

# Tips in buying foreclosed properties (foreclosurephilippine s.com)



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### 31 Questions you need to ask when inquiring about a foreclosed property

Have you ever tried calling up a bank to inquire about a foreclosed property that interests you and you found yourself forgetting a lot of questions that you were supposed to ask? You then quickly say thanks and just hang up but when you finally compose yourself and remember what you wanted to ask, you have second thoughts because you feel too embarrassed to make another call. I've been there and I know how it feels. However, there is a solution for this.

All you need is practice and a ready set of questions that can serve as your script so you can ask questions like a seasoned real estate investor. Here goes... [pic] 1. What are the payment terms? You need to find out what's the minimum down payment, how long are the payment terms, interest rates, and whether the interest rates are fixed, and the monthly amortization. 2. Can you give details about the property like the type of property (single detached, town house, multi-door apartment etc. ) number of bedrooms, toilet and bath, parking slots, etc? 3. Can I buy the property without the need to go through a public auction?

This is an offshoot of my experience with pre-auction bids. 4. Is the property occupied? 5. If there are occupants, have they already agreed in writing that they are leaving the property by the time it gets sold? If not, move on to your next property or say thank you and hang up. Trust me on this! 6. If the occupants will be leaving, what is the buyer's assurance? You need to determine if the seller will give back all the money you may have paid by then like your show money and down payment if in case the occupants don't honor the agreement to leave. 7. Does the property have a clean title? . Can

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I have a copy of the Title? You will need this to get a certified true copy at the registry of deeds plus trace-back (a trace-back is the previous TCT or CCT which has been cancelled and replaced by the current one due to a transfer of ownership), including a copy of the mother title if the title is a CCT. When you get a certified true copy, check for any annotated mortgages, liens, encumbrances, adverse claims, etc. The new TCT/CCT should be clean while the trace-back would normally include the mortgage amount, which is what the bank needs to recover.

Hint: This helps when deciding how much you are willing to pay when submitting an offer. If the title is still under the name of the previous owner, the bank is most probably still in the process of consolidating the title (examples: Buena Mano Yellow Tag and Red Tag Properties) 9. Who shoulders the Capital Gains Tax (CGT) or Creditable Withholding Tax (CWT)? 10. If the buyer shall be shouldering the CGT or CWT, how much would it be? You should ask the bank or the seller to come up with the computation so that there will be no surprises and you can include this in your analysis.

To learn more about CGT and CWT, you may want to read my previous posts about CGT and CWT. 11. How much is the Documentary Stamp Tax? Ask for a computation and verify if it's correct. 12. How much is the annual real property tax and is it updated? 13. If the real property tax is not updated, Who shall shoulder the updating of the real property tax up to the time you buy the property? Usually, real property taxes of foreclosed properties are left unpaid for a number of years resulting in a significant amount in arrears and penalties.

Normally the seller does the updating but you should verify this. 14. Are there any other taxes applicable to the purchase of the property like VAT, etc? If yes, how much? Again, you should avoid any surprises that could eat up all your profits and could even result in a loss for you. 15. If the property you are looking at is a condo, are there any arrears in the monthly dues? 16. If there any arrears in monthly dues, who shoulders the updating? 17. How much are the monthly dues per square meter of floor area and how much per month in total? 8. For properties in subdivisions or villages, Are there any arrears in the homeowners' association dues and who shoulders this? 19. Aside from homeowners' association dues, are there any other expenses you will have to pay and how much? 20. Are there any arrears for utilities like water/electricity? 21. If there are arrears for utilities like water/electricity, who shall shoulder the updating of the arrears? 22. Are electricity/water connections available for the property to begin with? 23.

If electricity/water connections are not available, How much would it normally cost for a connection to become available for your property? 24. If electricity/water connections are available, how much would a reconnection cost? 25. When shall the buyer be given authority to renovate the property or take control of it? The earlier you can renovate a property and have it ready for occupancy so it can be sold or leased, the better. Some banks give control of the property once the Contract-To-Sell (CTS) has been finalized or when the title has been transferred to the name of the buyer in case bank financing is through a mortgage. 6. How much can I have the property rented out or what are the rentals for comparable properties in the same area? 27. How old is the property? Of course a newer property is more

desirable but an old property that is in good shape could also indicate a high build quality that could mean the property is built to last. 28. What is the condition of the property? You need to find out early on if major repairs are needed. 29. Is the property accessible? You can also ask for a copy of the vicinity map and directions. 30.

Are there any schools, churches, markets, hospitals, etc. nearby? You can verify this using the info you'll get from question #29. 31. Ask for any details about the property that may affect finding tenants or buyers, etc. For example, has there been a murder/suicide on the premises of the property, etc. I got this tip from my broker. She told me her experience in having difficulty selling one foreclosed property where someone had died and she swore she will avoid such cases in the future. I made sure that she was not talking about the property I got through her. ) Take note that this is the set of questions I use as part of my due diligence, I just added some more after reviewing my recent acquisition of a foreclosed property and noticed that I overlooked some of the details. I'm just lucky that things turned out okay for me. You can use this list of questions as is or you may choose to add or remove questions to suit your needs, just print this and have it handy when you call the bank to inquire. Don't forget to take down the answers you get and always ask questions while smiling.

Try to keep the conversation free flowing and the call would only take about 10 to 15 minutes. I really believe this list of questions would be a big help especially to new real estate investors, I just wish I had a similar list when I was starting. Do let me know if I may have left out anything by leaving a comment so I may add it here. Thanks. Do you want to be part of the 3% of <https://assignbuster.com/tips-in-buying-foreclosed-properties-foreclosurephilippinescom/>

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