

# WARNING



Don't Even Think of  
Owning a Vacant  
House Until  
You Read This!

A Publication of [www.MikeOtranto.com](http://www.MikeOtranto.com)

# TABLE OF CONTENTS



**Intro**

**1**

**Two House Payments**

**2**

**Carrying Costs**

**3**

**Insurance**

**4**

**Vandalism & Theft**



**Solution**



Image Credit – Unsplash.com taken by Drew Coffman

I've been consulting with owners of vacant homes since 2005. I buy houses regardless of condition.



*Vacant properties have negative spillover effects that impact neighboring properties and entire communities. Research links foreclosed, vacant, and abandoned properties with reduced property values, increased crime, increased risk to public health and welfare.*  
[--US Dept of Housing and Urban Development](#)

# Introduction

---

***Owning vacant property can be a gut wrenching experience when things go wrong!*** There are many reasons homes are left to sit vacant:

- Abrupt relocation
- Divorce
- Inherited property
- Problem rental property
- Death of owner
- Unable to afford the mortgage



When family members pass away, many people find themselves owners of unwanted property. Other times, owners have to abruptly move out of town for job or family concerns. What was once a dream home, can turn to a collection of bad memories after a divorce. Landlord hassles can make an owner want to leave the property vacant rather than dealing with another problem tenant.

***There's nothing worse than the feeling when you heart skips a beat because you know something is wrong and the dam is about to break.*** Sentiments change after being woken up in the middle of the night because a pipe has burst, vandals have broken in, or a fire has damaged the property.

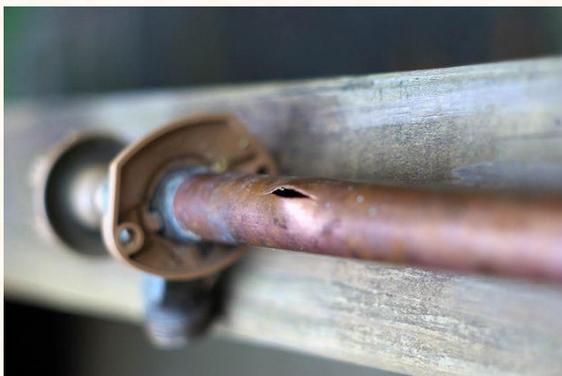


“A for-sale house that's been vacant may look like a bargain, but buyers should be cautious because expensive problems often lurk inside homes that have been unoccupied for some time.” -- [Should you buy a home that's been vacant?](#) Via Bankrate.com

**How many articles have been published, since the foreclosure wave of the late 2000's, warning potential buyers on the dangers of buying a home that has been vacant?** Too many to count. Many potential home owners are aware of the risks of buying these types of properties and will hesitate to buy one as a result.

In addition, vacant homes generally don't show well. When a house has been closed up with no air-circulation it quickly develops a musty smell. Mold and mildew like to fester in an empty refrigerator that has been left off. When pipes burst during the winter, water can flood and wreck entire sections of the house.

I have a friend who recently sold a home that had been vacant for a while. He went through FOUR buyers before eventually selling the home for \$30,000 less than his original asking price!



Sooner or later, life just happens and we are left to deal with an unwanted property. The worst thing an owner of vacant property can do is nothing! It takes time and resources to sell a house on the retail market. The longer you wait the more problematic it becomes.

**One**

---

**Can You Afford  
Two House  
Payments?**

# Can You Afford Two House Payments?

---



Most homeowners can't

**Here's why:** Many don't consider the amount of income and savings necessary to make two house payments. This can seem benign before it is actually experienced. If homeowners on average are spending more than a third of their gross income on one house payment, than how can they expect to afford two house payments? Even if you are conservative enough to have kept your monthly payments low, can your income sustain your expenses being doubled?

## PITI

If you move out of your current property, you will still have to pay your mortgage including: *principle, interest, taxes, and insurance*; This is often referred to as "PITI".

Some homeowners may have private mortgage insurance, or "PMI", as well. PMI is basically insurance that is required by the lender for certain types of loans which equals more money that has to be paid every month!

Vacant homes require a special, and more expensive, insurance policy which will increase your monthly "PITI" payment.

Two

---

# Carrying Costs



# Carrying Costs

---



## Utilities

Utilities such as electricity, gas, water, and sewer need to be paid even if the property is vacant. Keeping the power on is necessary for showings, and for eventual inspections performed during the due diligence period.

