

Initial REO Purchase Agreement Package

Revised 3/8/2010

Agents – the forms included in this package MUST be filled out in their entirety. Your offer will not be presented unless all forms are complete. More than likely the REO company will have more addenda for your buyers to sign after acceptance of the p/a – but because we work with so many different REO companies we are not going to include them in this packet.

Answers To Common Questions:

1. Do not include personal property on the P.A. The REO company does not care if there is a working stove, fridge, or whatever on the property – and will not guarantee that they are in working order. We rarely remove personal property after the property has been listed, so if there is a fridge there when you view the home, there will most likely be one there when you close.... The only times is when they are in very poor condition (extreme mold inside, etc.)
2. In some cases, offers are limited to Owner Occupants for the 1st 15 days of the listing. If you are an investor you may still write an offer, but the servicing lender simply cannot accept it until the 15 days has lapsed. In some cases, offers (even full price) will not be accepted until the listing has been advertised in the MLS for 3 days.
3. Pre-approval letters are required with all offers, and in the case of cash offers – proof of funds is required. You may black out the account numbers on the bank statements. Make sure your pre-approval letter includes:
 - a. Loan officer has received a buyer credit report
 - b. Loan officer has completed a review of bank payments for funds verification
 - c. Loan officer has completed a review of recent pay stubs and YTD income verification
 - d. State which loan programs the buyer qualifies for – FHA, Rural Development, VA, Conventional, etc.
4. Earnest money is to be \$1,000 OR 1% of the purchase price, whichever is greater. Cash sales require 10% earnest money – NO EXCEPTIONS. A copy of the earnest money check must accompany the offer.
 - a. After the inspection period has expired, the earnest money on CASH offers is non-refundable.
5. We prefer you scan and email your offers rather than fax – as all our paperwork is transmitted electronically.
6. Use the “Sellers Contribution To Closing Costs” addenda if you are asking the seller to pay buyer closing costs. DO NOT write it on the financing addenda or P.A.

7. We try and keep all the utilities on in each and every home we list (electricity & heat source). Please, do not adjust the thermostat or flip any breakers on or off in the electrical panel. Normally country homes have the well breaker & water heater breaker turned off, and city water properties have the water turned off at meter or street, depending upon time of year. DO NOT turn on the water heater breaker or well breaker!!!
8. Yes, these are REO homes – but we try and have them trashed out in a timely manner, and regular maid freshening service is arranged for. Please, do not track mud & dirt & snow around the home – treat it like you would any owner occupied home.
9. Leave a card, make sure all the doors (patio doors too) are locked, and lights that were off are off when you leave. We normally leave the exterior porch or garage lights on, so please leave them on when you leave. If you notice that the electricity is not on in the home, or the furnace not operating – please take the time to give the listing agent a courtesy call and let them know that. Sometimes furnaces do malfunction.
10. If the home was been winterized, attach a SEPARATE addenda asking the seller to dewinterize the property at no cost to the buyer, DO NOT write it on the p/a. The REO company may or may not agree to pay the cost to de-winterize, and we will communicate that fact to you as soon as possible – before the work is done. Communicate to your buyer that they may also be responsible for the cost to re-winterize the property – and that they should be prepared to pay for that service the day of inspection.
11. There is NO early move in provision – even moving personal property into the garage prior to closing is not allowed.
12. The property has been rekeyed at the time of listing to an REO company keyset. In order to assure that you do not have keys to other REO company properties – or any REO company representative to your property – the locks will be rekeyed to a unique keyset just prior to closing, and those keys will be left in the lockbox. The REO company will add \$100 to the buyer's side of the HUD to cover this cost.
13. When you do your walk through just prior to closing, please remove the keys from the lock box, remove the lockbox from the door, and attach the lockbox to the for sale sign. A representative from our company will be by the property within a few days to remove the sign. If there are padlocks on the inside of the garage doors the key will normally be in the lock box, or in a kitchen cabinet drawer. If the key is not present you will have to use a bolt cutter to remove the padlock.
14. The buyer MAY NOT assign the p/a to another person, the purchaser signing the p/a must be the person taking title.
15. To assure an orderly and ON TIME closing, please schedule the closing for 2-3 business days prior to the end of the month, NOT the last business day of the month. We all know how hectic title companies are the last business day of the month.

16. Septic inspections – all counties and townships differ on requiring inspections. If the local governing authority DOES NOT require a septic inspection Conventional Loans and FHA Loans will not require one either. We do our best to complete septic inspections immediately after listing the property if it is required by the local governing authority (or secure a valid certificate of compliance). Rural Development & VA Loans do require inspections, or a valid compliance certificate, regardless of the local governing authority's policy. The seller may opt to simply give you a current, valid compliance certificate from the local authority in lieu of doing another inspection. Under no conditions will the seller allow the buyer to do a septic inspection if the governing authority or lending program do not require it. Call the listing agent if you have questions on this.
17. Home Inspections – we have attached a home inspection form that coincides with the REO company's p/a timelines. The clock for your home inspection starts upon verbal acceptance, and communication to you, of the offer – NOT when we receive the signed documents back from the REO Company (this can take several days at times, depending upon the REO Company). If the buyer fails to perform the inspection within the designated time frame it shall be deemed as acceptance of the physical condition of the property. In the case of waiting for a property to be de-winterized to complete the home inspection (hard to inspect the plumbing when it is not turned on), the time line starts when the de-winterization is complete.
18. Multiple Offers – we do our best to communicate to you in a timely manner when multiple offers are received. REO companies differ in how they handle them, some want "highest & best" from all buyers and then we submit them at the same time, some simply review each offer as it is received, regardless of if there may be multiple offers or not.

I have read and understand the above.

Selling Agent Signature