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FOR INVESTORS AND OWNER-OCCUPANT
BUYERS

The Florida REO Home Buyer's Guide

How to find, evaluate and win bank-owned and distressed homes in Florida, without paying for what the discount was hiding.

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How to find, evaluate and win bank-owned and distressed homes in Florida

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The discount on a distressed home isn't the deal. The deal is what's left after you've paid for everything the discount was hiding.

— Michael R. Linton

Who this guide is for, and how to use it

Bank-owned and distressed homes are some of the most misunderstood properties in Florida real estate. Buyers see a price below the neighborhood and assume the deal is built in. Sometimes it is. Often the discount is simply the market pricing in a roof, an insurance problem, a code lien or months of repairs the listing photos don't show.

This guide is for two kinds of buyers:

- **Owner-occupants** who want to buy a home to live in and are willing to take on some work in exchange for a better price.
- **Investors** buying 1-to-4-unit homes to renovate, rent or resell, whether it's your first distressed purchase or your twentieth.

It walks through the whole process in the order you'll live it: where the inventory comes from, how to get ready, how to size up a house quickly, how to run the numbers honestly, the traps that are specific to Florida, how to write an offer a bank will accept, and how to get from contract to keys. Chapter 12 collects everything into checklists you can print and carry.

Three ideas run through every chapter

Be ready first

The buyers who win distressed homes prepared before they found the house: financing in place, proof of funds, a team on call.

Price the hidden costs

Repairs, insurance, taxes after the sale, assessments and time. Your real price is the all-in number, not the list price.

Make it easy to say yes

Banks and servicers want a clean, certain close. A buyer who is easy to close often beats a slightly higher, shakier offer.

A word on what this guide won't do. It won't promise returns, quote interest rates or tell you what a house will be worth. Those depend on facts only you, your lender and your professionals can confirm. What it will do is show you the method professionals use, so you can ask better questions and avoid the expensive mistakes.

What "REO" and "distressed" actually mean

"Distressed" is a broad word. It covers any home being sold because something went wrong: a missed mortgage, a death, a divorce, a tired landlord, a code problem. The situation shapes who you negotiate with, how long it takes and how much risk you carry.

The main paths

PATH	WHO SELLS	TYPICAL BUYER EXPERIENCE	RISK LEVEL
Bank-owned (REO)	A bank or loan servicer that took the home back	Listed with an agent, often on the MLS. Bank contract addendum, as-is condition, clear title in most cases.	Moderate
Government-owned	HUD (FHA loans), Fannie Mae, Freddie Mac, VA	Listed online and through agents, with set bidding rules. HUD and some programs give owner-occupants a first look.	Moderate
Short sale	The homeowner, with the lender's approval	The lender must approve a price below what's owed. Can take months, and the approval can fall through.	Moderate to high (timing)
Pre-foreclosure	A homeowner behind on payments	Direct negotiation before a sale. The owner may be stressed; the debt and liens must be cleared at closing.	High
Foreclosure auction	The county clerk, under a court judgment	Online bidding, deposit required, cash on a short deadline, usually no inspection and no interior access.	Highest

Distressed private sale	Estates, tired landlords, owners facing code or repair problems	Normal sale on paper, but condition, title or occupancy issues are common.	Varies
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This guide focuses on the first two paths, where most buyers should start. Bank-owned and government-owned homes come with a known seller, a predictable process and, in most cases, title that the seller has already cleaned up. Chapter 10 covers auctions and pre-foreclosures for buyers who want to go further.

What "REO" means

REO stands for *real estate owned*: property a lender owns after a foreclosure. On a bank's books it's an asset the bank never wanted. It earns nothing, costs money to insure and maintain every month, and regulators watch how long banks hold it. That is why banks sell REO, and why they care so much about closing certainty. You'll see this idea again in Chapter 8.

A bank isn't trying to get the highest price on paper. It's trying to get the property off its books, at a defensible price, without the deal falling apart.

