

# BUYING & SELLING

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## **TAX DEFAULTED, FORECLOSED & GOVERNMENT AUCTIONED REAL ESTATE**



### *The HOW TO Guide* **To Making Successful Purchases**

*"Tax Deed and Government Deed Investing Made Simple"*

## A word about the author...an entrepreneur

Richard C Maier was born in Hawaii in 1940. He attended The University of Hawaii and Woodbury University in Los Angeles. His first successful venture was in retail clothing stores where he purchased 2 stores in 1963 and went on to build the business into a successful chain of eleven specialty shops, a manufacturing company and a management company. He has conducted lectures and taught courses on business organization particularly on the importance of communication, having a good business plan and implementing effective programs to change unwanted conditions. In 1974, after selling the operations, he moved to California. After spending 2 years in research of the horse industry and equine genealogy, Richard next entered into the Arabian horse business in 1978, starting with one stallion and two breeding mares, within the next 5 years he had grown the farm into a herd of 133 champion show and breeding horses as well as syndicating a prize champion stallion for 3.2 million dollars he purchased for \$350,000 previously. The champion purebred herd was valued at 8 million dollars. In 1984 he declined an offer from the government of Granada to sell his entire stock and move them out of the country. In 1986 with the enactment of the Tax Reform Act of 1985, it became apparent that the horse industry could no longer be viable as a business so he turned his interest to real estate investments. After acquiring his broker's license in 1991 he started his own real estate brokerage company. Having taken a special interest in the little know field of tax deeds, he developed a workable methodology of buying and selling tax deeds. With the abundant knowledge he acquired and his vast experience in successfully buying and selling tax deeds and other defaulted real estate, he has assembled a working manual for beginners interested in entering this specialty investment field. Put in layman's language, the easy to follow book has been designed for the inexperienced to be able follow certain disciplines and apply proven techniques which will allow them to learn HOW to invest the right way.

Richard has had an article published in Barron's on Arabian horse investments as well as several articles on various subjects about real estate investing which can be found on line. He has been acknowledged for his professional business achievements in both National Register's and Lexington's "Who's Who in America". Having been successful in each of the 3 different unrelated fields, Richard attributes his good fortune to a high standard of ethics, the discipline of conducting thorough research and the standard application of workable evaluation and analysis. The basics of any business are the same no matter what the product or service. With so much on the subject of tax deeds and tax liens already abundantly available, this book takes a different approach. This is an practical manual on HOW exactly to apply this knowledge to make evaluations to determine important facts so you the entrepreneur do not run afoul.

Grateful acknowledgement is made to the many business associates, mentors and personal friends I have had the pleasure of knowing and working with over many years. Especially those who have extended their trust and had faith in me and stayed the course during the more difficult time's life imposes.

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Dedicated to all the present and future entrepreneurs who decide to invest in tax deeds and other tax defaulted real estate

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## INTRODUCTION

Having invested in tax deeds and liens as well as discounted offerings by the various departments of the federal government over many years, I can tell you that even with the abundance of material and instructional data available today, there is more confusion than there is certainty.

There are courses, books, seminars DVDs and the list goes on. Still, when one completes a course or finishes reading the material, you are left with uncertainty as to what to do first. You can find some who would offer you post curriculum mentoring at an additional cost, sell you lists of upcoming tax deed and lien sale and the charge you for assisting you through the process of eventually buying something. So many of these “pennies on the dollar” ads give an distorted view of the reality of the industry. That reality is that although in some instances, you can buy something for a fraction of what it is worth, it takes an enormous amount of time and a commitment by you to meticulously go through the due diligence process in determining the true value of an item. Being certain as to the real value of a property is the golden key.

Due Diligence is the process of obtaining all of the pertinent information about a property. I personally believe that the only time an individual makes a mistake is when they do not have all of the information or have obtained incorrect information. What you are getting here is the information on which to make intelligent, confident decisions about purchasing tax deeds. In buying real estate there is no such thing as too much information.

