

Firm sells former foreclosures in bulk

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Real Estate Asset Disposition Corp. specializes in selling bank-owned homes, but with foreclosure inventory shrinking, the company is turning to bulk sales to buoy business.

Jim Banford, chief executive of Real Estate Asset Disposition Corp., has bundled five groupings of previously foreclosed homes in West Palm Beach, Jacksonville, Fort Lauderdale, New York and South Carolina for investors wanting ready rental income and little renovation.

The homes, which are in packages of between 10 and 40 properties, were mostly bought piecemeal at foreclosure auction by other investors who have already made improvements and found tenants. Only homes in the New York bundle, which includes properties in Ohio, are still in need of remodeling, Banford said.

The bundles will be available for viewing today at www.reoinsider.net.

"All the heavy lifting has been done," said Banford, whose main office is in West Palm Beach. "People are chasing cash flow and this is cash flowing from Day One."

Banford, who founded his company 11 years ago, said he started looking at bundling sales as the number of bank-owned properties dwindled.

In Palm Beach County, just 1,957 "lender-mediated" homes and condominiums, which are bank-owned or listed as a short sale, were on the market for sale in February.

That's down 71 percent from the 6,810 properties on the market in February 2011, according to the Realtors Association of the Palm Beaches.

And although the pool of bank-owned homes for sale might increase as lenders move properties through the foreclosure process, Banford said he couldn't stand by idly waiting for that to happen.

"This is looking at a new twist to keep things going," he said.

Ken H. Johnson, a real estate economist at Florida International University, said Banford's bulk sale business model is the first he's heard of in South Florida.

"It's very creative," Johnson said. "It's the market clearing itself. If you're a small local investor, this kind of deal is attractive."

If successful, Johnson said banks likely will try to emulate the plan.

Federal mortgage backer Fannie Mae is already selling foreclosed homes in bulk to investors who plan to rent them out. Of 2,490 properties that went up for sale nationwide in late February, about 420 are in Southeast Florida.

Banford has 40 properties for sale in his Fort Lauderdale bundle, which includes 61 individual units bringing in about \$770,000 in annual gross rent income, he said.

The West Palm Beach bundle has 10 homes, which are owned by Royal Palm Beach based-Cornerstone Asset Disposition Corp. and generate about \$160,000 in gross rental income annually, said company President Branden Grimshaw.

For the seller, Grimshaw said a bulk deal offers an opportunity to avoid the hassle of marketing and selling the homes individually.

"You don't have 10 closings, it's simpler, it's more attractive in bulk than on an individual basis," Grimshaw said.

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