

Answers to Frequently Asked Questions & Offer Instructions

This document was prepared to be an informative guide when writing an offer on a "Bank Owned" or Corporate owned property, (Otherwise known as an REO). It is not intended to be a binding agreement. The information contained herein is designed to create an informed consumer and to lessen the stress of the home buying process for the Purchaser, Buyer's Agent, and Listing Agent. Please review these items with your buyer prior to offer submission. All your questions should be answered within this document.

Please read it carefully before contacting us with more questions.

WE WANT YOU TO GET YOUR OFFER ACCEPTED! PLEASE FOLLOW THESE GUIDELINES TO HAVE THE BEST CHANCE AT GETTING YOUR OFFER ACCEPTED THE FIRST TIME.

Please inform everyone on your staff including escrow coordinators, assistants and managers of the information in this document. All info needed is in this document and the other documents we have sent you. The REO process is much different than a typical retail sale. The seller calls all the shots and we go along with it to make for a successful close. Some terms may be deleted from the usual contract and some terms may be added that you may not be familiar with. Please understand this. We cannot change the process, nor do we complain about it. I am the Sellers agent, but I do not have any power or say as to what the terms are. I have no negotiating power or influence. I am simply a conduit between seller and buyers agent.

PLEASE, PLEASE, PLEASE do not cause this sale to be extended. Close of escrow date is extremely important to banks and typically a financial penalty is imposed upon the buyer and buyer's agent if the escrow does not close on time. It is imperative that you stay on top of all inspections, appraisals, contingency removals, and the lender to get duties performed in a timely manner.

THIS SALE IS DIFFERENT IN THAT THE SELLER IS A MULTI BILLION DOLLAR LENDER. THEY LIKELY WILL NOT NEGOTIATE AFTER THE RATIFICATION OF OFFER. NEGOTIATE ALL TERMS PRIOR TO RATIFICATION TO MINIMIZE PROBLEMS DURING ESCROW. BANKS DO NOT APPRECIATE NON SERIOUS BUYERS. PLEASE BE ABSOLUTELY SURE YOUR BUYER IS READY AND WILLING TO GO THROUGH WITH THIS PURCHASE. WE ARE NOT INTERESTED IN LOOKING AT LOW BALL OFFERS OR BUYERS ATTEMPTING UNLAWFUL OR "SHADY" DEALS. THEY MUST BE QUALIFIED FOR ANY BORROWED FUNDS OR HAVE THE FINANCIAL ABILITY TO PAY CASH. THEY MUST BE MADE AWARE OF THE REO PROCESS. DO NOT PRESENT OFFERS WITH THE INTENTION OF RENEGOTIATING LATER. PLEASE DO NOT WASTE OUR TIME WITH OFFERS THAT ARE NOT SERIOUS. ALL PARTIES INVOLVED ARE EXPECTING TO CLOSE EVERY OFFER THAT IS RATIFIED. PLEASE BE SURE THAT YOUR BUYER IS PREAPPROVED FOR FINANCING PRIOR TO SUBMITTING AN OFFER. DO NOT CHANGE LENDERS, LOAN TERMS OR PROGRAMS WHILE IN ESCROW

1. SUBMITTING AN OFFER - The bank will require that all offers be submitted to them on a summary form, which is called the "Offer Worksheet." This is aimed at simplifying the process for the Asset Manager, who will more often than not, have a large number of properties under management and often in multiple states with vastly different real estate contracts. This worksheet will have the "basics" only (Price, Terms, Concessions, Closing dates, Contingency timelines, etc.). **ALL offers must be submitted with copy of deposit check, offer worksheet and loan approval Letter from a major financial institution, NOT A MORTGAGE BROKER.** Deposit check should be made payable to: (Blank space) Title Company. This is just a copy for now. Once the contract is ratified, the title company will be assigned and the check can then be completed with the appropriate name. Please be sure that buyer has deposit funds available NOW. If offer is accepted, the seller will expect deposit money to be deposited within a short period of time. Earnest money deposit check must be written on account with buyer's name on it. No exceptions. No offers will be presented without a check drawn upon buyer account. **PLEASE DO NOT ENTER ANY NAME(S) FOR SELLERS ON ANY DOCUMENTS. WHAT IS SHOWING ON TAX RECORDS IS NOT ALWAYS THE CURRENT SELLER OF RECORD.**

We prefer that all offers are emailed to stevethanbroker@gmail.com If you are not familiar with this process, you can fax offer to **408-289-5376**.