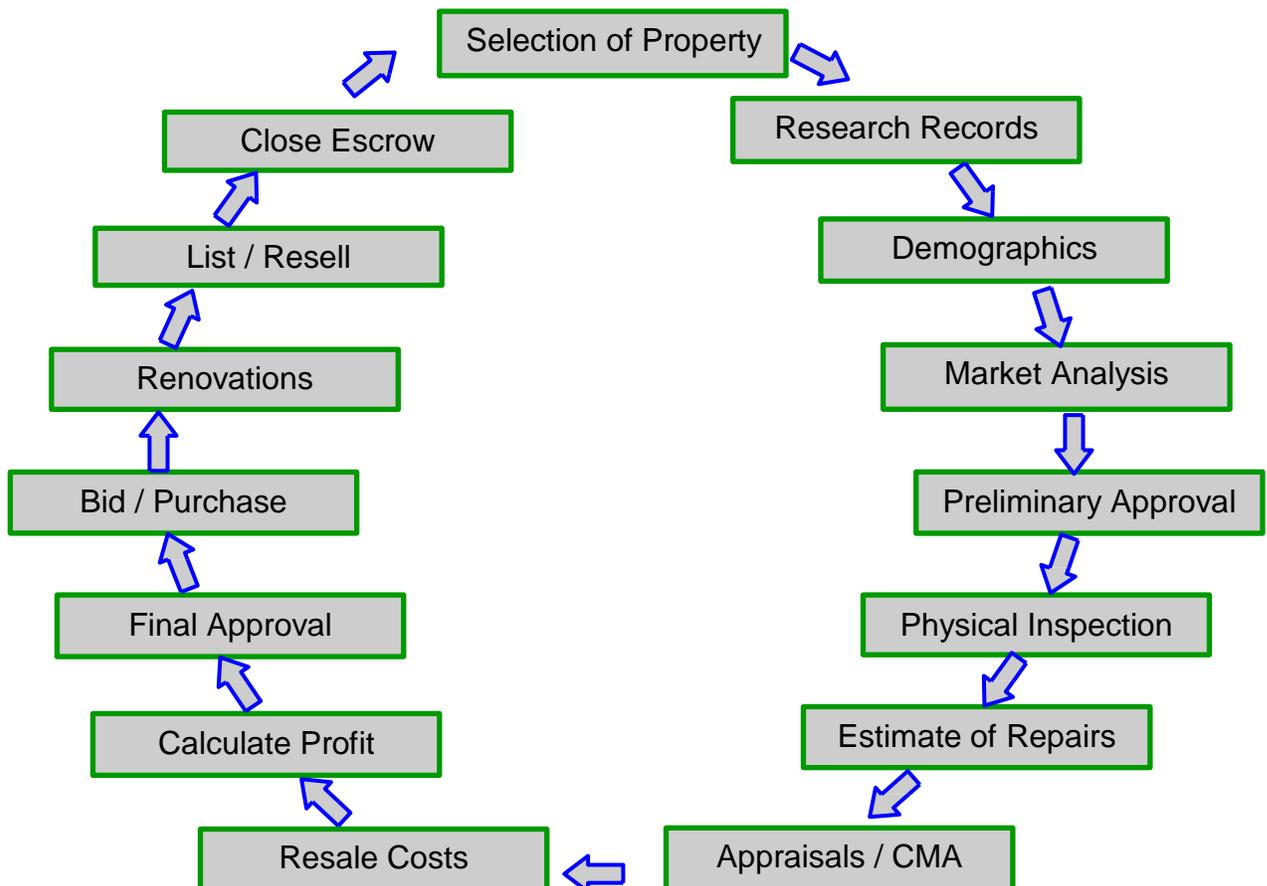
This is your guide to HOW to apply that information and become successful. Good Luck.

## PRE-PURCHASE DUE DILIGENCE - INFORMATION -

Investigation and thorough research is a learned discipline. There is really no such thing as too much information.

The Selection process to qualify a prospective property is the most important phase of the process. These properties are sold on an "AS IS" basis. Sellers do not guarantee the condition of the property. Property is sold with the warning "**CAVEAT EMPTOR**" (Let the Buyer Beware). Physical inspection of each property is vital and performed prior to qualifying a particular property for purchase. This is followed by a series of investigative steps to qualify a property for consideration. This is by far the most important phase of the selection process. A check list of requirements is stringently followed and is based upon proven qualification methodologies.

### INFORMATION IS VITAL TO MAKING INTELLIGENT DECISIONS



***Before buying anything you must....***

EVALUATE every property offered; CLASSIFY it by its use; STUDY the Profile and History of property. SEARCH all County Public Records for Federal and State tax liens, special assessments, zoning ordinance compliance, HAZMAT dangers, any Building and Safety Codes violations or unpaid improvement bond assessments; CHECK Federal Bankruptcy records; MAKE a Title Plant search for general and institutional recorded loans; STUDY area demographics; MAKE a Physical Inspection; ASSESS recent sales by market analysis; DETERMINE its Fair Market Value.

