

## **How To Invest In Government Foreclosures**

You have probably seen the infomercials in the past that are trying to tempt you into buying government foreclosures. And more than likely you probably dismissed these offers as a get rich quick scheme that will never work. While government foreclosures may not be exactly what you see and hear on television, they definitely have their place in the real estate industry.

In order to take advantage of government foreclosures you must first know what they are. Government foreclosures are properties that were financed through FHA insured loans. This means that the FHA insured the lender that the owner will meet the financial obligations that are required. But when the owner fails to do this, the lender will then take the home back. At this time, the FHA is then responsible for reimbursing the lender for any losses that they may have incurred. The FHA loses in two ways; they do not get the home, and they also have to pay the lender for their losses.

Government foreclosures can also come about in other ways. If somebody decides that they are going to avoid paying taxes, the IRS may take the home from the buyer. In other cases, government foreclosures may happen when a home owner is sent to jail. Instead of simply letting the home go to waste, the home is simply turned into a government foreclosure.

Government foreclosures are usually sold to the public via real estate auctions. This means that anybody who is interested in these properties can attend these auctions and bid on the homes that interest them. Most often times, investors suck up these government foreclosures the first chance that they get. It is not uncommon to find government foreclosures that are listed at 10% or more off of the market value price. This means that you can buy a home, and then quickly turn it into a profit.

Finding government foreclosures can be done by keeping an eye on your local real estate classifieds. Foreclosure auctions are usually listed in major papers for at least one day so that the public has a chance of finding out about them.

The infomercials don't lie! Government foreclosures are a great way to make money. Even though you probably won't get rich quick like you are told, you should be able to make at least a little bit of money on each transaction.