2. WHAT FORM SHOULD I USE? You should submit your offer on a standard CAR form unless otherwise noted in the "broker remarks" (private) section of the MLS. Please check the broker's section to see if you need to download and attach any specific addendums. **Always include completed Offer Worksheet.** (attached with this package).

3. HOW SOON WILL THE BANK RESPOND? We have no control over the bank's decision process. On rare occasions they will respond in the first 48 hours. However, more than likely they will respond in 3 to 5 days. Please be patient and do not call us to check on the progress. **We will notify you immediately via email when we get a response.** Some banks do not look at offers until the property has been on the market for 5 to 10 days. Please be considerate, we are all working towards the common goal of closing on the subject property. **IF YOU HAVE NOT HEARD FROM US IT IS BECAUSE WE HAVE NO UPDATE TO GIVE YOU- NOT BECAUSE WE ARE IGNORING YOU. ABSOLUTELY DO NOT ATTEMPT TO CONTACT SELLER. THIS CAN JEOPARDIZE THE TRANSACTION AND OUR RELATIONSHIP WITH SELLER. ALL CONTACT MUST BE MADE THROUGH LISTING AGENT.**

4. WILL I GET A RESPONSE OVER THE WEEKEND? Any offer submitted over the weekend will typically be presented the following business day. Banks do not respond to offers over the weekend.

5. HOW DOES THE BANK COUNTER? Since all offers are submitted to the seller on the worksheet, your counter offer may come back in the "worksheet" format (Simple details of what the bank is willing to accept) or via an unsigned Counter Offer. It may possibly be verbally presented through listing agent. **DO ALL OF YOUR NEGOTIATING AT THIS TIME.** If there are multiple offers, the bank will typically verbally counter all offers with "**highest and best Offer**". This means come back with all you've got and the bank will choose at that point. They will likely not counter after that. PLEASE read the counter offer completely and be sure your buyer understands ALL terms.

6. IT LOOKS LIKE THE SELLER DIDN'T SIGN THE COUNTER OFFER? You may receive a Seller's Counter Offer with no signatures, These forms are generated by the bank's Asset Manager or the outsource company (and often come to the Listing agent as an email attachment). Once an offer is accepted the entire "package" (which may include the Offer as well as Counters, Addendums, copy of the check, etc.) is sent to the bank for signatures.

7. ARE THESE VERBAL AGREEMENTS? Once you are informed that your offer is accepted, it is. (Acceptance may be accompanied by the aforementioned worksheet). REO departments and Asset managers give the "ok" and then go to their managers for signatures. (It is highly unlikely to have an Asset Manager "unaccept" an accepted offer. Yes, you could be the first, but it is highly unlikely.) We realize it is an unusual business practice to agree to offers orally, but the banks have their own way of doing business and we appreciate your understanding. **IF YOU ARE NOTIFIED THAT YOU HAVE AN ACCEPTED OFFER, ORDER ALL INSPECTIONS AND PLEASE FORWARD THE OFFER TO YOUR LENDER SO THEY MAY BEGIN THE LOAN PROCESS. AT THIS POINT THE CONTRACT MAY NOT BE SIGNED BY SELLER, AND IT MAY BE A FEW DAYS BEFORE RECEIPT OF A FULLY RATIFIED CONTRACT. IF YOUR LENDER HAS A PROBLEM WITH THAT, INFORM THEM THAT THIS IS AN REO SALE. THAT SHOULD SATISFY THEM IF THEY ARE FAMILIAR WITH THE PROCESS. IF NOT, HAVE THEM CALL ME.**

