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[Home](#) > [City & Region](#)

Foreclosure auction has a warning: No flipping

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Craig Ziper of Buffalo makes a bid on a property at the City of Buffalo's annual foreclosure auction at the Buffalo Niagara Convention Center on Monday morning.

Buffalo's annual foreclosure auction is attracting more than just buyers looking for bargains this year.

The three-day sale of troubled properties also attracted the FBI and the state attorney general's office. "We're keeping track of who's doing what," said Kathleen Lynch, coordinator for the city's Anti-Flipping Task Force.

The task force, formed to combat the practice of real estate flipping, joined several law enforcement agencies Monday in monitoring the first day of the auction in the Buffalo Niagara Convention Center.

Lynch spoke to the hundreds of potential buyers who showed up Monday and warned them that the stories of quick profits from flipping real estate in Buffalo are not to be believed. "We're happy to have people invest in the City of Buffalo if they're going to rehabilitate their

houses and improve their value," she said. One of the tools the task force is using this year is an affidavit all buyers are required to sign. The document is designed to prohibit a buyer from selling his property for a profit of more than 20 percent during the first six months of ownership. The goal is to curtail flipping, the practice of buying low-priced housing and quickly selling it at inflated prices without making improvements to the property.

Investors also heard from Housing Court Judge Henry J. Nowak, who warned them that the properties they are buying probably have code violations and will have to be fixed up.

The sale, which involves thousands of properties acquired by the city for back property taxes, has always been a popular way for landlords to buy new rental properties.

And that includes good landlords, as well.

"I want to own five houses by the time I retire," said Mark Davis, who bought his second house, a double

on Durham Avenue.

Davis said that his properties provide valuable income for his family but that five houses is “all I can handle.”

While most of the houses went for less than \$20,000 apiece, there was one on Richmond that sold for \$70,000.

“I love the architecture over there,” said buyer Jesse Zuefle, who owns Club Diablo. “This is also my hometown, and I love it here.”

Zuefle said the house, a triple, is located next to three other houses he already owns and, once rehabilitated and rented, will provide him a steady stream of income.

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