

Quick Cash For Homes

By ANNA CHANG-YEN | Green Shoot Media

We buy houses! Cash for ugly houses! Fast cash for your house! We've all seen the signs at busy intersections, but is it really too good to be true? Yes and no.

Real estate investors call these "bandit signs," and they're a low-cost way to reach customers who need their services. Those services include paying you a lump sum of cash for your home.

THE 'CATCH'

Of course the catch is that real estate investors are looking to make money — so they're looking for a deal. The offer you get from a real estate investor looking to flip your property for fast cash will likely be well below its market value. That leaves room in the investor's budget to make repairs or improvements to your home and sell it quickly for a profit.

WHO CAN BENEFIT

Although the idea of taking a low offer for your home may not sound appealing, there are situations in which homeowners can breathe a sigh of relief at the idea of putting some cash in their pockets and leaving a house behind. For example, if you inherit a home in disrepair and you don't want to put in the work to update it, an investor can take it off your hands quickly. If you own your home outright (the mortgage



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Think carefully before accepting a real estate investor's offer of a quick cash payment for your home.

is paid off) and you need to move quickly due to a family emergency, an investor with a cash offer may be able to help. If you can sell assets to make up the difference between the balance of your mortgage and the investor's offer, you may be able to avoid the damage foreclosure can cause to your credit. These are all circumstances in which an informed seller who has evaluated all her options may benefit from a quick cash sale at a slashed price.

WHO CAN'T BENEFIT

In uncertain economic times, many homeowners have

found themselves with little or no equity in their homes, or worse yet, they owe more than the fair market value of their home, making it impossible to sell. Add a job loss or severe illness to the mix, and those homeowners could be in dire straits in no time flat. If you find yourself in this unenviable situation and end up staring a possible foreclosure in the face, even a rock-bottom offer of cash may do little or nothing to help. If you've already tried working things out with the lender, it may be preferable to short sale the home to avoid foreclosure, but check with a housing counselor or tax advi-

sor for advice.

If you have little luck with a short sale, it may be helpful to contact an investor and at least hear his offer.

THINK IT THROUGH

Given the many reforms to government rules and the many programs made available through government agencies during the Great Recession, it's wise to think through all of your options, rather than being tempted by quick cash. If you are approached by an investor about selling your home, get an offer in writing and consult tax and legal experts about the

REAL ESTATE 101

The BBB Standard

Find out if an investor is accredited by the Better Business Bureau. According to BBB.org, accreditation standards include a commitment to make a good faith effort to resolve consumer complaints, but does not mean that the products or services have been evaluated or endorsed by BBB, or that BBB has made a determination as to the product quality or competency in performing services.

potential consequences of closing the deal.

As with any large transaction, you should research the other party to be sure you're not dealing with an opportunistic criminal. Thoroughly vet your buyer. Does he have a track record in your community? Is he rated by the Better Business Bureau?

If an investor's offer helps you out when you're in a bind, it may be a good decision to accept. On the other hand, if the deal is likely to cause you more financial pain down the road — or it otherwise seems too good to be true — pass.



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HOMESWISE GLOSSARY

Cash flow: Cash flow is cash that property investors or owners receive after deducting operating expenses, replacement reserve deposits, and debt service payments from the EFFECTIVE GROSS INCOME (gross rental income less vacancy and bad debt loss plus miscellaneous income) for a rental property.

Workout mortgage assumption: An assumption that permits a qualified applicant to assume title to the property and the mortgage obligation from a borrower who is currently delinquent or in imminent danger of default on his or her mortgage because of an involuntary inability to pay.

SOURCE: U.S. Department of Housing and Urban Development

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