8. WHO CHOOSES THE ESCROW AND TITLE COMPANY? - The reality is, when buying a bank owned home there are "give and takes". One of the items that your buyer will need to be flexible about is that the bank will, more than likely, choose the title and escrow companies, (The Listing Agent has no say in the matter either. I have my favorite Escrow companies and Escrow officers too, so we are all in the same boat.) The escrow fees may be higher than what is customary in your area. This is due to the fact that they have significant amounts of title work done during the Foreclosure process. **ESCROW COMPANY CONTACT INFORMATION COMES WITH THE SIGNED DOCUMENTS FROM THE SELLER.** While you may be anxious to send in the buyer's deposit check to escrow, the Listing Agent **MAY NOT HAVE** this information prior to receiving the documents back from the bank. We will notify you when we are informed who the title company is. I am waiting too, and I will forward the information as soon as it becomes available to me. Continued multiple and/or daily inquiries slow down the process for everyone involved (and for other agents and purchasers you have never met in other states). Please be considerate, we are all working towards the common goal of closing on the subject property.

9. TIME FRAMES? Generally you will have 30 days from mutual acceptance to close the transaction. Often the proposed closing date on the original offer is unrealistic due to the elongated negotiation and acceptance process with the REO departments. The Asset Manager knows that you can't close in a week and a half (unless your offer is cash). They are not here to work against you. Asset managers know that appraisals, inspections and the loan process take time. They will assume that you have taken the time prior to making an offer to become pre-approved for the loan and that there will be no trivial delays beyond the 30 days closing period. Read the Bank Addendum carefully - there is often a per diem late fee assessed for tardy closings. The bank will not suffer delays due to the Purchaser's Lender not performing in a timely manner. **Begin your inspections upon being alerted that your offer is accepted .**

10. CAN THE BUYER DO INSPECTIONS? Yes. Just like any other sale, your buyer has the right to fully inspect the property within the frame of the purchase agreement. Seller will not order or pay for any inspections.

11. HOW DO WE SET UP INSPECTIONS? It is absolutely essential that you give us **3 BUSINESS DAYS NOTICE PRIOR** to scheduling your inspection. Some utilities (such as electricity) will likely be on prior to your making an offer, others will not (such as gas or propane) The Listing Agent has NO control over the work schedules of the local utility companies. As such the Listing Agent will not be responsible for re-inspections and/or associated fees. It is not a bad idea to visit the property a day **PRIOR** to the inspection to check if systems are on and working.

12. CAN THE BUYER CANCEL IF THEY FIND SOMETHING WRONG? Yes, the buyer has the right to cancel the contract and receive their deposit back if they do so within their contractual contingency time frame (Unless specifically noted).

13. WILL THE BANK PAY FOR ANY REPAIRS? Please notify your client this home is being sold "AS-IS." If the bank has rehabilitated the home, their scope of work has already been determined and can not be changed. As a rule, **ONLY** issues which are **LENDER REQUIRED** will be addressed. **REO** Asset Managers are **VERY** familiar with what constitutes a Lender Required repair and will not approve "cosmetic", "dated", or "wear and tear" related issues. Addressing non-Lender Required issues can be accomplished by raising the price and having the Seller "credit back" for the repair. Generally, these repairs will not be authorized to be completed prior to closing.

14. WILL THE BANK PAY FOR AND GET A PEST CONTROL (termite) INSPECTION? Probably not. If this is a requirement of your buyers lender then you should expect to order and pay for that inspection as well.

15. WHAT IF THERE ARE SECTION 1 ITEMS ON THE REPORT? Your buyer's lender may have a stipulation that Section 1 items must be corrected prior to close of escrow. Please be aware that your buyer will, more than likely, be responsible for correcting those, not the bank. We suggest you get your termite inspection done well within your contingency period to determine your obligations.