Buyers, and the home inspectors they hire, will test all of the appliances, and plumbing systems so the water/sewer account will need to be kept active. Air circulation and temperature control is also necessary to provide a positive showing experience, prevent odor, and avoid frozen water lines in the winter.

When a home is vacant, a leak in the plumbing may go unnoticed for an extended period of time. This can result in large utility bills and severe water damage depending on where the water leaks and how long it goes undetected.



### **Lawn maintenance**

Landscaping needs to be maintained for showings and to avoid fines from local code enforcement. Both HOA's, and city inspections, love to give fines for over grown lawns. This leads to regular landscaping fees which add up quickly.

### **HOA Dues**

HOA dues must also be paid whether or not the home is being lived in. Some HOA's can be very expensive, with monthly bills of several hundred dollars per month, depending on the community.

HOA also have the authority to impose, and collect, fines for violations such as overgrown lawn, weeds, papers piling up, etc.

***Keep in mind that HOA's can, and will, foreclose in the event of default.***

Do you really want this additional hassle and headache added on to your personal life?

Three

---

# Insurance

Insurance  
Policy

	Age
ddle	Dat

# Insurance

---



## Increased premium

This is often the most over looked cost. Insurance companies will not insure a home that has been left vacant for a certain period of time. Worse, if the home is damaged or vandalized they may not pay a claim under a traditional home owners policy!

Jack Hunglemann, a risk management expert, says that insurance policies that offer adequate coverage for vacant properties can be as many as 5 times the regular cost. This can add up to thousands of dollars in additional carrying costs.

*“Either the coverage is very limited but the premium is reasonable, or the coverage is as good as the homeowners policy but the premium cost is 4-5 times greater.” [Managing the Risks of a Vacant Home](#) – Jack Hungelmann*

## Non-Payment of a Claim When You Need It Most

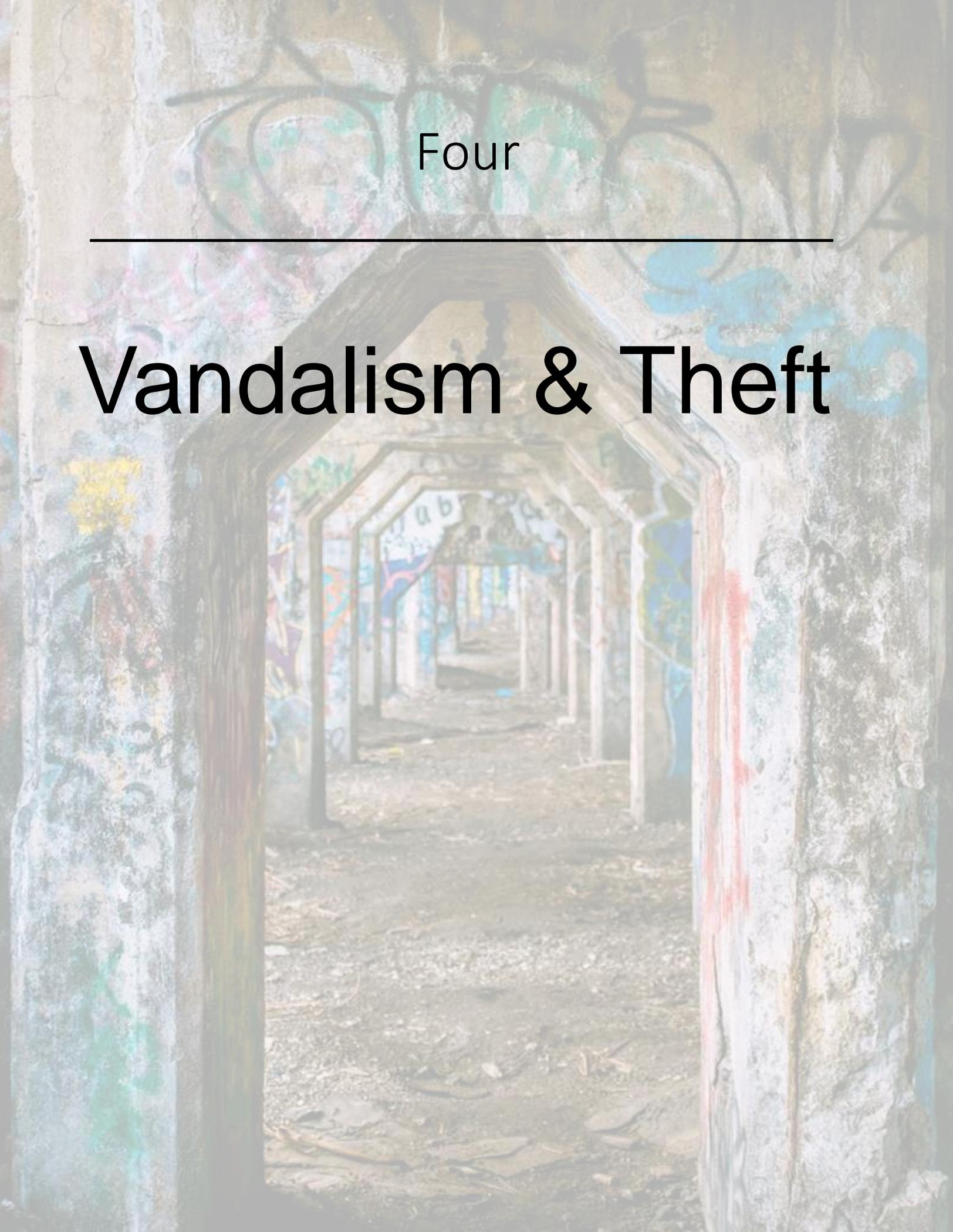
This is particularly painful when the HVAC compressor is vandalized or stolen. If the insurance company refuses to pay, or reimburse you, you can be out over \$5,000, or more, depending on the size of the unit!