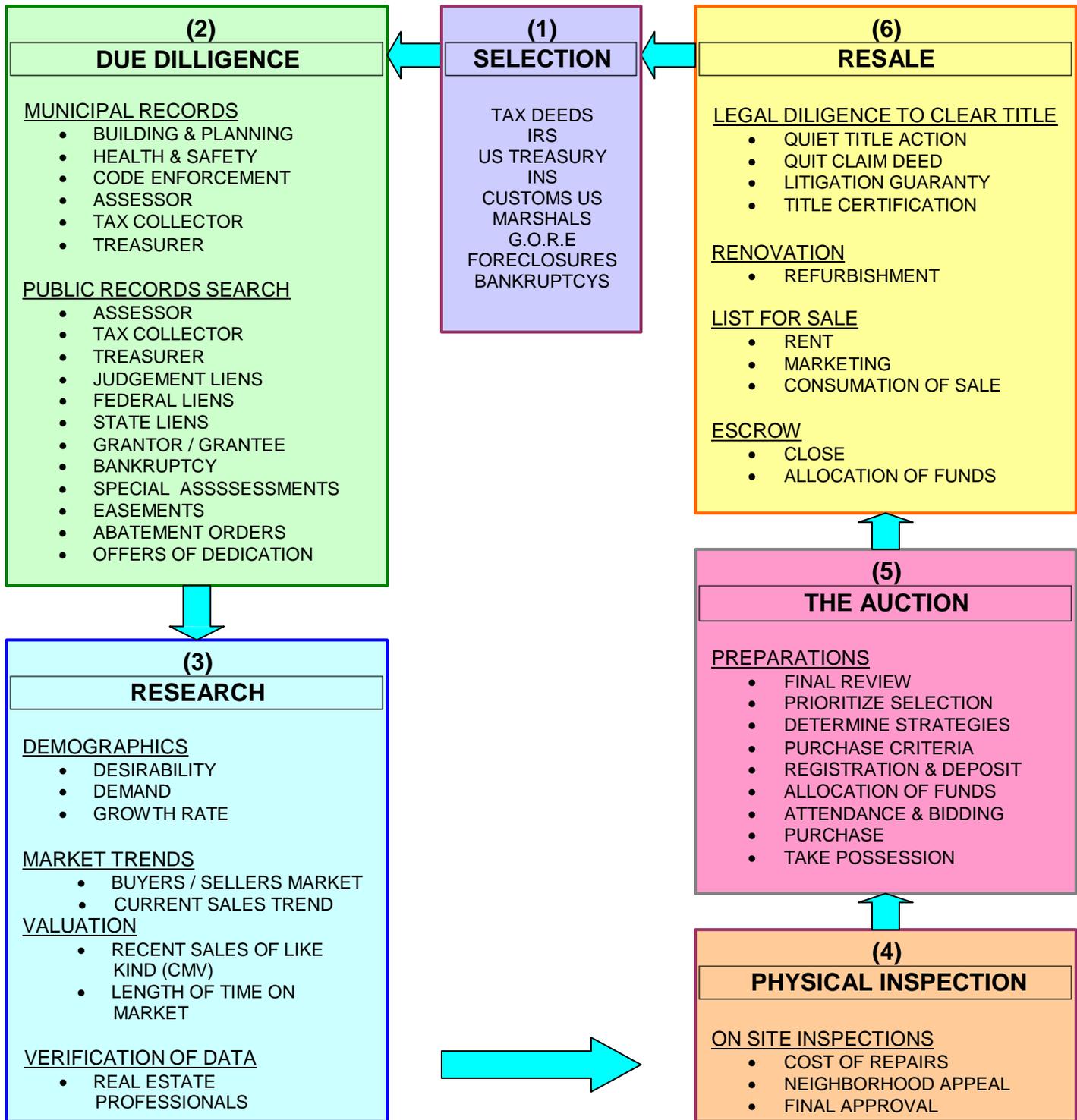
**I. Pre Purchase Due Diligence**

- Step 1: Identify Property for purchase \_\_\_\_
- Step 2: Valuations \_\_\_\_
- Step 3: Demographics (Current Sales Trend & Neighborhood) \_\_\_\_
- Step 4: Onsite Inspection (when possible) \_\_\_\_
- Step 5: Estimate of Repairs \_\_\_\_
- Step 6: Cash Flow Analysis \_\_\_\_
- Step 7: Select Selling Agents \_\_\_\_
- Step 8: Independent Verification (Selling Agent's Assessment) \_\_\_\_
- Step 9: Selling Agent's CMA (Pending Sales & Listings) see attachment \_\_\_\_
- Step 10: Preliminary Title Report (Public Records) \_\_\_\_
- Step 11: Hazardous Materials, Condemnation & Safety \_\_\_\_
- Step 12: Bankruptcy Records Search \_\_\_\_
- Step 13: Review & Analysis \_\_\_\_
- Step 14: Bidding Cap Determined \$ \_\_\_\_\_
- Step 15: Monies escrowed \_\_\_\_
- Step 16: Final Review & Approval \_\_\_\_\_
- Step 17: Start Bidding

You will be spending the most time on this phase. Keep in mind that you will be buying anything that was ever attached (recorded) against a property. These include Bankruptcies and general liens not extinguished upon sale by Law. So take your time, be methodical.

# CYCLE OF A TRANSACTION

## The Steps



What liens or rights may survive the trustee's sale?

Failure of the trustee to notify a junior lien holder of record (absent his actual knowledge of the sale) may allow the junior lien to survive. In any event, the junior lien could sue for damages if a BFP's interest eliminated the junior. An IRS tax lien will not be extinguished for 120 days; during that time the IRS has the right to redeem the property. The rights of a plaintiff in a legal action, who has a properly recorded lis pendens (lawsuit pending), will survive the trustee's sale. City and county liens, easements, homeowner's association assessments, and mechanic's liens, where the work was begun before the foreclosing deed of trust was recorded, may survive the trustee's sale. Leases that were recorded prior to the foreclosing deed of trust will survive. An unrecorded lease where it was reasonable to assume that a lease existed may survive. If the foreclosing lender subordinated to a subsequent deed of trust, it will survive. Any liens that were recorded prior to the foreclosing deed of trust (which has not subordinated itself to the foreclosing deed of trust) will survive.

### **PRE-PURCHASE DUE DILIGENCE**

#### **- VALUE -**

Determining the true value of a property is your golden key. If you have confidence in knowing that you are certain as to the fair market value of a property of interest to you, you will never pay more than it is worth. You need to determine the Fair Market Appraised Value in advance of making any purchase using the most precise valuation systems available; the same system of valuation used by banks. You will find however, there will be variations in these estimates of value which can be frustrating.

Bank appraisers will use the ones linked on your forms and also go to another analysis know as a Comparable Market Analysis (CMA) which will include the most recent sales of properties most like the one you are interested in and look at current listings of houses on the market. Finding a reputable real estate company to work with should become a matter of common practice for you. They can provide the CMA for you as well as other important information about the neighborhood, especially if you tell them you will have them list your investment when you have completed the rehab.

Another important source of reliable valuation data is through a title company. Title companies are an essential part of you network. They will be able to give you current information on any property, including impending foreclosures that will impact value. If for example if banks are about to dump several REO's (bank owned) houses on the market within your proximity, your investment will be dramatically impacted.

First step is to estimate the value, by use of the desk appraisals. There are several to pick from, some of them are free but others you pay for. I have always been able to get good information from the free sites. Although you will see differences, in some cases the data search engine will not return a property, still you can get a pretty good idea of value from the other ones. If still in doubt use the averaging method of dividing the price by the square footage. This will give you the per square foot values of houses in the vicinity. Be wary however of sales reflecting discounted foreclosure prices which can be misleading and skew the true value. To be on the safe side have one of the title companies run a Property Profile with Comparable Sales for the house you are interested in. This service is usually free or for a nominal cost.

