

PROFESSIONAL COUNSELING HELPS AVOID FORECLOSURE

Where have all of these foreclosures been coming from? How could they have been avoided? These are great questions to ask. A recent survey by the Fresno Association of REALTORS® found some answers. 350 foreclosed homes in Fresno County in the fourth quarter of 2007 were analyzed and there were some startling discoveries.

- 46% of the foreclosures were recorded due to non-payment of the loan from the original purchase. The vast majority of those foreclosures had no history in our Fresno Multiple Listing Service database, meaning they didn't use the professional counseling that a REALTOR® brings to the transaction. In fact, we found people who did not retain representation when they purchased their home were more than 4 times as likely to end up in foreclosure than those who did retain professional representation.

- 54% of the foreclosures were not from the original mortgage but were from re-financed mortgages. In over 9 out of 10 of these re-finances the home had appreciated so much that the homeowners pulled cash out of their equity an average of 2 times before finally loosing their home.

Two conclusions can be gathered from this survey. The first is that professional counseling is vital to staying out of foreclosure. REALTORS® represent the vast majority of sales in Fresno County, but only 18% of those foreclosed on had REALTOR® representation. Secondly, re-finances were mostly misused. Only 3% of the foreclosures were re-finances that were for the purpose of changing the rate or terms. The others were to use the equity growth in their home as a source of income and some fell prey to living above their means.

Home ownership for most people is the biggest investment in their lifetime and finding a professional that you trust is vital for your long term security. Your first step in purchasing should be a consultation with your REALTOR®. Your REALTOR® can help you balance your needs in a home and how much home you can comfortably afford. Your local REALTOR® can help you decide on areas, school districts, home sizes, pricing, financing choices and the logistics of your home purchase.

It's a great idea to contact your REALTOR® whenever you have questions about your home. You see your Doctor for checkups, not just for surgeries, so see your REALTOR® for a periodic home check-up not just to sell or buy.

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Fresno Association of REALTORS®