Government-owned homes

Homes that secured government-backed loans come back to the agency that backed them. HUD sells homes from FHA-insured loans through the HUD HomeStore site, with a priority period in which owner-occupants and some nonprofit and government buyers can bid before investors. Fannie Mae (HomePath) and Freddie Mac (HomeSteps) have their own listing sites and first-look periods for owner-occupants. Each program sets its own rules for bidding, earnest money and closing timelines, so read the current rules on the agency's site before you bid.

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HOW THE PIPELINE WORKS

How a Florida foreclosure becomes a bank-owned home

Florida is a **judicial foreclosure** state. A lender can't simply take a home back: it has to sue in circuit court, win a judgment, and have the county clerk sell the property at a public sale. That process is slower than in non-judicial states, and every step leaves a public record you can learn to read.

The path, step by step

DEFAULT

Missed payments. The servicer sends notices and may offer a workout: a repayment plan, modification or short sale.

LAWSUIT

Complaint and lis pendens. The lender files suit and records a *lis pendens*, a public notice that the property is the subject of a lawsuit. This is the earliest public sign of distress.

JUDGMENT

Final judgment of foreclosure. If the borrower doesn't resolve the default and the court rules for the lender, it enters a judgment and sets a sale date.

SALE

Clerk's public sale. Most Florida counties hold foreclosure sales online. Third parties can bid; if nobody outbids the lender, the lender takes the property back.

AFTER THE SALE

Certificate of sale, then title. The clerk files a certificate of sale. After a short window for objections, the clerk issues a certificate of title to the winner.

REO

Bank-owned. The lender secures the house, handles any occupants, clears title issues and lists it for sale, usually with a local listing agent.

How long all of this takes varies widely by county, court backlog and whether the borrower contests the case. It is commonly many months and can run well past a year. For you as a buyer, the timeline matters for two reasons: a house that sat empty for a long time often has more hidden damage, and a lis pendens tells you a property may come to market long before it does.

Redemption. Under Florida law the borrower can generally redeem the property by paying what's owed up until the clerk files the certificate of sale (or a later time set by the court). Once a home is bank-owned, that right has ended. Your title company will confirm the chain of title before you close.

Why this matters to you

- **Condition:** long vacancies mean more risk of mold, plumbing failures, roof leaks, pests, vandalism and stolen fixtures.
- **Title:** the foreclosure should wipe out junior liens, but some obligations can survive, such as certain municipal liens and code fines. Chapter 7 covers what to watch for.
- **Timing:** banks often list in waves. Knowing the pipeline helps you anticipate supply in the neighborhoods you're watching.

Where the inventory reaches buyers

Most buyers only see what's already on the big home-search websites, and by the time a well-priced REO shows up there, prepared buyers are already writing offers. Here's where distressed homes actually surface.

The MLS

Most bank-owned homes are listed by a local agent on the multiple listing service. A buyer's agent can set alerts for new REO, foreclosure and short-sale listings in your target ZIP codes so you see them the day they list, with remarks and documents the public sites may not show.

Government sites

HUD HomeStore, Fannie Mae HomePath and Freddie Mac HomeSteps list their homes directly, with owner-occupant priority periods. Check them on a schedule; new lists and price reductions come out regularly.

County clerk auctions

Each county clerk posts upcoming foreclosure sales. This is where you can see the pipeline before homes become REO, and where the riskiest buying happens (Chapter 10).

Public records

Lis pendens filings, probate cases and code-enforcement records point to homes that may sell soon. Approaching owners in distress takes care and respect, and in pre-foreclosure situations Florida law adds protections for homeowners.

The real advantage is readiness

Seeing a listing early only helps if you can act on it. When a well-priced REO home hits the market in a good Florida neighborhood, it can draw several offers within days. The bank's listing agent will present every offer, but the bank chooses the one most likely to close, quickly and without trouble. That means the buyer who is pre-approved, has proof of funds ready and has an agent who knows the bank's process is in the strongest position. Chapter 4 is about getting there.