<a href="#">Banks</a>	<a href="#">Title Companys</a>	<a href="#">Realtors</a>	<a href="#">Internet</a>
\$	\$	\$	\$

- |  |                   |
|--|-------------------|
| 1) Average Appraised Value:                      | \$ _____ per sqft |
| 2) Cost of replacement (ARV) in today's dollars: | \$ _____ per sqft |

Comparable Market Analysis (CMA) is what your real estate contact will get for you. It is extremely important because it tells you several things. Location and selling prices; proximity to your location; number of bedrooms and baths; square footage of the house and the size of the lot; asking prices; selling prices; days on the market. Having this information in advance of buying something puts you ahead of the curve and will act as another important safeguard.

Comparable Market Analysis (CMA): (Sold in Last 30-60 days)

Status	Address	Year Built	Bed/Bath	House/SqFt	Lot/Sq Ft	ADOM	List Price	Sold Price	Price/SqFt
Sold									
Sold									
Sold									
Sold									
Sold									
							Low		
							High		
							Average		

Market Analysis (CMA) Listing of comparable houses currently on the market

Status	Address	Year Built	Bed/Bath	House/SqFt	Lot/Sq Ft	ADOM	List Price	Price/SqFt
Listed								
Listed								
Listed								
Listed								
Listed								
							Low	
							High	
							Average	

Once you have gathered this information, you will have a pretty good idea of what you would be buying. However, there are a couple of more things to do before you can get ready to go to the sale. The first is extremely important, is the one item I have seen so many investors not do or not even consider. If this step is overlooked, you could be in for a very long investment as a creditor of the Bankruptcy Court. ALWAYS CHECK FOR BANKRUPTCY.

Look up the Federal Bankruptcy Court phone number and input the owner's name. These are usually found on an automated system. You can also go to the Court and search records or use a paid internet service called PACER ([www.pacer.gov](http://www.pacer.gov)) and do this from home.

The next, physically see the house. This seems academic, but you would be surprised at the number of people who assume things about a property only to discover it burned down years before and records were never updated. Remember it is Caveat Emptor (BUYER BEWARE). That burden is always on you. You want to be sure that the house is still intact and determine its general state of repair. If you cannot go in person, have a realtor or home inspector do this. But don't ever buy something sight unseen.

One more checklist, just to be sure of your information and valuations.

## II. PRE-PURCHASE DUE DILIGENCE (Review)

1. Valuations \_\_\_\_
2. Demographics (Current Sales Trend & Neighborhood) \_\_\_\_
3. Onsite Inspection \_\_\_\_
4. Independent Verification (Selling Agent's Assessment) \_\_\_\_
5. Selling Agent's CMA (Pending Sales & Listings) see attachment \_\_\_\_
6. Preliminary Title Report (Public Records) \_\_\_\_
7. Hazardous Materials, Condemnation & Safety \_\_\_\_
8. Bankruptcy Records \_\_\_\_
9. Review \_\_\_\_
10. Bidding Cap Determined \$ \_\_\_\_\_
11. Final Approval \_\_\_\_

Now you are ready to put this all together to go the auction. A simple way in which to figure out your bidding cap:

**Example:**

Typical Formula for Purchase	
Estimated Fair Market Value	\$400,000
(less) Estimated Cost of Repairs & Upgrades	(\$30,000)
(less) Estimated <b>Resale</b> Fees & Closing Costs	(\$32,000)
Net Return Upon Resale	\$338,000
(less) Amount of Profit you Seek	(\$85,000)
(less) Estimated <b>Purchase</b> Closing Costs	(\$1,500)
(less) Special Title Insurance @ 1%	(\$4,000)
Cap (Top Bid) Purchase Price ±	\$247,500

The example means that if you were to resell your purchase for the full estimated fair market value, your breakeven point would be \$338,000. If you bought it for \$338,000 you would break even. If you paid more than \$338,000 you would lose money. The difference between \$338,000 and what you actually pay for it is roughly your net profit before taxes. You determine what that number is in advance. That will be your Cap or Stop Loss number.

Having been successful and won your bid, you now have to do certain things after the sale. There will be a transfer of the title recording in your name and a time period before you can legally take physical possession. This will vary depending on the state you have purchased your house in; however, this process is essentially the same.

### III. POST-PURCHASE DUE DILIGENCE

**Step 1:** Close Purchase with Seller:

- a) Record Deed with county recorder \_\_\_\_\_
- b) Take Possession \_\_\_\_\_

**Step 2:** Quiet the Title: (certification for a clear and marketable title)

- a) Tax Title Services \_\_\_\_\_ (insurance policy guarantee)
- Or
- b) Quit Claim Deed \_\_\_\_\_ (signed by each previous owner)
- Or
- c) Quiet Title Action \_\_\_\_\_ (legal action requiring an attorney)

**Step 3:** Order Insurance:

- a) Hazard \_\_\_\_\_
- b) Liability \_\_\_\_\_

**Step 4:** Contact Occupants: (If still occupied)

- a) Eviction Notice \_\_\_\_\_
- b) Occupant out \_\_\_\_\_
- c) Sale back \_\_\_\_\_
- d) Lease back \_\_\_\_\_

**Step 5:** Physical Inspection for rehab:

- a) Turn on utilities \_\_\_\_\_
- b) General home inspection \_\_\_\_\_
- c) Cost of repairs estimates \_\_\_\_\_
- d) Schedule renovations \_\_\_\_\_

**Step 6:** Listing Agent:

- a) Confirm CMA \_\_\_\_\_
- b) List for sale or Lease \_\_\_\_\_
- c) Stage \_\_\_\_\_
- d) Close \_\_\_\_\_

A word about *“quieting the title.”* When any property has been auctioned, either by a county, state or federal agency such as the I.R.S. and title is recorded in your name, you will have to deal with the eventual issue of having to obtain a “marketable title.” This is what a title company may be reluctant to issue due to the fact that the house was taken by an adverse action and in the process, may not have properly given notice to someone who had a lien against it, such as a mortgage company. Title companies are insurers who guarantee the integrity of a title. As such, they will usually take the position of special caution and be willing to issue a new title without first being secure in the knowledge that the sale was properly conducted. It is not unusual for them to say they will not guaranty title for a period of 2-6 years after the sale. You will not be able to resell the house until you can make the title company secure.

