PRICING DISCLOSURE

When pricing a pre-foreclosure property two variables must be kept in mind: a short time frame in which to market the property and an implied obligation from the seller to the lender to generate as many offers as possible.

When these two variables exist simultaneously, value-range marketing is the most effective strategy when disposing of a property that is in pre-foreclosure.

In value-range marketing the seller sets a price range instead of just a high price. This helps to attract more buyers, since a home set in a range will be within their price range, whereas a home listed only with a high price may not meet their price criteria, as well as generate more offers, and ultimately draw a higher sales price. The strategy does not obligate the seller to accept any offer. It allows sellers to entertain and counteroffer within the range with an acceptable price and terms, just as they would with a listing that carried a single price.

In ascertaining the high range, an appraisal is performed and made available to all buyers and buyer's agents. The low range, or list price, is ascertained more arbitrarily by looking at national sales data of competitive properties such as closed short sales, closed bank REO sales and closed auction sales of similar properties; therefore, the low range becomes a percentage of the appraisal. We have arbitrarily chosen fifty percent (50%) as a percentage that reflects other distress sales nationwide.

Lenders stung by the housing bust are slashing prices dramatically to rid themselves of an unprecedented number of foreclosed properties, sparking bidding wars. The trend is most dramatic in many parts of California, Florida, Nevada and Arizona, where prices skyrocketed during the housing boom and are now falling precipitously. Sales of foreclosures, vacant new homes and other distressed homes now dominate these markets. By setting prices at extraordinarily low prices, banks can spark multiple offers. Over the past year the number of properties turned over to bank ownership has more than doubled. In order for our seller to be competitive we have adopted the same marketing techniques as our competition.

Since we do not represent the seller's lender, we do not know what the lender will accept. With the fact that the seller's lender is not a party to this agreement but has the right to approve price and terms of all offers, we feel that value-range marketing is the only appropriate marketing strategy to obtain the goals and objectives of our seller. Our seller is no longer a ready, willing and able seller. He is a seller that is under duress, facing litigation along with the possibility of ruining his credit rating; therefore, it is imperative that we sell the property in an expeditious and timely manner. By selling the property quickly, the primary goal of minimizing the negative effects on the seller's credit rating will be achieved by keeping the property from being foreclosed and sold at public sale.

A pre-foreclosure sale has many negative aspects, primarily waiting a long time before receiving a response from the lender along with submitting your offer against other buyers and not knowing what the other offers are. This type of property may or may not be right for the typical buyer looking to close in a timely manner with little uncertainties.