

# Does Buying or Selling a Home have to be so Difficult?



(ST. PAUL) The nationwide credit crisis may have turned “the American dream” into an extended nightmare for many Minnesota home buyers and sellers.

Banks and mortgage lenders (who are not going out of business) have tightened up their lending requirements to the point where many home buyers today can no longer qualify for a mortgage.

Record foreclosures, rising unemployment, losses in the financial markets and the current credit crunch have not only reduced the number of buyers who can buy but have also increased the number of houses that sellers need to sell.

Prices are under pressure as home sellers lower their asking price to attract a buyer, and as lenders resell their foreclosed homes below market value.

And it's turning into a vicious cycle -- as many buyers need to sell their current home first -- and many sellers (unless they plan to rent) need new financing to get into their next home. As a result, a sea of real estate agents, mortgage brokers and home builders are going out of business. These professionals are in the business of serving buyers and sellers. But that's hard to do with the credit crisis when the entire real estate industry traditionally relies on mortgage lending to finance buyers and get houses sold.

What can homeowners do to sell their homes? How can buyers get financing if they can't meet the tougher lending criteria on credit scores, income verification, down payment amounts and debt ratios?

**There's one local real estate**

**professional who has found a way to make things work even with the present banking crisis.** Marc Hoffmann is the president of Lakes Area Home Buyers, Inc. Since 1998, his private investment company has been buying houses throughout the Twin Cities without ever relying on banks.

Hoffmann's company takes over existing mortgages or brings in private lenders allowing him to pay homeowners all cash for the properties. He then offers his properties for rent or “for sale by owner” using a variety of unique seller financing programs.

By taking a long term approach and never relying on banks, business has never been better for Hoffmann and his company.

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***“Most sellers are unaware of the options we offer. What they need most is a qualified buyer... and we might just be that buyer. We can buy houses in as-is condition, pay top dollar and close in just a few days... or whenever they're ready.”***

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Marc says it's normal for people to think they must be desperate before calling him to buy their house. *“It's a very common misconception. But until I look at a house and do some research, I won't know my game plan for the property or what I can offer. But after a single visit to the property and meeting with the homeowners I can let them know exactly what I can do. My offer is good for 7 days and it's only at that point, with my offer on the table, that a seller can decide if I'm going to become their buyer.”*

In fact, price is not an issue for Hoffmann. As an investor, what's important to him is the determination of what income the property can produce. *“It's easy to determine. I also do an appraisal and look at the recent comparable sales. Then I do whatever I can to offer a seller up to full price today -- or about what they might net sometime in the future pursuing a more*

*conventional route. What I can pay depends on the condition, location and financing options available for that type of property. It only takes about 10 minutes to prescreen a property over the phone and to set an appointment. We typically buy 1 out of every 4 properties we see. In fact, for about half of those I have purchased, the seller pursued their other options and then came to realize that my offer was the best all along.”*

**Hoffmann believes the three biggest reasons a house doesn't sell are:** 1) it is overpriced, 2) it is poorly marketed, or 3) it is not fixed up to show well. *“I can pay a fair price on a home that needs work. I might even plan to increase the value or marketability by adding a bedroom or bath, finishing a basement or installing a new heating system. Brand new carpet and paint will go a long way to attract a qualified buyer. But I understand that many sellers don't have the time, inclination or money to remodel a house... just to get it sold. We solve that problem for sellers.”*

**Overpricing a home could be the biggest mistake.** Listing agents sometimes suggest (or a seller might decide) to ask for a higher price than needed. This might be to test the market or leave wiggle room to negotiate. However, this can backfire if the seller wants (or needs) a quick sale, or when the “days on the market” stacks up causing buyers to wonder what's wrong with the property.

Another misconception about how Marc Hoffmann buys houses is the idea that he's probably looking for sellers in financial distress. *“Look, when a seller is out of time or out of options, then I'm usually their best solution -- if their property is not over-financed. But most people headed for foreclosure are either overleveraged or actually looking to save their house. If I buy the house the seller must move. They really need to get into a more affordable home... but sometimes I can help by swapping properties.”*

Hoffmann warns about companies and real estate investors who target distressed homeowners. *“Recent laws have been passed in Minnesota that apply to any business and investor who targets people in foreclosure. Be cautious, do your research and perhaps seek legal advice when anyone wants to charge you an upfront fee for helping to get your loan modified, or... if they're promising to lease the home back to you. That rarely works out like*



the borrower expects and can lead to accusations of fraud. Perhaps rightly so."