Here’s how to address this. There are 3 methods at your disposal. The first is to have each previous owner sign a Quit Claim deed over to you. This is the quickest and perhaps the least expensive solution, provided they can be located and are willing to do so. You may have to give them \$500 or so in exchange for their signatures. The problem with this is locating them.

Another option for you is to hire a real estate attorney and file a “Quiet title Action” lawsuit in Court. This is generally a routine process involving 90 day notification published in a newspaper resulting in a final Court Order granting you clear title. Cost will run \$750 and up.

Finally, there is a way may be to pay for an insurance policy title guarantee. The cost is generally 1% of the fair market value, not what you paid for it, the fair market price you expect to receive from the resale. This is my option of choice.

If the house is occupied at the time of your purchase you will need to deal with the eviction; an unpleasant task of your purchase. In this case, the best advice I have is to hire an eviction service. Costs will vary but will be in the range of \$1,250 and will keep you out of the line of any unnecessary adverse confrontation. Of course if you happen to have a cooperative occupant, you may be able to realize a gain through a rental arrangement. I have experienced having to do this only twice and I never just put someone out on the street. Assisting them in a humane manner will pay you dividends in the way of a clear conscience.

Once you have gone through the initial steps, you will be able to take physical possession of you house and begin the renovations. I strongly suggest hiring a licensed home inspector as a first action to go though the house and point out any items you will need to have corrected to bring it up the FHA acceptance, the new standard used by all lenders today. Home Inspections will run \$350-\$500. This is very inexpensive insurance against potential future problems. There is a detailed home inspection checklist for you to use at the end of this book.

Now you are ready to begin the rehab. I recommend going through a national service referral to get completive estimates for the various items jobs. I have always used Service Magic to find the contractors (<http://www.servicemagic.com/>). A word to the wise, don't go cheap to avoid paying for permits or paying a little more for licensed contractors. It will come back to bite you. Using bonded, licensed specialists will have easy sailing though the resale process. For those of you, who are handy, be sure your work is up to the current codes.

You should already have selected a Realtor® to work through. They will be a tremendous help to you. Start with listing your house, showing and even staging it. They will also be an invaluable source for recommending the types of improvements you should concentrate on.

Prioritize your rehab. Start with the items your home inspection has called out first; heating and air conditioning; electrical fixtures, plumbing fixtures; painting, I suggest using a neutral off white on the walls, not Navajo, something brighter, flat on the walls and semi-gloss in the kitchens, bathrooms and baseboards and crown moldings; make the kitchen bright and cheery, yellow tones are excellent. By the way, this is my

personal opinion, I have found that by painting the front door red, it attracts more attention and sells a house. Don' ask me why, it just seems to work well.

This book answers the “How-Where-What-When’s” in investing in tax deeds and other distressed real estate. Knowing how to, where to go, what to do, when to do something will put you way ahead of the game. By applying the learned practical information in the correct sequences it is intended to be more a working manual rather than a text book. It is a workable and proven technique compiled and suggested on the basis on my many years of experience in buying, refurbishing and selling houses. There are 2 principals which are important in real estate.

ONE: It must be in writing to be valid

TWO: always make a full disclosure

The tables, formulas and checklists which follow have been briefly covered in the narrative portion. You may run copies and use them to prosper. This systematic approach I intended to keep you from making mistakes which will not only be costly, but could lead to legal problems.

## SUMMARY

What to do with all of this information? It's pretty simple. Just apply it. On the following pages you will find the individual checklists previously explained. All you need do is print them out and go down the lists, checking off the items you complete in each phase.



Bid with confidence

Appendix: A

**Important Links**

Appraisal Sites:

Zillow	<a href="http://www.zillow.com/">http://www.zillow.com/</a>
NAR	<a href="http://www.realtor.com/">http://www.realtor.com/</a>
Chase Bank	<a href="https://www.chase.com/mortgage/mortgage-resources/home-value-estimator">https://www.chase.com/mortgage/mortgage-resources/home-value-estimator</a>
Home Values	<a href="http://www.homes.com/Home-Prices/">http://www.homes.com/Home-Prices/</a>
Eappraisal	<a href="http://www.eappraisal.com/">http://www.eappraisal.com/</a>
Core Logic (subscription)	<a href="http://www.corelogic.com/">http://www.corelogic.com/</a>
DataQuick (subscription)	<a href="http://www.dataquick.com/">http://www.dataquick.com/</a>

Auctions & Sales

Tax Lien Data Base	<a href="http://tax-lien-database.com/newuser.aspx">http://tax-lien-database.com/newuser.aspx</a>
Bid4Assets	<a href="http://www.bid4assets.com/">http://www.bid4assets.com/</a>
I.R.S. Treasury	<a href="http://www.ustreas.gov/auctions/treasury/rp/">http://www.ustreas.gov/auctions/treasury/rp/</a>
Government Auctions	<a href="http://www.governmentauctions.org/">http://www.governmentauctions.org/</a>
Williams & Williams	<a href="http://www.williamsauction.com/">http://www.williamsauction.com/</a>

