

Selling Agent Advisory



RESIDENTIAL BROKERAGE

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Thank you for considering one of our properties. The following information should help you show, write contracts for, and sell REO properties. Please read before showing or writing a contract on this property.

Showing an REO Property

- Each property should have an MLS lockbox either on the front door, the hose bib, or the electrical box. If for any reason we don't put an MLS lockbox on the property, the code to the vendor box will be in the Realtor remarks in the MLS.
- The electricity to the property will be turned off at the breaker box. If you would like the electricity on for a showing, you may turn it on at the breaker box, but you must **TURN IT OFF WHEN YOU LEAVE**. It is a hazard to the property to have utilities on unattended.
- Water will NOT be on for showings. Water can be turned on for inspections-please see section below on "inspections".

Gas is not turned on by listing agent. Please see section below on "inspections".

- When showing your clients an REO property, please make sure they understand that these homes generally need some repairs, so they don't show as well as a new home. That is why they are so competitively priced.
- All properties are sold '**AS IS**' in their present condition. The seller **will not** make repairs. Buyers are encouraged to inspect the property **prior** to writing an offer to purchase. If the buyer conducts inspections during the inspection period and finds unacceptable conditions, the seller **will not** renegotiate the terms of the contract and, most likely, **will not** make repairs.
- Please look over property thoroughly **BEFORE** making an offer.
- Also, seller may *not* pay for termite treatment if active termites are found.

General Agent Information

- Most properties are very competitively priced and multiple offers are common.
- In most cases these homes have had not only 2 Brokers to give pricing opinions, but also had an appraisal. So, the seller is **VERY** knowledgeable about fair market value and what the sale price should be.
- Response time on offers ranges from 24 hours to 5 days. The Asset Managers for the properties do not work weekends, so if you submit an offer on Friday afternoon it is likely the Asset Manager won't see it until Monday. Nothing can be done to speed up their process. They have process to follow just like we do!
- BE ADVISED that commission is paid on the NET sales price. If you include Buyer concessions on one of these you will be paid on the gross sale price less the Buyer concessions. This will be spelled out in the Addenda, but please understand how you will be paid so you aren't surprised later.

Contract writing guidelines

- Please Fax or email the contract. Within 24 hours you will receive a fax or email confirmation of receipt. This is about how long they take to process, so if you don't receive confirmation within 24 hours after fax or email, please call. If you call right away, we can't get you an answer. Please wait for the process.
- Please leave the sellers name blank on the contract. Frequently the seller will exchange portfolios with other lenders or hire an asset management company who will be the seller, so the tax record is often unreliable.
- A copy of the earnest money deposit with the title company blank needs to be submitted with your offer. The asset manager will not assign a title company until an agreement is reached. An appropriate amount of earnest money is usually 1% of the purchase price or a minimum of \$1000.
- Proof of funds for cash offers should be sent with the offer, Also it would be a good idea if the Buyers are putting a large down payment to include proof of this as well. Cash offers generally require 10% (sometimes more) Earnest Money.
- A Signed LSR will be required with all of the mortgage company information. An offer cannot be submitted without one.
- Waiver of SPDS and CLUE. The seller will NEVER provide these documents, and it is not necessary to strike those sections of the contract if you write on Page 7 (lines 304 – 315) of the contract that the buyer understands that the seller has never lived in the property and will not provide a SPDS, CLUE Report or any other disclosure not required by Federal Law.
- Note to Agent: It is good practice to give the buyer a blank SPDS and have them sign on page 6 that they are receiving this blank because no information will be provided.
- FHA and VA loans may sometimes be difficult because of the condition of the property. If you aren't sure a property will qualify, please visit www.hud.gov for current inspection and appraisal guidelines. Please note, do NOT rely on the seller to make repairs to satisfy those requirements.
- Contingent offers are not attractive to this kind of seller and may be rejected outright. Reasonable loan contingencies are acceptable.
- Response deadlines can be left blank. If you choose to write a date/time, please know that it takes as long as it takes, so please give yourself enough time. Please prepare your buyer for the 24-96 hour time frame.
- Title will be named either in the lender addendum, or when the contract is executed.

- Remember that in most cases we will make electricity and water available for inspections, we will not turn on the gas, so please note on lines 304-315 of your contract that the buyer will turn on the gas/propane.
- Occasionally because of vandalism or damage, we cannot turn on water or power. We will note in the MLS if any utility cannot be turned on (for safety reasons). If this note exists in the MLS, please include that on lines 304-315 as well.

If your contract is the accepted offer

- We will email you addendum from the seller. These will not be signed by the seller until the buyer and buyer's agent have signed/initialed them.
- Sometimes the addenda come on legal size paper. This is a REQUIREMENT of the lender that they remain on legal size. While we understand that in some cases it is an inconvenience, we also have to follow what the lender requires.
- The inspection period begins when the seller has signed the addenda and contract and sent it back.
- The seller chooses their own title company. REO closings have some very unique requirements, so it is almost impossible to close at an alternative title company. Title will either be named in the addenda, or when the lender executes the addendum.
- You are responsible for scheduling your buyer to close at the title company, please try to schedule it with the closer as soon as possible due to the high volume of properties the title company handles.
- Please let us know the time and date of your closing as soon as it has been scheduled.
- Under no circumstances may buyers make alterations to the property prior to COE.
- Inspections can begin as soon as you want after verbal (or email) acceptance of your offer, but please remember you need to schedule the gas (if present), and it is not accepted until signed by the seller.
- Signed Contracts usually come back in a few days, but it could be up to 10. Nothing can be done to make this happen any faster. As soon as we receive them, you will get them back.
- In most cases there will be a \$100 or more per day penalty for each day the Buyer does not close after the COE date (for anything outside of sellers control)

Information about inspections

- Water and power will be turned on for inspections. However, please note that you or your inspector will need to turn on the water at the main and the electricity at the breaker box. You will also be responsible to **TURN THEM OFF WHEN YOU LEAVE**. It is a hazard to the property if these are left on when not attended.
- If the property has gas it will be your (Buyer or Buyer Agent) responsibility to have it turned on for inspection. It is not our policy to turn on gas in vacant properties, it is far too dangerous.
- Your Buyer is welcome to conduct any inspection they like during their inspection period. However, please remind them that the property will be sold as-is. There will be no repairs or BINSR process.

Some general information for your buyer

- REO properties are frequently on a master key that many agents of the seller possess. Please advise your clients to change the locks immediately after closing.
- REO will occasionally have title issues. While this is rare, it could take weeks or months to remedy. Please prepare your client for this potential problem. Make sure they have a back-up plan if they intend to move into the property on the day of closing: pre-possession is NOT an option under ANY circumstances.
- Utilities must be transferred to Buyers name by the day of closing.

I have read and understand the above information and will advise my client:

Agent Printed Name _____

Agent Signature _____ Date _____