This can be devastating if you’re trying to sell a property that suddenly has an HVAC stolen from it. Banks will not loan on a home unless it is considered to be “habitable”, which requires it to have a working heat source.

Four

---

# Vandalism & Theft



# Vandalism & Theft

---

## **Vandalism defined:**

*"To willfully or maliciously destroy, disfigure, or deface any public or private property without consent ... by cutting, tearing, breaking, marking, painting, drawing, covering with filth, or any other such means as may be specified by local law."*



A surprisingly large number of vacant homes are vandalized every year. This can be from break-ins, theft, or the all too common broken window.

The side effect of this vandalism is something called the “broken window theory”. Simply put, it states that vandalism will lead to more vandalism, and break-ins, which affects the entire neighborhood.

## **HVAC Targeted**

One of the most common targets of vandalism is also the most expensive to replace—the HVAC system. Vandals will destroy a \$5,000 unit to sell \$10 worth of copper. I’ve had this happen to me during my early days as a landlord.

I’m lucky I never developed an ulcer. Then again I’ve been doing this for a long time and I have a high threshold for pain and discomfort. After all, this is my business. Is it reasonable to expect someone who is going through a life crisis, or just tough economic times, to be able to withstand this additional stress?

# Call Mike Right Away! **Mike Buys Vacant Houses**

Contact Me For a Free Consultation

[www.MikeOtranto.com/Lets-Chat](http://www.MikeOtranto.com/Lets-Chat)



# Mike Buys Vacant Houses

---

My name is Mike Otranto and thank you for reading my eBook. I've been solving homeowners issues with problem properties since 2005.

I am very easy to work with and I am transparent in all of my transactions. I always come to the table with a can-do attitude.



I have helped homeowners in stressful situations such as:

- Abrupt relocation
- Divorce
- Inherited property
- Problem rental property
- Death of owner
- Unable to afford the mortgage

I specialize in creative solutions to complex problems. I bring a sense of ease and reassurance that the situation can be contained and then resolved. No more sleepless nights and that nauseating feeling of "what's next?" There's no reason to continue to struggle with a problem property alone--I can help!

My [most recent success was in Knightdale](#) to a lovely couple that had to move out of state abruptly. I was able to **solve the problem in 21 days** by setting up a rent to own agreement.

Even if you notice a vacant property that is dragging down your neighborhood, I urge you to contact me. Remember, the problem will only get worse.

If you own a vacant home in the Wake County area of North Carolina, do not wait any longer!  
Contact Mike right now!



If you [contact me before October 31<sup>st</sup>](#), I can give you a **free**, no obligation, 30 minute consultation. A free chance to consult with an expert at no fee!

Resources are limited and I can only buy a few houses more houses this year—don't wait.

[Visit my website and contact me](#) for a no obligations, no nonsense consultation.

*Remember, I can't help you if I don't know who you are.*

**P.S.**

***The longer you wait the less likely it is that I can help you.***

[www.MikeOtranto.com](http://www.MikeOtranto.com)