Bankruptcy Public Information

Pacer (subscription)	<a href="http://www.pacer.gov/">http://www.pacer.gov/</a>
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Home Inspections

National Directory	<a href="http://www.homeinspections-usa.com/">http://www.homeinspections-usa.com/</a>
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Real Estate Agency Directory

Top Agents	<a href="http://www.topagentquest.com/realestate/sellhome.asp?">http://www.topagentquest.com/realestate/sellhome.asp?</a>
National Directory	<a href="http://www.nationalrealtorsdirectory.com/">http://www.nationalrealtorsdirectory.com/</a>

Rehab Contractors

Service Magic	<a href="http://www.servicemagic.com/">http://www.servicemagic.com/</a>
Angies List	<a href="http://www.angieslist.com/angieslist/">http://www.angieslist.com/angieslist/</a>

Title Insurance (Marketable Title)

Tax Title Services	<a href="http://www.taxtitleservices.com/">http://www.taxtitleservices.com/</a>
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Title Companies

First American Title	<a href="http://www.firstam.com/">www.firstam.com/</a>
Stewart Title	<a href="http://www.stewart.com/">http://www.stewart.com/</a>
Chicago Title	<a href="http://www.chicagotitle.com/">http://www.chicagotitle.com/</a>
Ticor Title	<a href="http://www.ticortitle.com/">www.ticortitle.com/</a>
Fidelity Title	<a href="http://www.fidelityie.com/">www.fidelityie.com/</a>

Remember to always use licensed agents so you have recourse and to avoid any liability issues.

Appendix: B

**Pre Purchase Checklist**

Step 1: Identify Property for purchase \_\_\_\_\_

Step 2: Valuations \_\_\_\_\_

Step 3: Demographics (Current Sales Trend & Neighborhood) \_\_\_\_\_

Step 4: Onsite Inspection (when possible) \_\_\_\_\_

Step 5: Estimate of Repairs \_\_\_\_\_

Step 6: Cash Flow Analysis \_\_\_\_\_

Step 7: Select Selling Agents \_\_\_\_\_

Step 8: Independent Verification (Selling Agent's Assessment) \_\_\_\_\_

Step 9: Selling Agent's CMA (Pending Sales & Listings) see attachment \_\_\_\_\_

Step 10: Preliminary Title Report (Public Records) \_\_\_\_\_

Step 11: Hazardous Materials, Condemnation & Safety \_\_\_\_\_

Step 12: Bankruptcy Records Search \_\_\_\_\_

Step 13: Review & Analysis \_\_\_\_\_

Step 14: Bidding Cap Determined \$ \_\_\_\_\_

Step 15: Monies escrowed \_\_\_\_\_

Step 16: Final Review & Approval \_\_\_\_\_

Step 17: Start Bidding



Valuations:

I. Desk Appraisals As At: / /

<u>Banks</u>	<u>Title Companys</u>	<u>Realtors</u>	<u>Internet</u>
\$	\$	\$	\$

II. Comparable Market Analysis (CMA): (Sold in Last 30-60 days)

Status	Address	Year Built	Bed/Bath	House/SqFt	Lot/SqFt	ADOM	List Price	Sold Price	Price/SqFt
Sold									
Sold									
Sold									
Sold									
Sold									
Sold									
							Low		
							High		
							Average		

III. Market Analysis (CMA) Listing of comparable houses currently on the market

Status	Address	Year Built	Bed/Bath	House/SqFt	Lot/Sq Ft	ADOM	List Price	Price/SqFt
Listed								
Listed								
Listed								
Listed								
Listed								
Listed								
							Low	
							High	
							Average	

 **Target ARV resale asking Price**  
\$

Projected Resale & Cost Estimates:

Target ARV Sale Price (adjusted to market trend)	\$
(less) Title Insurance @ 1%	-
(less) Eviction Service	-
(less) Sales commissions @ 6%	-
(less) Closing Costs @ 1.5%	- _____
Sale Proceeds Total	\$ _____
(less) Purchase Costs	-
(less) Home Inspection	-
(less) Rehab Costs est.	- _____
Net Profit Before Taxes est.	\$ _____

**[ Net Profit from Sale ÷ Purchase Price + Rehab & Closing Costs = % Return on Investment ]**

[Type text]

### Timelines: after purchase

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Estimated time to acquire clear title: \_\_\_ days  
Estimated time for renovations: \_\_\_ days  
Estimated time to list & sell: \_\_\_ days  
Estimated time to close: \_\_\_ days

### Pre Purchase Due Diligence Check List Review

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1. Valuations \_\_\_
2. Demographics (Current Sales Trend & Neighborhood) \_\_\_
3. Onsite Inspection \_\_\_
4. Independent Verification (Selling Agent's Assessment) \_\_\_
5. Selling Agent's CMA (Pending Sales & Listings) see attachment \_\_\_
6. Preliminary Title Report (Public Records) \_\_\_
7. Hazardous Materials, Condemnation & Safety \_\_\_
8. Bankruptcy Records \_\_\_
9. Review \_\_\_
10. Bidding Cap Determined \$ \_\_\_\_\_
11. Final Approval \_\_\_

### Auction Check List

---

1. Registration \_\_\_
2. Documentation & Authorization to Bid \_\_\_
3. Deposit Issued \$ \_\_\_\_\_
4. Notarized Limited Power of Attorney to Bid \_\_\_
5. Resale Agent Input: Listing Agent Selected \_\_\_
  - Agent Name REALTOR®
  - Company
  - Street address
  - City, State, Zip
  - Office:
  - Direct:
  - Mobile:
  - Web Site:
  - E-mail:

### Details of the Sale

---

## TERMS AND CONDITIONS OF SALE

[Type text]

