

Working Georgia Foreclosures

More and more it seems folks know who we are because of our weekly newspaper columns. This leads to some mighty interesting (meaning strange) situations.

A few evenings back, Kim and I went to the Longhorn restaurant in Cartersville for dinner. Once seated, I excused myself and went to the restroom. Nothing unusual so far, right? Please stick with the story because we are about to enter Weirdville.

So I'm in the restroom...ummm...resting, when the fellow standing next to me says, "Hey, aren't you Bill Cook?" and sticks out his hand to shake. OK, welcome to Weirdville.

I said, "Errrr, I'm a little busy at the moment. Can we shake in a minute?" (Geeze, I really crack myself up sometimes).

Anyway, and this is the point of this week's column, the guy asks, "Bill, how do I find out about foreclosure properties?" I knew right then, to avoid this "*situation*" from happening again, my next column was going to be about how the foreclosure process works in Georgia.

Georgia is a non-judicial foreclosure state. This is a fancy way of saying that when a homeowner is behind on his mortgage payments, the mortgage company has the legal right to foreclose on the owner's property without having to first go to court.

What is a foreclosure? When someone borrows money to buy a property, they must sign lots and lots of legal documents. One of these documents is called a Security Deed. The Security Deed "secures" the lender's loan to the property being bought. If the borrower doesn't pay the lender as promised, the lender can take the borrower's secured property. The process of taking the borrower's secured property is called a foreclosure.

In Georgia, there are rules a lender must follow in order to sell a homeowner's property at a foreclosure auction.

First, the lender must notify the borrower that he is in default on the loan.

Second, the lender must run a "Notice of Sale Under Power" ad in the legal section of the newspaper in the county where the property is located. This ad must run for four consecutive weeks prior to the foreclosure auction.

These ads are where real estate investors first learn which properties are scheduled to be sold at the following month's foreclosure auction.

Third, on the first Tuesday of each month, between the hours of 10 a.m. and 4 p.m., a representative of the foreclosing attorney must stand "before the courthouse doors" and "cry" the property's foreclosure notice.

In English, this means the representative (crier) stands in front of the county courthouse and reads the same ad that ran in the legal section of the newspaper.

Fourth, the property is sold to the highest bidder.

Remember, in order to bid on a property, you must have **ALL** of the money with you then and there. If you are the top bidder, you must pay for the property **IN FULL** with either **CASH** or **CERTIFIED FUNDS**. If you do not have all of the money with you, the property is immediately re-cried.

Fifth, if no one bids on the property, the mortgage company becomes the new owner of the property. It becomes known as REO (real estate owned) property.

Remember, banks and mortgage companies are in the money-lending business, not the hammer swinging and property management business. For this reason, REO property can often be bought for pennies on the dollar.

There are five ways a property owner can stop a foreclosure: (1) Pay off the mortgage. (2) Pay up the arrears. (3) Sell the property. (4) Declare bankruptcy. (5) And if the foreclosing attorney made a mistake in the foreclosure process (this is rare).

In our next column we'll take a detailed look at what happens at a foreclosure auction.

If you want to learn more about real estate investing, or would like a **FREE** copy of our 28 page monthly newsletter, or would like information about our 1,400 member real estate investors group that meets monthly at the Holiday Inn in Cartersville, then please visit our website at **www.REIoutpost.com**.