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# BUYING A REPOSSESSED OR ESTATE- SALE PROPERTY

When shopping for a new home, it's crucial to learn about the history of any property you're interested in. Acquiring information from current owners, whether directly or indirectly, is an obvious way to start this process, and is generally simple when homes on the market are for sale by owner or through a real- estate broker.



ANITABENABOUROZENBLAT INC.,  
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**Estate- sale properties and homes in foreclosure are part of the real estate that has been sold by Jacob Strich.**

But there are instances in which acquiring such information isn't a viable option — for instance, when homes are for sale by financial institutions through repossessions or estates. The Montreal Gazette sat down with Jacob Strich, real estate broker and mortgage broker at Les Immeubles Anita Benabou Rozenblat Inc., best known as the Rozenblat Realty Group, to understand the process of buying a home in foreclosure or through an estate sale.

Thanks to the strict banking policies in Canada, we didn't experience a mortgage crisis as the U. S. did in

recent years. Our guidelines are much more stringent and controlled due, in large part, to the fact that our banks are centralized. For that reason, repossessions in Montreal — in which financial institutions take possession of properties often because of nonpayment — aren't very common.

"When a home has been repossessed, the judicial foreclosure process can be lengthy, and even take up to six months," Strich said. "A very important aspect of judicial foreclosure is that once a certificate of foreclosure is issued by the court and obtained by the lender, the ownership of the property is then transferred to the lender."

At that point, the original owner of the house no longer has any rights to the property, nor can they make claims to any capital gains when the property sells.

Estate sales are more common than repossession sales in Montreal. Estate sales occur when a homeowner dies and the home is subsequently sold, either by the heirs, or by the financial institution holding the mortgage.

"I deal with the estate department at banks, and sometimes they are appointed by the liquidator or trustee to either take care of the property, or they allow the bank to find a broker like myself to sell the property," Strich explained. "The financial institution will make sure that all taxes are paid and titles are cleared, so that the home can be sold on the market."

Aside from the legal aspects of the will and transferring the estate, the process of purchasing a home through an estate sale is much like buying a regular home.

"When I'm called in by the bank, I need to submit a market analysis which includes market comparables, recent sales, an analysis of the property's overall structural and esthetic condition, and so on," Strich said. "Once I submit the numbers, the bank presents it to the mandatary of the estate who will then approve or disapprove; when approved, the home can then be put on the market like any other property."

There are many ways of buying a home that was either repossessed or is being sold through an estate. Both types of properties can be found on [centris.ca](http://centris.ca) through brokers, in your local newspaper, or even through banks.

It's important to understand that there are both advantages and risks involved with purchasing a home through an estate sale or one that was foreclosed upon.

"A glaring disadvantage is that these homes are usually sold as is, without any legal warranty and at the buyer's own risk and peril," Strich said. "This is done in order to protect the bank or the individual selling the property."

In order to inform and protect themselves, buyers need to make sure that they have a full inspection of the property by a certified building inspector and are satisfied with its outcome, and that they understand the risks of a sale without the legal warranty.

On the other hand, the advantage of these properties is that they're often listed at prices much lower than other homes on the market.

"So sometimes you can pay \$ 200,000 under the municipal assessed value," Strich said. "We've even seen bidding wars break out on them."

The potential for investors can be substantial, which is often why these properties are purchased and flipped for profit. On the other hand, for people who love renovations or do-it-yourself projects, purchasing a home at below market cost — such as a repossession or estate sale — can be a fulfilling and exciting project.



"People just need to know what they're getting into," Strich said. "As long as they've done their homework and know they're up for the task."

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