



of the equity and debt, properties can sell at market value. The original property owner typically can't afford to do this, unless they're willing to pay for the privilege of coming to the closing table. For example, we recently had a seller who lost 25 percent of the value in his property and had to come to closing with \$42,000 (closing costs and the difference between what it was purchased and sold for).

SS: What's the best way for buyers to find REO properties?

SS: The banks give the properties to local brokers to market them a do a new appraisal. At this point, once that happens, the properties are selling very quickly. Right now, we're back to 2001 prices,

which is right in line with what the stock market is doing. 2001 was when it started to get crazy; until then prices had been going up 3 or 4 percent annually for years, which is where we need to get to again.

In the late '80s, the federal government opened the Resolution Trust in Delray, which maintained lists of larger properties (entire communities or condo buildings) for buyers and brokers to go through to make offers. The smaller properties were turned over to brokers the way they still are now. As everyone tries to figure out how to deal with the number of REO properties on the market, there's a good chance we'll see something like the Resolution Trust established again.