16. DOES THE BANK OFFER FINANCING? If they do, it will be noted in the **MLS**.

17. CONTINGENCY PERIODS? Most banks will allow a 10 day contingency period for Property condition (inspections). Anything longer than that will likely get countered. Your buyer must adhere strictly to the contingency periods or they risk having their contract canceled and losing their deposit. This is a business transaction and banks don't like excuses or delayed decision making. **Most banks have a "per diem" charge for delayed closings. Please pay attention to these time frames and provide contingency removals to listing agent in a timely fashion.**

16. WILL THE BANK ACCEPT CONTINGENT SALES? It is highly unlikely that any bank would accept an offer contingent upon the sale of another home. If the bank accepts your offer then finds out that the buyer really does need to sell a home in order to purchase (and you haven't disclosed that) the sale will likely be immediately cancelled.

17. DISCLOSURES? REO disclosures are different than retail. You will get a NHDS, smoke, lead, water heater and a TDS with only agent remarks and HOA docs if applicable. Occasionally you may get a termite report. **Seller will not sign anything that is not legally required of them.** You will likely get these disclosures without seller signature at first, and typically not until ratification. Although all required disclosures will be provided to buyer with listing agent signature, Seller signatures may never come.

18. CAN I ADD OR DELETE BUYERS ONCE IN CONTRACT? Please understand that any changes can delay the close of escrow. Enter all true buyers on the contract prior to presentation. If necessary, any changes must be made in writing ASAP. There are many levels and channels to go through to an REO sale. Everything takes time. This still does not guarantee that the seller will agree to any changes. If your buyer is married and plans to buy as a married couple, be sure to write the contract with both husband and wife prior to submission. If your buyer is executing a 1031, please add the appropriate verbiage to the purchase contract so all parties are aware.

19. WILL WE GET KEYS, REMOTES, MANUALS, ETC.? Neither the bank nor listing agent has any exposure to property prior to foreclosure. Many times there are no keys at all transferred from the prior owner. The main door(s) will be rekeyed and you will get that key. Any other keys or remotes will need to be obtained by new buyer at buyer expense after the close of escrow. **WE RECOMMEND THAT BUYER RE-KEY ALL DOORS AFTER THE CLOSE OF ESCROW.**

20. WILL I GET PAID? REO is different from short sales in that the seller signs a listing agreement with an agreed commission. **You will get paid.** You must understand though that the commission is not paid on seller credit amount. EXAMPLE: SP:\$400,000 - \$10,000 credit, commission based on \$390,000. Most banks do not allow agents buying for themselves to be paid a commission, make your offer appropriately.

Please do not submit offers with the term "OR ASSIGNEES". EXAMPLE: "John and Jane Smith, or Assignee" as the buyer. These will typically be rejected immediately.

Cash offers MUST be accompanied by Proof of Funds

Please understand that we are very busy, and everything you need to know is answered here. If by chance you have additional questions or concerns, please start by emailing my assistant **Trity Nguyen** at processortrity@yahoo.com or **408-289-5370**. I am rarely available for discussion with buyers or agents prior to ratification. So please read this document fully prior to contacting us.

Thank you for your interest.

I look forward to working with you toward the successful completion of this transaction.

What you need and where to send your offer:

- Email all offers and the following documents to steventhanbroker@gmail.com or fax to: 408-289-5376
- Write offer on CAR purchase contract
- Sign and return this form "Answers to FAQ"
- Offer worksheet summary
- Agency disclosure
- Copy of deposit check made payable to: (Blank Space) Title Company
- Loan approval letter from major financial institution, not a mortgage broker
- Cash transactions supply proof of funds sufficient to close escrow
- Reo Advisory
- Agent inspection advisory is not mandatory at the time of presenting offer, but is a bonus.

Read, Understood and Agreed to All 5 of 5 Pages

Buyer's agent

Date