



The Best Way to Buy Real Estate in Steamboat



Steamboat

Real Estate Analyst & Newsletter

November, 2008

Douglas Labor, Editor

Doug Labor, GRI, RRP, ABR, ABRM, CEBA, e-PRO, Broker / Owner
Ulrich Salzgeber, Broker / Associate, ABR
Kristin Lile, Broker / Associate
Mary Labor, Administration / Owner
 Office: 970.870.8885 / 877.970.8885
 Web Site: www.BuySteamboat.com

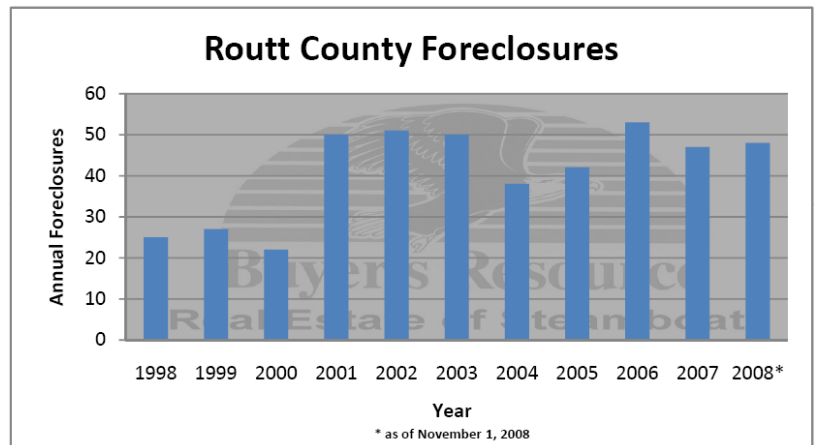


Dedicated to serving buyers in the Steamboat marketplace.

The Scoop on Routt County Foreclosures

With national foreclosure rates at an all-time high, real estate bargain hunters have been drawing interest into Steamboat's inventory of distressed property. However, the financial woes that have affected the majority of the US real estate markets have not infiltrated the Steamboat Springs market as much as one would think. Foreclosure recordings posted by the Routt County Public Trustee's Office show a slight increase from years past, but nothing as dramatic as the national markets. Steamboat's general healthy economy, financial where-with-all of its real estate owners, and desirable lifestyle creates a different demographic than many primary markets.

In 2007, the number of Routt County foreclosures totaled 47. With 14,273 Housing Units, the percentage of foreclosures to housing units is 0.33%. The 2007 average for the state of Colorado was nearly six times that amount, or 1.85%. Analogous results have occurred in comparable Colorado resort counties: The 2007 foreclosure per housing unit rate in Pitkin County (Aspen, Snowmass, Buttermilk, and Aspen Highlands) was 0.13%, Eagle County (Vail and Beaver Creek) was 0.52% and Summit County (Breckenridge, Arapahoe Basin, Copper Mountain and Keystone) was 0.50%. Similar results in similar demographic areas.



As of November 1 in 2008, the Routt County Public Trustee's office has recorded 48 foreclosures...not much different than the prior year, and Routt County Public Trustee, Jeanne Whiddon, estimates that that number may reach 60 by year-end.

So if you are a buyer wanting to explore the foreclosure market, what should you do? First of all, get a little educated on the process...

There are three types of foreclosures in Colorado: 1) Public Trustee; 2) Judicial Foreclosure; 3) Tax Sale. The most common type of foreclosure is the Public Trustee Foreclosure.

The Public Trustee Foreclosure is a process that is initiated from an owner's inability to meet loan obligations (payments) on a deed of trust (an instrument which grants the Public Trustee the right to sell the property at public auction in the event of default). When lenders provide a loan to a borrower, the tangible security the lender receives is typically in the form of real estate. That way, if the borrower defaults on the loan contract, the lender could recoup his investment by taking ownership of the security

continued...

Additional information on the Steamboat real estate market can be found by visiting our web site, at www.BuySteamboat.com.

If you would like us to conduct a personal property search, please give us a call, toll free, at 877.970.8885.

and either selling or retaining title. Lenders are in the business of lending money, not property ownership and management, so they typically will sell the property to recover their investment, then loan that money to another borrower. This is where the foreclosure process begins – It can end in one of four different ways:

1. The borrower pays off the default amount during the Cure Period.

In Colorado (foreclosure law is different from state-to-state), when a foreclosure proceeding occurs, the lender sends a Notice of Election and Demand (NED) to the Public Trustee. The Public Trustee then has 10 days to record the NED, which then starts the Cure Period. The Cure Period lasts between 110 to 125 days for non-agricultural property, and 215 to 230 days for agricultural property. Within this Cure period, all parties who have an interest in the property (of public record) will be notified of the foreclosure. The property owner (borrower) may reinstate the loan by paying off the default amount during this period.

2. The borrower sells the property during the Cure Period.

The Cure Period is also known as the Pre-Foreclosure period. For buyers, this is the best time to purchase the property. To avoid foreclosure, the owner will most likely have it listed for sale in the local Multiple Listing Service. Buyers will be negotiating directly with the owner, and the seller may be willing to take a discount on the sale to keep the looming foreclosure off of his/her credit history. Furthermore, a buyer will eliminate the daunting task of working with the lender, attorney and other parties that will be involved in the process once this period has passed.

Buyers can find out available properties via newspaper notices, the Public Trustee or various web site services, such as RealTrac (www.reatytrac.com). However, the best way one can become aware and snatch up a bargain in this time period is by letting our experience assist in this process. We'll be able to conduct the research, due diligence and provide the guidance necessary to make a prudent and smooth purchase.

3. A third party buys the property at Public Auction.

Near the end of the Cure Period, if the loan has not been paid off, the Public Trustee will schedule the property to be sold via Public Auction. The highest bidder will then take title to the property. When pursuing a property within the Public Auction timeframe, Buyers (and your exclusive buyer's broker) will have to work fast to conduct a comparative market analysis, as well as research the title work, liens and encumbrances that would run with the property.

4. The lender takes ownership by buying it back during the Cure Period or Public Auction.

Should no third party step up to the plate and purchase the property, the lender then takes ownership and the property is considered Real Estate Owned (REO). Once a property becomes REO, they will typically list the property for sale with a local REALTOR. Any negotiations will be conducted directly with the lender, which can be frustrating, as layers of corporate protocol take precedent.

This obviously is a brief description of the foreclosure process, and many technical aspects have not been addressed. However, it outlines some of the basic procedures and timelines. A great amount of due diligence needs to be performed to ensure the property the buyers think they are buying is the property they are going to own. There may not be as many opportunities in our market as other areas throughout the country, but with our assistance, it will be the first step in locating any opportunities that may arise.

Upcoming Steamboat Events

November

- 15 - Vegas Dance Party & Silent Auction
- 26 - Opening Day at the Steamboat Ski Area
- 27 - Happy Thanksgiving, Community Thanksgiving Dinner
- 28 - "Light Up the Night" Community Tree Lighting

December

- 6 - Howelson Ski Hill Opens, Ski Ball
- 7 - Steamboat Springs Orchestra's Holiday Concert
- 17 - 31st Annual Community Holiday Party
- 21 - Hanukkah Starts
- 25 - Christmas
- 28 - Strings Music Festival Holiday Gala Concert
- 31 - New Years Eve Torchlight Parade & Fireworks, Emerald Ball

Buyer Tip of the Month

Pre-foreclosure is the best time to purchase a distressed property. A buyer is still able to work directly with the seller and avoid dealing with the lender.



*We appreciate referrals.
They're the greatest compliment we can be given!*