Tip: pick two or three ZIP codes and learn them deeply: what renovated homes sell for, what rents are, which streets flood, what the HOA or condo rules are. You'll recognize a real deal in minutes instead of days.

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PREPARATION

Get ready before you look

The buyers who close on distressed homes are almost always the buyers who prepared before they found the house. Here is what "ready" means.

1. Financing in place

Talk to a lender you trust and get a **written pre-approval**, not just a prequalification. Tell the lender you're shopping for distressed homes. Some loan programs have property-condition standards a home in rough shape may not meet, and some programs are designed for homes that need work, such as renovation loans. Your lender will explain which programs fit your situation and what they cost. (We're a brokerage, not a lender, so this guide doesn't quote rates or terms.)

If you're paying cash, get a recent **proof-of-funds** letter or statement ready to send with an offer. Banks commonly ask for it with every offer, including financed offers.

2. A budget with room for surprises

Decide your all-in budget: purchase price, repairs, closing costs, several months of carrying costs, and a contingency reserve. Many experienced buyers hold back 10% to 20% of the repair budget for problems discovered after closing. On distressed homes, something always turns up.

3. Your team, on call

WHO	WHY YOU NEED THEM BEFORE YOU FIND THE HOUSE
Buyer's agent	Sees REO listings first, knows bank addenda and deadlines, writes offers that read as easy to close.
Lender	Pre-approval, the right loan program for the property's condition, fast appraisal ordering.

Home inspector	Bank inspection periods can be short. Line up an inspector who can get in within days.
Insurance agent	In Florida, insurability can make or break a deal. Get a quote before you're under contract.
Title company or attorney	Searches title, liens and open permits; closes the deal. For auctions and unusual title, a real estate attorney.
Contractor	A realistic repair estimate during the inspection period, not after closing.

4. Your buyer agreement, in writing

In Florida, you'll sign a written agreement with your buyer's agent before touring homes. It spells out the services, how long the agreement lasts and how your agent is paid. Read it, ask questions and understand who pays what in your transaction. Buyer representation is not "free": it is paid for in one way or another, and the agreement makes that explicit. A good agent will walk you through it line by line.

Owner-occupant or investor? Be honest about how you'll use the home. Government programs that give owner-occupants priority require you to certify that you'll live in the home, and lenders price and underwrite owner-occupied and investment loans differently. Misstating occupancy can have serious legal consequences.

Evaluate the house fast

Distressed homes are sold **as-is**. The bank has probably never lived there and will disclose very little. The risk is in what you can't see in the listing photos, so your job is to find it quickly, during the short window the bank gives you.

The first walk-through: the big seven

SYSTEM	WHAT TO LOOK FOR	WHY IT MATTERS IN FLORIDA
Roof	Age, missing shingles, soft spots, ceiling stains	Insurers look hard at roof age and condition; an old roof can make a home hard or costly to insure.
Water and mold	Musty smell, stains, warped floors, visible growth	Heat and humidity plus a vacant, closed-up house is a recipe for mold.
HVAC	Age of the unit, rust, missing parts	Air conditioning is essential, and outdoor units are a common theft target in vacant homes.
Plumbing	Pipe material, leaks, water pressure, sewer line	Some older pipe types draw insurer and inspector attention; cast-iron drain lines can fail.
Electrical	Panel brand and age, amperage, missing wire	Certain older panel brands are flagged by insurers; stripped copper is common in vacant homes.
Structure	Cracks, uneven floors, doors that stick	Parts of Central Florida have sinkhole risk; settlement cracks need a professional opinion.
Permits	Additions, enclosed garages, new windows or roof without permits	Unpermitted work can mean fines, insurance problems or tearing work out.

The inspections that matter

- **Full home inspection.** Hire a licensed inspector. Don't skip this to make your offer look stronger; it is the cheapest protection you will buy.
- **Four-point inspection.** Many Florida insurers require one for older homes. It covers the roof, electrical, plumbing and HVAC. Order it early, because it decides whether you can insure the house.
- **Wind mitigation inspection.** Documents features like roof-to-wall connections and opening protection that can lower your insurance premium.
- **Wood-destroying organism (termite) inspection.** Often required by lenders and always worth doing.
- **Specialists as needed:** sewer camera, mold assessment, structural engineer, pool inspection.

