. You can also narrow results to only include properties where it is the first mortgage that is under foreclosure – to eliminate second loans and home owner association foreclosures which don't make for good foreclosure comps.

## To limit the search to first mortgages:

1. Open the Foreclosure panel.
2. Next to Loan Position, click Select Position.
3. Select First.
4. Click the OK button.
5. Click the Search button.

Once we have a good list of comps, we review the list and uncheck any properties that we feel are still not comparable.

Now we can print a Foreclosure Comps report.

## To print the Foreclosure Comps report:

1. Click print in the List View toolbar.

2. Select the Foreclosure Comps report.
3. Select Include the map.
4. Click the Print button.

Now let's look at how to interpret this report. A Foreclosure Comps Report has three categories: Bank Owned, Auction, and Preforeclosure.

## There are three key differences between these categories:

1. How long before these properties become bank-owned listings.
2. How many of these properties will become bank-owned listings.
3. How they likely will be priced when they hit the market.

All of the properties in the Bank Owned section are likely to be bank-owned listings within the next four months, and a few may already be listed now. Look at the winning bid data to see what the banks were willing to sell these properties for at auction. This gives us a good indication of how aggressively they are likely to price the properties when they're listed.

Typically eighty percent of the Auction properties will go back to the bank or third parties and be listed for sale in three to six months. Look at the median discount of the bank-owned properties to get an idea of the discount these properties will get when they are listed as bank-owned properties.

Roughly 2/3 of the Preforeclosure properties will go back to the bank or be sold to third parties and hit the market in five to nine months. The projected sale date is our estimate of the earliest possible date that a preforeclosure could go to foreclosure based on statutory requirements - but it is typically much longer.

At the bottom of each section we see the low, high and median values. The median discount in the bank-owned section is an important statistic to keep in mind when anticipating the possible discount at foreclosure sale from the published bid amount on Auction properties or the estimated bid amount on Preforeclosure properties.

On the map we can see the proximity of other foreclosures nearby the target property that will influence our market. This report helps determine pricing and positioning to keep ahead of the market.

Look at specific properties in the Bank Owned section. If the bank set a minimum bid above the published bid and estimated value, it indicates the bank was not aggressive with the property. When it finally hits the market, which could be a while, it is not likely that it will be priced aggressively, so there may not be a significant downward pressure on houses nearby.

Address	Est Value	Published Bid	Loan	Winning Bid	Discount
4331 EIFFEL DR	\$180,753	\$491,993	First	\$517,562	-5%
4909 HEARTHWOOD CT	\$149,957	\$437,837	First	\$145,000	67%
1990 PISA CIR	\$133,386	\$352,215	First	\$109,804	69%

If you find a nearby property the bank couldn't sell at auction even at a high discount on the published bid and estimated value, the report will help you get realistic about pricing.

Based on the various tools and sources we've explored, we should now have a good idea of what the property will be worth when you are ready to list it. You can store this value for future reference, and for estimating rental or flip profits, by using the Financial Analysis panel.

As each property is evaluated and a sale price set, we set the status to the next step in our workflow, "Inspect Property" for example, and move on to the next property in the list.

When it comes time to list your property for sale, don't forget to come back and re-run foreclosure comps and use our other valuation tools to make sure you are still priced to sell and stay a step ahead of the market.

Use ForeclosureRadar to work smarter, not harder, by better evaluating property values, both now and in the future.