

The Year Of The Foreclosure

The editorial below was written in 2007.

Would you agree that the statements presented below are just as true today as in 2007?



by Vena Jones-Cox

Unless you've been living under a rock on the dark side of the moon, you're probably aware that foreclosures are THE hot topic both in real estate circles and on Capitol Hill.

With delinquencies continuing to skyrocket-more than 13 million households have received some kind of foreclosure notice in 2007, and 7.3% of mortgages across the U.S. are in default everyone from the media to statehouses to congress to Wall Street to the legal community are proposing "solutions" to the foreclosure "crisis."

But you know who's REALLY on the street cleaning up this mess, right? It's the trained foreclosure investors who negotiate short sales, rehab REOs, take over payments, generally keep as many properties as possible from becoming abandoned and as many owners as possible from losing their properties at auction.

Some of the proposed answers to the crisis are reasonable ones-if banks will simply restructure some of their subprime loans to fixed rates, many owners will be able to keep their homes and ride out the slow market. Some, though, are ridiculous wastes of money. **Local efforts-and there are many-to give homeowners cash to catch up their payments will result in nothing more than homeowners who are back in foreclosure (and taxpayers who are mad about making other people's payments) three months later.**

The current legal actions by cities and individual against banks and Wall Street investments firms involved in subprime financing will, if successful, have an enormous long-term impact on the lending industry and make our lives difficult for years to come, without making the lives of the foreclosees any better.

- The fact is, a lot of loans were made in the last five years that had no real chance of succeeding.
- The fact is, the real estate resale market is in the toilet in a lot of cities, and an owner's attempts to sell to a retail buyer to avoid foreclosure will come to naught.

As investors, we didn't cause these problems, but we're in a great position to fix them. With our skills and willingness to buy in this market, our private funds and, our courage to know that the market will right itself, we are in the unique position of being able to help sellers, communities, and, of course, our own pocketbooks during this once-in-a-lifetime foreclosure property fire sale.

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