

REAL ESTATE AUCTIONS | Foreclosures lead to bargain prices for winning bidders

HOMES SELL WELL BELOW VALUE

Lenders are putting more properties up for bids as the market deflates.

By STEVE EVERLY
The Kansas City Star

Marjan Breitenbach arrived at a real estate auction Saturday hoping to snag a good deal on a foreclosed home in Independence. He wasn't disappointed.

The two-bedroom home at 2328 S. Claremont Ave. had been purchased for \$69,000 be-

fore the owners fell behind on the payments and the lender foreclosed on the property. Breitenbach thought he could buy it for \$30,000. He got it for exactly half that amount.

"I'm in good shape," he said.

There were 91 homes auctioned Saturday in a Kansas City hotel ballroom near the Truman Sports Complex as lenders sought to reduce their inventory of foreclosed homes in the aftermath of subprime loans and a deflating real estate market.

The sale came amid warn-

ings that the situation is getting worse. A report by RealtyTrac said the number of foreclosures rose 53 percent in June compared to the same month in 2007. And earlier this month, U.S. Treasury Secretary Henry Paulson said that there could be 2.5 million home foreclosures this year.

Saturday's auction added to the gloom for those worried about sagging real estate, suggesting that, especially in some neighborhoods with modest homes, real estate values are being pummeled.

Of the 91 houses auctioned off, only two were in Johnson County. A majority of the houses auctioned were small, with roughly 1,000 square feet of living area and one bath. A home at 3336 Wabash Ave., which Zillow.com, an online appraisal site, had estimated was worth \$67,900, was auctioned for \$5,500. It had been on the market for about half the appraised value.

The auction was held by Hudson & Marshall, one of the largest U.S. real estate auction companies. The company said

this wasn't its first auction in Kansas City, and it was now auctioning off nearly triple the number of homes compared with two years ago.

"The foreclosure business is very busy," said Pat Harvill, a partner in the Dallas auction company.

Lenders were once reluctant to auction off their foreclosed properties. But they have changed that stance as their inventories of the homes have continued to rise. Another sign

SEE AUCTIONS

PHOTOS BY
Sam Marshall of Hudson & Marshall Inc. raised his gavel in preparation for a sale of one of 91 the Sheraton Kansas City Sports Complex Hotel at I-70 and Blue Ridge Cutoff. About 250 pe

AUCTIONS: More likely to come to the area

FROM B1

of their eagerness to sell is that while lenders have the right in the auctions to reject a winning bid, they are increasingly declining to do so. About 80 percent of bids are now accepted.

The auctions aren't for the faint-hearted, although the surroundings were pleasant enough. Pitchers of ice water were on tables at the back of the Sheraton hotel's ballroom, and the bidding was interspersed with recorded music.

But the sale was fast-paced for the 100 registered bidders, with each home being sold in about two minutes.

The homes had been previously opened for inspections, but the bidders were reminded of the pitfalls with an announcement that a Sugar Creek home that was to be auctioned had been condemned by city officials.

Those with winning bids also had to immediately pay a \$2,500 deposit that is forfeited if the balance of the sale price plus a 5 percent commission isn't paid in 30 days.

Go to KansasCity.com's InfoCentral interactive databases to check out the value of your home and the values of homes in your neighborhood and throughout the metropolitan area.

Hudson & Marshall officials said that while the majority of bidders are still investors, the company is seeing more individuals wanting to purchase homes for their residence.

Michelle Bishop of Los Angeles is one of them. Originally from the Kansas City area, she hopes to eventually come back here and wants a four-bedroom home for herself and her family.

Shut out of the California housing market because of its high prices, she hopes to get a residence here at a bargain price.

An auction, in short, is her way to the American dream of home ownership.

"That's exactly the way I look at it," she said.

She was unsuccessful Saturday, but Hudson & Marshall officials gave her reason to be



Richard Keller of Kansas City and is a regular at foreclosure "looking for bargains" at the metro area.

optimistic: They'll be back later this year and expect to have more homes to auction.

"I believe they (the auctions) are going to get a l