

SHORT-SALE/PRE-FORECLOSURE, FORECLOSURE & REO SALES DISCLOSURE

SUNRISE INVESTMENTS

BEFORE YOU EXECUTE A PURCHASE CONTRACT PLEASE REVIEW AND SIGN THIS DISCLOSURE NOTICE

(Page 1 of 3)

PROPERTY ADDRESS: _____

THIS DOCUMENT MUST BE SIGNED BY THE BUYER AND THE BUYER'S AGENT AND SUBMITTED WITH ANY OFFER TO PURCHASE ABOVE REFERENCED PROPERTY.

THIS DOCUMENT IS NOT INTENDED TO BE A PART OF THE PURCHASE CONTRACT. PLEASE DO NOT REFERENCE IT IN YOUR OFFER.

Aggressive pricing and strong Seller motivation make the purchase of a pre-foreclosure/foreclosure, short-sale or REO property a unique opportunity for you as a buyer. Since the sale of this property will required the approval of a third party, there are a number of differences in the way this transaction and escrow may/must be handled. The purpose of this disclosure is to help prepare you for these differences as a guideline for writing your offer.

THIRD PARTY APPROVAL: If the above referenced property is in foreclosure of short-sale (facing foreclosure) it is being offered at a price that may not be sufficient to pay normal seller closing costs and pay off the existing lender(s) in full. Even though the Seller may accept the terms of your offer, additional approval may still need to be obtained by the Seller's lender, PMI company or government agency.

Since the Seller is still the owner of the property, the Seller is the only one that can enter into a contract to sell. Upon acceptance of your offer by the Seller, your offer will then be submitted for third party review and approval. Since the MLS advertisement is subject to review by these parties, list price, terms, commissions, and other conditions may change upon review by these parties, in the event that the third party involved does not approve your offer, you may cancel your contract and receive a full refund of your earnest money.

CLOSING COSTS: As a rule, the Buyer in any Short Sale must pay all negotiable expenses. You may request that the Seller pay closing costs, but in most cases they will not or cannot. These costs include:

- Home Warranty Fees
- Termite Inspection
- Discount Points
- HOA Transfer Fees
- Buyer's Pre-paid Items
- Buyer's Appraisal
- Tax Service Fees
- Survey Costs
- Septic Inspection Fees
- Fees charged by Buyer's Lender unless FHA or VA requires Seller to pay.

SHORT-SALE/PRE-FORECLOSURE, FORECLOSURE & REO SALES DISCLOSURE

(Page 2 of 3)

SHORT-SALE POSSIBLE FORECLOSURE: In the great majority of cases, the seller of a short-sale property is behind on their mortgage payments, taxes, home owner's association dues, etc.. This fact can cause significant complications in the transaction. Because the seller has likely received a foreclosure notice there is always a possibility that despite the best efforts of everyone involved, the lender will foreclose in the midst of the transaction. If this were to occur, the buyer is entitled to a full refund of their earnest money, if any, but any costs you incurred as a result of inspections, appraisal and so forth would be lost.

CONTINGENCIES: Contingency contracts are NOT acceptable due to the limited marketing time.

UTILITIES: The buyer may be required to turn-on utilities in order to complete the inspections—this is contrary to the purchase contract you are submitting. The costs associated with connecting the utilities are a cost of the inspection process and will not be repaid regardless of whether or not you ultimately buy the home.

In accordance with the contract, the buyer assumes the risk of damages for inspection activities. From time-to-time the turning on of utilities has been known to create power surges that can damage built-in appliances, pool motors, panel boxes, etc.. Buyer understands and acknowledges that damage is a possibility and the buyer assumes complete responsibility for those damages.

In most cases the buyer will be required to immediately disconnect the utilities at the completion of the inspection period. This means that there will be no utilities on in the house at the time of final inspection unless the buyer turns them back on prior to the final inspection day.

PROPERTY CONDITION & INSPECTIONS: The property is being offered AS-IS, however you are encouraged to do inspections to determine your satisfaction with the condition of the property. It is extremely difficult to obtain third party approval for any repairs unless your lender requires the requested repairs (a termite treatment for example). Since the cost of any required repairs will affect the net proceeds of the sale, it is required that all inspections be completed within 10-days of acceptance (or time negotiated) of the contract. This will allow the third party(s) involved to consider the cost of any required repairs as a cost of the sale.

Certain fixtures are required to be present in order to obtain financing on a property, i.e. air condition and heating systems, built-in appliances, flooring, bath fixtures, etc.. Since the property is likely being sold "AS-IS" it is the buyer's responsibility to insure that the property meets the requirements for financing. A professional home inspection is the best way to determine the condition of those items you cannot see. If there are noticeable deficiencies this may not be the property for you if you are relying on a loan to fund your purchase.

APPRAISALS: If your offer is contingent upon obtaining an appraisal we will required that your appraisal be completed within the 10-Day Due Diligence period or as agreed on in your negotiations. It is important that your appraisal be completed in a timely manner, as the third party involved will often require a copy of your appraisal as part of their approval process. Having your appraisal completed quickly may help expedite the third party approval process.

HOW LONG WILL THE THIRD PARTY APPROVAL TAKE? Third party contract review and response times vary depending upon the particular circumstances. Some of these circumstances include: Internal policies of the third party, their current workload, whether or not PMI approval is required, whether an independent appraisal is required, etc.. Generally, we are not able to estimate how long the third party approval may take since so much of the process is not within our control. From our past experience, the time required to obtain third party approval can take up to several weeks and son some occasions a month or more. We will do everything possible to expedite the process and keep you informed of the progress.

SHORT-SALE/PRE-FORECLOSURE, FORECLOSURE & REF SALES DISCLOSURE

(Page 3 of 3)

ESCROW COMPANY: To insure a smooth escrow and minimize delays, it is very important that we use an escrow officer and staff that have extensive experience dealing with lenders in the pre-foreclosure/foreclosure and/or short-sale situations. In many cases the third party lender or REO company will have predetermined what escrow/title company will be used. HOWEVER, YOU STILL HAVE THE RIGHT TO REQUEST A SPECIFIC TITLE COMPANY IN YOUR OFFER.

Some REO sellers/short-sale lenders will require that the buyer pay for the seller’s title policy, an uncommon event in the Arizona marketplace. Please be sure to read the lender’s addendum carefully so that you fully understand what you are agreeing to pay for. Your Realtor will be able to get you an estimate of the cost of the seller’s title policy from an escrow officer.

TITLE: There have been instances where an REO was not properly foreclosed on and the seller cannot pass a clear title. This is an unforeseen complication that will take approximately 60 days to remedy. While the buyer will not required to stay in the transaction and they will receive a refund of their earnest money—any costs associated with inspections, appraisal, utility turn-on, etc....will be lost.

BY SIGNING BELOW, ALL PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED AND RECEIVED A COPY OF THIS DOCUMENT.

Buyer Date

Buyer Date

Buyer’s Agent Date