

REO The Perfect Real Estate Storm

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Real estate investors make more money during a recession than at any other time. Buying bank foreclosures at incredible discounts is probably the most profitable form of real estate available, but the opportunity to do so is rare because it only occurs during economic recessions and national market down trends.

It is a known fact that banks can leverage up to ten times their assets. This gives banks an incredible advantage in creating profits during typical markets. However, this can backfire, if during an economic slowdown, a bank's real estate portfolio has too many high-risk loans that foreclose. A bank must maintain particular ratios to be able to continue lending, and if they are carrying too many REOs (real estate owned) on their books, then they cannot lend until they liquidate their bad debt. In other words, their foreclosed homes actually count against their ratios and prohibit how much lending they may do. In order to avoid foreclosure themselves, banks will sell off their real estate at tremendous discounts.

The fastest way for a bank to liquidate its REO (the real estate it owns because they got the house back after a loan defaulted) is by selling off the homes in bulk packages. Banks will either sell or auction these homes off to large accredited (valued at over \$100 million) institutions; it is nearly impossible for everyday consumers to buy real estate at these steep discounts.

The past has shown us that there is usually a small window of opportunity for this type of real estate investing. Wise investors, who successfully purchase and manage these REOs, create the greatest wealth in the fewest number of years. This REO form of investment is particularly powerful because it can often be acquired at a 90% discount, and held free and clear in order to create a pure cash flow.

The recession beginning in 2008, and fueled in the US economy by the subprime mortgage crisis, is unique from most recessions. Because organizations like Fannie Mae created seven years' worth of high-risk loans, foreclosures are predicted to remain at a high through 2012. This may mean that the window of opportunity on REOs could last the same amount of time.

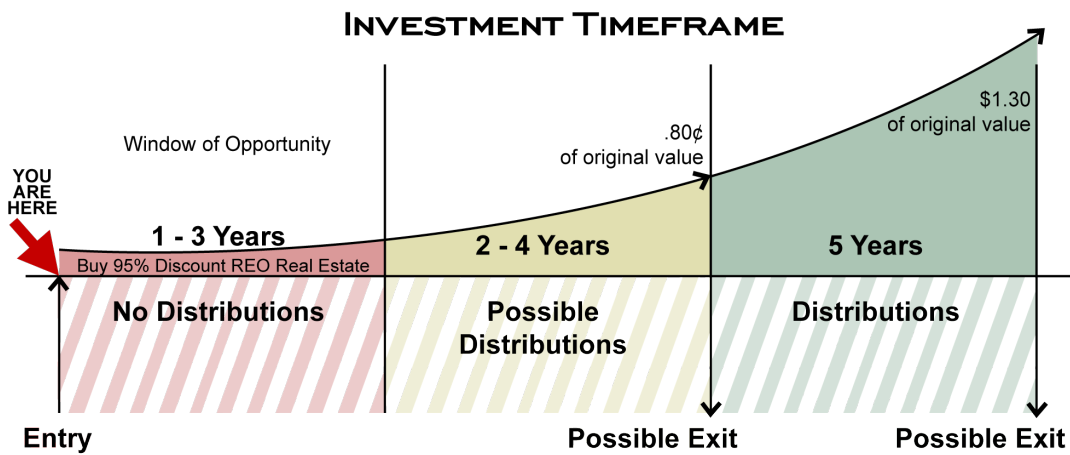
Your Chance to Invest

REIC brings REOs to their clientele through a fractional real estate approach. Typically, it can require millions of dollars, along with the right contacts, to be able to invest in this kind of real estate. REIC combines investors to allow everyone an opportunity to invest in this rare form of investing.

Once a bulk REO package is purchased from the bank, the pool is dissected to find out which properties to sell, which to fix up, and which homes to hold on to and rent out. REIC has developed a detailed strategy in order to optimally perform this task. Some of the necessary steps include: proper market research, reviewing BPOs (Broker Price Opinions) online and in person, assessing repair needs, contesting delinquent taxes, and renting and

liquidating the real estate. REIC is able to liquidate the undesirable real estate, and hold on to the most profitable rentals.

REIC's philosophy is to acquire and hold as much real estate as possible. Their goal is to hold on to the real estate until the market turns around and the full potential of a property's value can be realized in the market.



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