Appendix: D

**Post Purchase Checklist**

Step 1: Close Purchase with Seller:

- a) Record Deed with county recorder \_\_\_\_\_
- b) Take Possession \_\_\_\_\_

Step 2: Quiet the Title: (certification for a clear and marketable title)

- a) Tax Title Services \_\_\_\_\_  
Or
- b) Quit Claim Deed \_\_\_\_\_  
Or
- c) Quiet Title Action \_\_\_\_\_

Step 3: Order Insurance:

- a) Hazard \_\_\_\_\_
- b) Liability \_\_\_\_\_

Step 4: Contact Occupants: (If still occupied)

- a) Eviction Notice \_\_\_\_\_
- b) Occupant out \_\_\_\_\_
- c) Sale back \_\_\_\_\_
- d) Lease back \_\_\_\_\_

Step 5: Physical Inspection for rehab:

- a) Turn on utilities \_\_\_\_\_
- b) General home inspection \_\_\_\_\_
- c) Cost of repairs estimates \_\_\_\_\_
- d) Schedule renovations \_\_\_\_\_

Step 6: Listing Agent:

- a) Confirm CMA \_\_\_\_\_
- b) List for sale or Lease \_\_\_\_\_
- c) Stage \_\_\_\_\_
- d) Close \_\_\_\_\_

[Type text]

## Home Inspection Checklist

Location: \_\_\_\_\_

**EXTERIOR:**

**COST OF REPAIRS**

Land Grading Satisfactory\_\_\_\_ Low Spots\_\_\_\_ Needs Re-grading\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Landscaping Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Driveway Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Walkways Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Garage Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Attached\_\_\_\_ Detached\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Decks & Patios Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Retaining Walls Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Roof (Condition) Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Roof Leaders & Gutters Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Chimney Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Exterior Facades (Condition) Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Exterior Trim Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Windows (Condition) Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Exterior Doors Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Sprinklers Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Outdoor Electrical Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Other\_\_\_\_\_ Estimated Cost \$\_\_\_\_\_

Comments

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**INTERIOR:**

**COST OF REPAIRS**

Ceilings (Type) \_\_\_\_\_ Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Walls (Type) \_\_\_\_\_ Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Floors (Type) \_\_\_\_\_ Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Closets Adequate \_\_\_ Inadequate \_\_\_ Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Window Treatments Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Ceiling Fixtures Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Doors Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Source Of HVAC In Each Room Yes \_\_\_ No \_\_\_ Estimated Cost \$ \_\_\_\_\_

**KITCHEN**

General Condition Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Appliances Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Cabinets & Counters Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Pantry Space Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Comments \_\_\_\_\_

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**BATHROOMS**

Number Full \_\_\_ Half \_\_\_ Condition Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Fixtures and Faucets Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Cabinets Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Jacuzzi \_\_\_ Sauna \_\_\_ Estimated Cost \$ \_\_\_\_\_

Wall Tile and Enclosures Good \_\_\_ Fair \_\_\_ Poor \_\_\_ Estimated Cost \$ \_\_\_\_\_

Comments \_\_\_\_\_

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## LAUNDRY

Condition Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_

Estimated Cost \$ \_\_\_\_\_

Comments \_\_\_\_\_

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## ATTIC

Type Walk-up \_\_\_\_\_ Access via Hatch \_\_\_\_\_ Room for Storage \_\_\_\_\_

Insulation Adequate \_\_\_\_\_ Inadequate \_\_\_\_\_ Type \_\_\_\_\_

Ventilation Adequate \_\_\_\_\_ Inadequate \_\_\_\_\_

Evidence Of Past Water Intrusion No \_\_\_\_\_ Yes (Location) \_\_\_\_\_

Roof Structure Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_

Estimated Cost \$ \_\_\_\_\_

Comments \_\_\_\_\_

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## BASEMENT

Type Full \_\_\_\_\_ Partial \_\_\_\_\_ Crawl \_\_\_\_\_ Room For Storage \_\_\_\_\_

Foundation Walls Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_ Poured Concrete \_\_\_\_\_

Concrete Block \_\_\_\_\_ Brick \_\_\_\_\_ Stone \_\_\_\_\_ Cracks \_\_\_\_\_ Bulges \_\_\_\_\_

Basement Structure Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_ Cracked Structure \_\_\_\_\_

Sags \_\_\_\_\_ Water/Insect Damage \_\_\_\_\_

Evidence Of Past Water Intrusion No \_\_\_\_\_ Yes (Location) \_\_\_\_\_

Sump Pump \_\_\_\_\_ Dehumidifier \_\_\_\_\_

Estimated Cost \$ \_\_\_\_\_

Comments \_\_\_\_\_

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## ELECTRICAL SYSTEM

Service to House Overhead\_\_\_\_ Underground\_\_\_\_

Amperage 30\_\_\_\_ 60\_\_\_\_ 100\_\_\_\_ 125\_\_\_\_ 150\_\_\_\_ 200\_\_\_\_

Voltage 110\_\_\_\_ 110/220\_\_\_\_ 110/208/220\_\_\_\_ Service Panel Circuit Breakers\_\_\_\_ Fuses\_\_\_\_

Electrical Outlets Adequate\_\_\_\_ Inadequate\_\_\_\_ 3 Prong\_\_\_\_ 2 Prong\_\_\_\_ GFI\_\_\_\_

Lighting Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Exclusions\_\_\_\_

Estimated Cost \$\_\_\_\_\_

Comments \_\_\_\_\_

## PLUMBING SYSTEM

Source Of Water Municipal\_\_\_\_ Community\_\_\_\_ Private Well\_\_\_\_

Private Well Pump, Pressure Tank Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_