The paperwork checks

- **Open permits and code cases.** Search the city or county permit and code-enforcement records. Open permits and code fines can follow the property.
- **HOA or condo status.** Ask for the association's estoppel information: unpaid dues, special assessments, rules on rentals and leasing waiting periods.
- **Flood zone.** Check the FEMA flood map and ask your insurance agent whether flood insurance will be required or advisable.
- **Utilities.** Bank-owned homes often have utilities off. You may need the bank's permission to turn them on for inspections.

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THE MATH

The numbers: deal or trap?

Put it all together. Your real cost is your **all-in basis**: purchase price plus realistic repairs, closing costs, carrying costs and a contingency. Compare that with what the finished home is actually worth, based on renovated comparable sales. If the finished value doesn't clear your all-in cost with room to spare, it's a trap dressed up as a discount.

Step 1: Find the finished value (the ceiling)

Look at **renovated** homes that sold recently, close by, of similar size, age and style. Not listings: sales. Not the fanciest flip on the block, and not the unrenovated house next door. Three to six good comparable sales give you a range. Your agent can pull these from the MLS with photos and condition notes.

Step 2: Build the all-in cost

Here is an **illustrative** example: a bank-owned 3-bedroom, 2-bath single-family home in Central Florida, listed as-is. The numbers are made up to show the method. They are not a prediction for any property.

LINE ITEM	AMOUNT	NOTES
Purchase price	\$265,000	Accepted offer
Roof replacement	\$14,000	From contractor bid during inspection period
HVAC replacement	\$8,500	Outdoor unit missing
Flooring and paint	\$11,000	Whole house
Plumbing and electrical repairs	\$4,500	Per inspection report

Contingency (10% of repairs)	\$3,800	For what you'll find after closing
Buyer closing costs	\$6,600	Estimate; get a written estimate from your lender and title company
Carrying costs, 5 months	\$4,750	Taxes at the post-sale assessment, insurance, utilities, lawn
Financing costs	Your lender's figure	Add from your lender's written estimate
All-in basis (before financing)	\$318,150	

Now the comparison. Three renovated homes nearby sold for \$352,000, \$358,000 and \$365,000, so call the finished value about **\$358,000**.

If you plan to live in it

You'd own a renovated home worth roughly \$358,000 for an all-in cost of about \$318,000 plus financing. That cushion is real value, but it came from your money, time and risk, not from the listing price.

If you plan to resell it

Selling costs (commissions, closing costs, concessions) can easily run 6% to 8%. At 7%, that's about \$25,000, leaving roughly \$15,000 before financing. A list price 26% below finished value turned into a thin margin.

The headline discount was \$93,000. The real margin, for a resale, was closer to \$15,000 before financing costs, and one surprise could erase it.

Step 3: Stress-test it

- What if repairs run 25% over?
- What if it takes three extra months?
- What if the finished value comes in at the low end of the comps?
- What if the insurance quote comes back higher than you budgeted?

If the deal still works under a couple of those, it's a deal. If any one of them breaks it, walk away or lower your offer.

For rental buyers

If you're buying to rent, estimate rent from comparable rentals nearby (not wishful listings), then subtract vacancy, property management, insurance, taxes at the new assessment, repairs and reserves. What's left is your net operating income. Your lender and tax adviser can help you judge whether that income supports your financing and goals. We don't project returns, because they depend on facts we can't know in advance.

Florida traps that cost buyers money

Some of the most expensive surprises in a Florida distressed purchase have nothing to do with the house itself. They come from insurance, taxes, associations and title.

Insurance can make or break the deal

Florida homeowners insurance depends heavily on roof age and condition, the four-point inspection, wind-mitigation features and location. Some homes are hard to insure until the roof is replaced. If you're financing, the lender will require insurance before closing. **Get an insurance quote during your inspection period**, not the week before closing.

