Read Thought Provoking Secrets About Orlando Bank Owned Homes And Orlando Foreclosure Homes

A short sale occurs when a home owner is in foreclosure but before the property goes to public auction. Under a short sale, a lender must agree to accept less than the amount that is owed on the property. Unlike a foreclosure, investors typically buy the home for even less because investors are not paying off the existing loan nor making up the back payments. Investors are striking a deal with the existing lender to take less than what the lender has coming to avoid dealing with a foreclosure.

It's a myth that lenders are not going to make a deal with an investor unless the seller has fallen behind on the seller's obligation to make timely mortgage payments. Sellers don't need to be in default for a short sale to occur. For a buyer who wants to occupy the home, buying a short sale makes financial sense.

A home in foreclosure is when a notice of default has been filed in the public records. It means the owner has stopped making mortgage payments and the lender has given notice that unless the payments are brought up to date, it will sell the property to the highest bidder.

Lenders can foreclose for other reasons, but the most common reason lenders file a notice of default is when a borrower is at least two payments in arrears. If the home owner does not bring the loan current, the lender will take the property away from the owner. The final step the lender takes after a certain period has passed is to try to auction the property at a public sale. Not all homes that fall into foreclosure go to public sale because owners have the right to make up back payments up to a point, the time which varies from state to state. Real estate investors and home buyers see profit in buying foreclosures because they can often buy the property for the amount owed, picking up the home owner's equity for free.

What are REOs - Real Estate Owned?

Buying an REO is similar to buying a short sale except the property is already owned by the lender. The property was acquired by the lender through a foreclosure action. Often lenders will sell repossessed homes for less than the past loan balance. Bank-owned properties are called REOs, meaning real estate owned by the lender.

Banks end up owning the property when nobody at the public auction bid enough to cover the amount owed against the property. REO homes are often considered the best way to buy a distressed property because the seller is already out of the picture. It's just the investor, the investor's agent, the bank and the bank's agent who are negotiating the transaction. Some REOs can be purchased directly from the lender.

To discover more visit Orlando bank owned homes or Orlando foreclosure homes issues.