**What does a real estate investor like Marc Hoffmann do with the houses he buys each month?** What about the dozens of houses his company has bought throughout Ramsey counties over the last 11 years? Simple. He rents them out or resells them. "We're usually managing 20 to 30 properties at any given time -- making us one of the largest owners of single family homes in the area. Each month we may have 2 to 5 houses for sale or lease. Some we've owned for years and others we have recently bought."

With a reasonable down payment, Hoffmann says he can sell you one of his properties using his popular owner financing programs -- even if you have damaged credit or a short job history.

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**"If you can afford a first month's rent, a last month's rent and a security deposit, then I can probably sell you one of my houses."**

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His most popular owner financing program includes the opportunity to build "sweat equity." Before repairing or remodeling a newly acquired house, Hoffmann offers it in "as-is" condition to his buyer's list. This allows his client to do the work (to suit their own preferences) in exchange for all or part of a down payment. "I have a lot of buyers who check my website each week looking for these 'fixer upper' deals. But if the home is not under contract within 10 days or so then I'll hire my contractors to fix it up completely."

His next most popular program is a down payment assistance plan. Many buyers turn to Hoffmann because they don't have the down payment required by today's cautious lenders. Marc helps buyers build up equity or a down payment over time with his rent-to-own (or lease with the option to buy) program. In this program you can rent the property you've decided to buy, but have the option to close anytime over the next 1, 2... or even 5 years. A portion of the rent each month is credited toward buying. Additional amounts can be paid monthly for more rapid equity build up plus other promised amounts can be made later... like proceeds from the sale of another property or a pending tax refund.

Once the buyer has enough "skin" in the deal, Hoffmann can close with owner financing at the predetermined, mutually agreed upon price and terms. Or the buyer can close with a new bank loan. According to Hoffmann, "There are so many reasons my buyers like some time before qualifying for a mortgage. They may need to sell their house, work on their credit, establish more time on a job or establish two years of provable income



on tax returns when self-employed. All our buyers are put in touch with a sharp mortgage broker who creates a plan for them. We can recommend an affordable credit repair company that can do unbelievable things given even a short 6 to 12 months to work on a file. This also helps out some sellers who have found themselves in over their head."

"We do everything we can to get our buyers permanent bank financing. It's a win-win because we pay sellers all cash and fund our deals with private lenders. Our lenders are mostly local individuals seeking alternatives to low bank CD rates. They earn 7 to 10% interest on real estate notes well-secured by our properties. When we get our buyer cashed out, we finally make our money and can payoff our investor. These investors usually want to reinvest allowing us to buy even more houses."

Unfortunately many of the mortgage programs once available are now gone. It's reported that 75% of the available lending disappeared when FHA changed their rules last October and again early this year. But, if you have money to put down and can prove your income, there are still loans available now. In fact, some rural development loans and VA loans still allow qualified buyers to borrow with no money down.

"We help all of our buyers get a bank loan as quickly as possible... or we finance them ourselves. But we've never relied on banks. That keeps us in control and maintains our sanity. But we get those loans done every chance we get. In fact, sometimes a buyer can qualify and doesn't even know it. Other times they can qualify but need a flexible seller. We're one of the most creative and flexible sellers you'll ever find," says Hoffmann.

**Does buying or selling a home have to be difficult? Maybe not!**

"President Obama says today's economy is the worst since the Great Depression and it may take many years to recover. Unfortunately

I think he's right and so do many sharp economists."

Interested in selling your property quickly and easily? Looking to buy a new home without bank qualifying? It may be worth checking in with Marc Hoffmann and his staff at Lakes Area Home Buyers, Inc. Call them at (651) 894-3933 or visit them online at <http://www.LakesAreaHomeBuyers.com>. They're in a unique position to help buyers and sellers overcome the new challenges created by the recent mortgage market meltdown and credit crisis. And if you're looking for a conservative way to earn 7-10% interest on your idle cash savings or retirement funds, call and ask for info on becoming one of their private lenders.

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**LAKES AREA HOME BUYERS, INC.** located at 2074 Como Ave in St. Paul, holds a Certificate of Good Standing from the Minnesota Secretary of State, is a BBB recognized business with the St. Paul Better Business Bureau with an A rating. Marc Hoffmann is president of The Highlanders Chapter of Business Networking International; BNI located in Highland Park and is also a member of Minnesota Association of Real Estate Investors.

**MARC HOFFMANN** is the President of Lakes Area Home Buyers, Inc. and one of the top marketing and business consultants to real estate investors nationwide. He is an accredited coach, is a board member of a Friends of Scouting fund raising campaign and is the author of several articles and books on personal growth and development for real estate entrepreneurs.

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