Property taxes reset after you buy

Florida's homestead protections cap how much the assessed value of a homesteaded home can rise each year. When a home sells, that cap resets, and the home is reassessed at market value as of January 1 of the following year. The tax bill the previous owner paid can be much lower than what you'll pay. Estimate your taxes using the county property appraiser's tools and the new value, not the old bill. If you'll live in the home, apply for your own homestead exemption by the county's deadline (generally March 1 of the year after you buy).

HOA and condo associations

- **Unpaid assessments.** Associations can have claims for unpaid dues. Florida law limits what a foreclosing first-mortgage lender owes, but other buyers, especially at auction, can be responsible for more. Always get the association's estoppel certificate before closing.
- **Special assessments.** Condo buildings have faced large assessments for structural repairs and reserves after Florida's post-2021 building-safety laws. Ask about milestone inspections, reserve studies and any planned assessments before you write an offer on a condo.

- **Rental rules.** Many associations restrict rentals, require approval of tenants or impose waiting periods. If you're an investor, read the rules before you buy.

Title and liens

A foreclosure generally wipes out junior mortgages and liens, but not everything. Certain government liens, municipal code fines and utility charges can survive or follow the property. Banks usually clear these before listing, but not always. Your title company will search title, and you should also ask it to check open permits and municipal liens. On auction purchases, this is critical (Chapter 10).

Flood and storm exposure

Check the flood zone, the elevation and the home's storm history. Flood insurance is separate from homeowners insurance and can be required by your lender in high-risk zones. Water damage from a past storm may have been patched rather than repaired.

Occupied properties

Most bank-owned listings are vacant, but not all. If a former owner or tenant is still living in the home, the bank will usually handle removal before closing. Never buy an occupied property without understanding who is responsible for getting possession, how long it could take and what it could cost. Federal and Florida law give tenants certain protections after a foreclosure.

Making an offer a bank will accept

An REO offer doesn't work like a normal resale offer. You're dealing with an institution that follows a process, uses its own forms and is judged on whether the sale closes. Make your offer the easiest one to approve.

What REO sellers want

- 1 Certainty.** A pre-approval letter from a real lender, or proof of funds for cash. Many banks won't review an offer without one.
- 2 Speed.** A reasonable closing date you can actually hit. Late closings can trigger daily penalties in bank addenda.
- 3 Clean terms.** Short, reasonable contingencies, an earnest money deposit that shows you're serious, and no requests for the bank to make repairs.
- 4 Familiarity.** An agent who submits the offer in the format the bank wants, with every document attached, the first time.

The bank's addendum

Almost every bank adds its own addendum to the Florida purchase contract, and the addendum **controls** where the two conflict. Read it with your agent. Common terms include:

- The property is sold **as-is**, with no repairs and limited or no seller disclosures.
- A short inspection period, and your right to cancel during it.
- Title conveyed by **special warranty deed**, which warrants title only for the time the bank owned the property.
- Per-diem charges if you delay closing.
- Limits on the bank's liability and on what it will pay at closing.
- Your obligation to close through particular title or escrow arrangements (you should still be able to choose your own title insurance; ask).

Multiple offers

When a well-priced home gets several offers, the listing agent may ask everyone for their "highest and best." Decide your walk-away number **before** that call, from your Chapter 6 math, and stick to it. Improve the terms the bank values, such as a faster close, a larger deposit or fewer contingencies, before you raise the price, and never waive the inspection to win.

Government homes have their own rules

HUD homes are sold through an online bidding process with set periods, owner-occupant priority and HUD's own contract. Fannie Mae and Freddie Mac homes have first-look periods for owner-occupants. Read the current program rules and use an agent registered with the program where required.

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CLOSING

From contract to keys

Once the bank signs, the clock starts. Here's what happens next, in the usual order.

