

## ForeclosureRadar.com Broker/Agent Tutorial:

# Determine impact of nearby foreclosures on subject properties

ForeclosureRadar makes it easy to research foreclosures near a property to understand the impact on pricing. This tutorial provides an overview of the Foreclosure Comps report, which enables a market analysis based on nearby foreclosure activity.

## Use ForeclosureRadar to:

- Get the listing
- Get sellers price to sell
- Stop chasing the market
- Get buyers off the fence
- Negotiate the best deal for your client
- Get bank offers approved

The typical CMA based on MLS listings is a look at the past. A Foreclosure Comp Report is a crystal ball that gives you a look into the future by analyzing distressed properties hitting the market in the coming months, which can have a big effect on pricing.

The first step in creating a Foreclosure Comp Report is to establish the area to include in the report with a radius search or a map search based on a rectangle or a circle. See the Advanced Property Search tutorial 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 an address.
4. Set the radius. 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, restrict the results to similar properties by adding search criteria. Also, to avoid the complexity of analyzing the effect of multiple mortgages, you can limit the comparables to foreclosures on first mortgages.

### **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 you have the right search results, uncheck any properties that you feel are not comparable and print the 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.

You can customize reports with your company information, including phone, email and website address.

### **To add branding to a report:**

1. In the main menu bar, click MyAccount.
2. Click the Branding button.
3. Enter your branding information.
4. Click Update.

Now let's look at how to interpret this report. With a CMA, properties are organized in three categories, which we all know how to talk about: Sold, Pending, and Active. Like a CMA, a Foreclosure Comps Report has three categories: Bank Owned, Auction, and Preforeclosure.

This report provides a preview of every possible bank-owned listing for the next 6 to 9 months. To explain each category, you'll need to understand the three key differences between them:

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 REO listings on the MLS 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, which gives us a good indication of how aggressively they are likely to price the property when it's listed.

Typically eighty percent of the Auction properties will go back to the bank at auction 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 and hit the market as a bank-owned listing in five to nine months. The projected sale date is our estimate of the earliest possible date that it could go to foreclosure based on statutory requirements but it is often longer.

At the bottom of each section you can see the low, high and median values.

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, this report may help motivate your seller to better price their property or get your bank offer approved.

You can use the Foreclosure Comps Report on a listing appointment to demonstrate your market knowledge, create a sense of urgency about getting listed quickly, and to get the property priced to sell by showing them the foreclosures they may soon be competing with if they don't act now.

You can use the report with buyers on the fence who remain worried about foreclosures, and how they may impact their purchase decision. Now you can show them every possible REO listing that could hit the market for the next 6-9 months – eliminating their fear, uncertainty and doubt, so they can make a decision and move forward. You can also use it to help them negotiate a better deal by providing foreclosure comps to the seller that justifies the price you are offering.

Finally, submit this report with every offer on a short sale or bank-owned property to establish a market basis for the price you offer. Banks rely on MLS data only and have no visibility into foreclosures that are about to hit the market. Foreclosure comps show them the coming competition and what other banks are willing to take at auction

That's how you work smarter not harder using ForeclosureRadar.com to take the mystery out of the future to get deals done.