Water Pressure Adequate\_\_\_\_ Inadequate\_\_\_\_

Domestic Hot Water Source Separate Tank\_\_\_\_ Oil Fired\_\_\_\_ Gas Fired\_\_\_\_ Electric\_\_\_\_

Domestic Hot Water Condition Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Aged\_\_\_\_

Water Pipes Copper\_\_\_\_ Brass\_\_\_\_ Steel\_\_\_\_ Plastic\_\_\_\_

Water Pipe Condition Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_ Leaks\_\_\_\_

Drainage, Waste, Vent Pipes Copper\_\_\_\_ Cast Iron\_\_\_\_ Steel\_\_\_\_ Plastic\_\_\_\_

Drainage, Waste, Vent Pipe Condition Good\_\_\_\_ Fair\_\_\_\_ Poor\_\_\_\_

Sanitary Waste Disposal Municipal\_\_\_\_ Community\_\_\_\_ Private\_\_\_\_

Estimated Cost \$\_\_\_\_\_

Comments \_\_\_\_\_

## HEATING SYSTEM

System Type Steam\_\_\_\_ Warm Air\_\_\_\_ Hot Water\_\_\_\_ Hydroaire\_\_\_\_

Heat Pump\_\_\_\_ Electric Resistance Heaters\_\_\_\_

System Fuel Oil\_\_\_\_ Natural Gas\_\_\_\_ Propane Gas\_\_\_\_ Electric\_\_\_\_

System Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_ Aged\_\_\_\_\_

Number Of Systems/Zones 1\_\_\_\_\_ 2\_\_\_\_\_ 3\_\_\_\_\_ 4\_\_\_\_\_ 5\_\_\_\_\_ 6\_\_\_\_\_ Other\_\_\_\_\_

Oil Tank Visible\_\_\_\_\_ Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_ Buried Tank\_\_\_\_\_

Piping/Duct Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_ Leaks\_\_\_\_\_

Duct Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_

Evidence Of Asbestos Insulation On Pipes/Ducts Yes\_\_\_\_\_ No\_\_\_\_\_

Heating Source Radiators\_\_\_\_\_ Heating Baseboards\_\_\_\_\_ Heating Registers\_\_\_\_\_

Fireplaces Masonry\_\_\_\_\_ Prefabricated\_\_\_\_\_ Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_

Estimated Cost \$\_\_\_\_\_

Comments \_\_\_\_\_

### **AIR-CONDITIONING**

System Type Central\_\_\_\_\_ Window/Wall Units\_\_\_\_\_

System Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_ Aged\_\_\_\_\_

Number Of Systems/Zones 1\_\_\_\_\_ 2\_\_\_\_\_ 3\_\_\_\_\_ 4\_\_\_\_\_ 5\_\_\_\_\_ 6\_\_\_\_\_ Other\_\_\_\_\_

Duct Condition Good\_\_\_\_\_ Fair\_\_\_\_\_ Poor\_\_\_\_\_ Asbestos\_\_\_\_\_

Estimated Cost \$\_\_\_\_\_

Comments \_\_\_\_\_

Estimated Cost of Materials \$

Estimated Cost of Labor \$\_\_\_\_\_

**TOTAL ESTIMATED COST OF REHAB \$**

Date: \_\_\_\_\_

## **GLOSSARY**

### **ADOM**

Actual number of **D**ays **O**n the **M**arket. The time a property has been listed for sale and on the market before it sells.

### **ARV**

After repaired value. The estimated value of an improved property after repairs have been made.

### **APPRAISAL**

An estimate of the value of a property resulting from an analysis of facts about the property. An opinion of value.

### **BIDDING CAP**

The maximum you are willing to pay for a property.

### **CLOUD ON TITLE**

A claim, encumbrance or condition which impairs the title to real property until disproved or eliminated as through a quiet title action by a court or quitclaim deed.

### **CMA**

Comparable market analysis. Comparing similar types of property to determine a fair market value.

### **DUE DILIGENCE**

An investigation of all relative facts pertaining to potential purchase so as to avoid potential liabilities while determining its true value. An evaluation of data to make a thorough assessment.

### **ESCROW**

A neutral 3rd party charged with receiving funds and other instruments to carry out the provisions of an agreement between two parties.

### **FAIR MARKET VALUE**

The value placed on a property as a result of comparing it to others most like it which have most recently sold.

### **GRANT DEED**

A limited warranty deed that conveys legal title to a house from one person to another.

### **LITIGATION GUARANTEE**

A report used to "Quiet Title" and foreclosure purposes. It is an insurance policy that guarantees whom title is vested and identifies the defendant parties.

### **MARKETABLE TITLE**

A deed which has been determined to be free of any previous encumbrances, challenges or statutory restrictions such as redemption periods and can be guaranteed as such by a title insurer.

### **REALTOR®**

A member of the National Association of Realtors. Generally held to a higher standard of ethics. Not all real estate agents have that designation.

**REHAB**

Renovation of a property to improve its salability and meet current building codes.

**ROI**

Return on investment. The profit usually expressed as a percentage or a ratio. The return on the investment divided by the cost.

**STAGING**

Making a house more appealing to a potential buyer by bringing in a vast array of items to spruce up a house. Placing furniture and other items such as pictures, mirrors, rugs, towels and scented soap throughout the house to enhance sales appeal.

**TRUST DEED**

Deed of Trust is a legal document securing the interest of a lender against a property as a guarantee for the repayment of a loan or an investment of capital. The property is collateral for the loan.

**QUIET TITLE**

Court action brought to establish title or to remove a "cloud" on the title.

**QUIT CLAIM DEED**

A deed relinquishing an interest in a property.



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The “HOW TO” book on doing step by step Due-Diligence the right way, so you can be successful at buying and selling tax defaulted real estate.