- 1 Deposit your earnest money** with the escrow agent by the contract deadline.
- 2 Inspect immediately.** Schedule the home, four-point, wind-mitigation and termite inspections in the first few days. Get contractor bids while you still have the right to cancel.
- 3 Get your insurance quote and binder.** If the house can't be insured on acceptable terms, you need to know before your inspection period ends.
- 4 Decide: proceed, renegotiate or cancel.** Banks rarely make repairs, but some will consider a price reduction for significant defects found by a professional. If the numbers no longer work, cancel within the inspection period.
- 5 Lender steps.** Your lender orders the appraisal and finishes underwriting. Respond to document requests the same day.
- 6 Title work.** The title company issues a commitment showing what must be cleared. Ask about open permits, code liens and association estoppel.
- 7 Final walk-through.** Confirm the condition hasn't changed and nothing has been removed or damaged since your inspection.
- 8 Close.** Sign, fund, and get the keys. Change the locks the same day.

After you close

- Change all locks and garage codes, and secure the home.
- Transfer utilities and confirm insurance is active.
- If you'll live there, file for homestead by the county deadline.
- Start the work with permits where required; keep every receipt.

- Use your contingency reserve for the surprises; you'll find some.

Auctions and pre-foreclosures: proceed with care

Buying before a home becomes bank-owned can mean a lower price. It also means more risk, less information and more ways to lose money. These paths are for experienced buyers with cash, professional help and money they can afford to have tied up.

Florida foreclosure auctions

- **Cash and deposits.** Clerk sales require a deposit when you win, with the balance due quickly, typically by the next business day. Financing is not an option at the sale.
- **No inspection.** You usually can't go inside. You're buying based on the outside, records and judgment.
- **Title is your problem.** Depending on what's being foreclosed, senior mortgages, tax certificates, certain government and municipal liens and association claims may survive. A full title search **before** you bid is essential, ideally with a real estate attorney.
- **Possession is your problem.** If someone lives there, you'll need to go through the legal process to get possession, with time and cost you must budget.
- **The sale isn't final right away.** There's a short window after the sale for objections, and the borrower's redemption rights end when the certificate of sale is filed.

Know which sale you're at. A sale foreclosing an *association lien* or a *second mortgage* can leave the first mortgage in place, so you could win the house and still owe the bank. Read the final judgment and the case file before you bid.

Pre-foreclosures and short sales

Buying directly from a homeowner who is behind on payments can help everyone, but Florida law protects homeowners in foreclosure from equity-stripping and "rescue" schemes, and the rules carry real penalties. Use a licensed agent and a real estate attorney, put everything in writing, and make sure the mortgage and every lien will be paid or released at closing. Short sales need the lender's written approval, which can take a long time and can be withdrawn.

11

LESSONS LEARNED

Ten mistakes that cost first-time REO buyers

- 1 **Only watching the public home-search sites.** By the time a good REO shows up there, prepared buyers are already writing offers.
- 2 **Treating the discount as the deal.** The list price is a starting point. The all-in number is your real price.
- 3 **Skipping the inspection to look stronger.** It's the cheapest protection you'll buy on an as-is home.
- 4 **Underestimating repairs.** Budget from contractor bids during the inspection period, plus a contingency.
- 5 **Waiting on insurance.** In Florida, insurability can kill a deal. Quote it early.
- 6 **Using the old tax bill.** Taxes reset after the sale. Budget the new number.
- 7 **Ignoring the association.** Assessments, rental rules and building condition can matter more than the kitchen.
- 8 **Offering before you're ready.** No pre-approval or proof of funds means no serious look from the bank.
- 9 **Not reading the bank addendum.** It controls the deal: as-is terms, deadlines, per-diem penalties and deed type.
- 10 **Bidding at auction without a title search.** You can win the house and inherit someone else's debt.

12

TOOLS

Your checklists

Print these and keep them with you.

Ready to buy

- ☐ Written pre-approval, or proof of funds
- ☐ All-in budget with a 10–20% repair contingency
- ☐ Buyer agreement signed and understood
- ☐ Inspector, insurance agent, contractor and title company lined up
- ☐ Two or three target ZIP codes, with renovated sale prices and rents
- ☐ MLS and government-site alerts set
- ☐ Occupancy decided honestly: owner-occupant or investor

Evaluate the house

- ☐ Roof age and condition
- ☐ Signs of water or mold
- ☐ HVAC present and working
- ☐ Plumbing and electrical: types, age, missing parts
- ☐ Structure: cracks, settlement, sinkhole history
- ☐ Open permits, code cases, unpermitted work
- ☐ Flood zone and storm history
- ☐ HOA or condo: estoppel, assessments, rental rules

Run the numbers

- ☐ Finished value from 3–6 renovated comparable sales
- ☐ Repairs from contractor bids, plus contingency
- ☐ Closing costs from written estimates
- ☐ Taxes at the post-sale value
- ☐ Insurance quote in hand
- ☐ Carrying costs for the full timeline
- ☐ Stress test: repairs +25%, three extra months, low comp

Offer to close

- ☐ Offer with pre-approval or proof of funds attached
- ☐ Bank addendum read and understood
- ☐ Walk-away number set before "highest and best"
- ☐ Earnest money deposited on time
- ☐ All inspections done early in the inspection period
- ☐ Insurance binder before the period ends
- ☐ Title commitment reviewed; liens and permits checked
- ☐ Final walk-through; locks changed at closing

REFERENCE

Glossary

Fuller definitions, with Florida examples, are in the free Linton Global glossary at lintonglobalsolutions.com/glossary.

As-is

Sold in its current condition. The seller won't make repairs and gives limited or no disclosures.

All-in basis

Everything you spend to own the finished home: price, repairs, closing, carrying and contingency.

Bank addendum

The seller's own contract terms, which override the standard contract where they conflict.

Certificate of sale

Filed by the clerk after a foreclosure sale. Generally ends the borrower's right to redeem.

Certificate of title

Issued by the clerk to the winning bidder after the objection period.

Comparable sales (comps)

Recent sales of similar homes nearby, used to estimate value.

Earnest money

Your good-faith deposit, held in escrow and applied at closing.

Estoppel certificate

An association's statement of what's owed on a property: dues, assessments, fees.

Final judgment

The court's ruling in a foreclosure case, setting the amount owed and the sale date.

Four-point inspection

Insurer-required check of roof, electrical, plumbing and HVAC on older homes.

Highest and best

A request that all bidders submit their final offer.

Homestead exemption

Florida property-tax exemption and assessment cap for a primary residence.

Judicial foreclosure

Foreclosure through the court system, as required in Florida.

Lis pendens

A recorded notice that a property is the subject of a lawsuit, often the first sign of foreclosure.

Pre-approval

A lender's written conditional commitment, after reviewing your credit, income and assets.

Pre-foreclosure

The period after default and before a foreclosure sale.

Proof of funds

A statement or letter showing you have the cash to close.

REO (real estate owned)

Property a lender owns after foreclosure.

Redemption

The borrower's right to pay off the debt and keep the home before the certificate of sale is filed.

Short sale

A sale for less than the mortgage balance, with the lender's approval.

Special warranty deed

A deed that warrants title only for the period the seller owned the property.

Wind mitigation inspection

Documents storm-resistant features that can lower insurance premiums.

ABOUT THE AUTHOR

Michael R. Linton

Michael R. Linton is a licensed Florida real estate broker (#BK703722) with 39 years in real estate, and the founder of Linton Global Solutions. He works with investors, owners and banks on residential and commercial property, with deep experience in bank-owned and distressed assets.

He is the author of *The Bank REO Disposition Playbook*, a guide for bank asset managers, and teaches free workshops for Florida buyers on how distressed property actually changes hands.

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If you're serious about buying a bank-owned or distressed home in Florida, book a free, no-obligation consultation. We'll talk about what you're looking for, your budget and financing, and whether we can help you find and close the right home.

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