

## **What to Expect When Submitting an Offer on This Bank Repo**

Many agents have not sold a bank owned property before, so we thought we would provide you with a few items that will help you with this process.

### **How long does it take to get an answer?**

First, remember the people who work for the bank usually only work Monday thru Friday from 8 to 5 pm. Never on weekends. They usually handle between 150 and 300 assets located in various markets, so this is not the only house they are selling. Generally, we will receive a response to your initial offer within 24 to 48 hours (excluding weekends). Occasionally it will take longer than that, but we will keep you informed as to the time frame.

### **How is the offer submitted?**

This depends on the bank. Some banks want to see the entire offer by fax. Some negotiate the offer through internet software.

### **Will you receive a written counter?**

No, generally you will not receive a written counter until we come to terms. The counter will be conveyed to you either verbally or in a "memo" format that will give you the basic terms of the counter -- price, terms, closing, concessions.

### **Can the bank's counter offer be countered?**

Yes, you can counter back and forth just like any offer. But you must keep in mind that they may reject your counter or entertain any other offers during the counter period. You can counter verbally, or through an email or fax. Keep in mind that until we come to terms, these counters are not binding as they have not been signed by the seller.

### **What happens if there is more than one offer on the property?**

You will receive a memo/fax/email from me informing you that we have more than one offer. The bank will ask you to submit the buyer's "highest and best" offer. You will generally be given 24 hours to make any changes -- price or terms -- to your offer. The bank will then consider ALL offers and respond to only one.

### **What happens if a second offer comes in while your offer is being negotiated?**

All offers must be submitted. Generally, if we have not yet come to terms and received your paperwork, then the bank will ask me to go back to you and rescind their outstanding counter and then ask ALL parties (including you) to submit their "highest and best" offer. The bank will then look at ALL offers and respond to one. It could very well be your offer, but that is not guaranteed.

### **How does the paperwork work?**

You submit your initial offer to us in writing via fax or delivered to our office. You must include a copy of the buyer's earnest money check, pre-qualification letter and/or proof of funds for cash offers. We then counter back and forth until we come to a meeting of the minds. You will then receive the contract back either by fax or email with the changes made -- you will also receive a copy of the seller's AS IS Addendum -- Note -- these are not yet signed by the seller. The buyer must then initial all changes and sign the addendum. Once we have:

- The initialed changes to contract
- Signed As Is Addendum
- Copy of Earnest Money Check
- Pre-qualification letter or proof of funds for cash sales

- Lead Based Paint (if applicable)
  - YOUR buyer broker agreement (between you and buyer) -- seller does NOT accept sub-agency
- Then we send all of this to the bank for signature. The bank will NOT sign any paperwork until the buyer has signed and provided all of the items above.

**When is a signed contract sent back?**

Again, it depends on the bank. Sometimes it takes a day, sometimes it takes a week or more. The thing to keep in mind, is once we have sent the above paperwork to the bank, they consider the property "sold". They will not sell it out from underneath you.

**Is there an "Option Period"?**

NO – do not bring us an option check. The seller does NOT allow an option period. However, the seller will generally allow a PROPERTY INSPECTION period; which allows the buyer to obtain a professional inspection during a specified period. The time period is specified in the As Is addendum. If the property does not meet the buyer's inspection the buyer may cancel and receive a refund of their earnest money provided it is completed within the specified time period. Generally, the seller will not make any repairs to the property, however if there is something major that would cause the buyer to cancel, please call me to discuss before canceling.

**Is there a Seller's Property Disclosure?**

NO – because this is a repossessed property, the seller is exempt, by law from providing a disclosure. **Be sure to check Paragraph 7-B-3**

**What about Title/Escrow?**

Because this is a bank foreclosed property, closings can be a little more complicated. The bank generally has ordered title right away. They will specify the title company and escrow officer. These escrow officers will generally be handling a higher volume of files than normal so you must be diligent in working on the closing. All taxes will be paid current to closing. Buyer will receive title insurance.

**What about closing?**

First, prepossession is NEVER allowed. The banks are very strict about closing dates and will generally impose a daily fee if it does not close on time. This will be imposed if it is the buyer's fault (didn't respond timely) or if it is the lender's fault -- didn't get the job done on time – so monitor your sales closely. Docs should be at escrow 48 hours before the closing as information generally has to be sent out of state to the bank for approval.

**How About Commissions?** Commissions are paid on the "net sales price" – the sales price minus buyer concessions. Example: Offer of \$103,000 w/seller paying \$3000 of buyer closing costs. Commission would be calculated on \$100,000 and paid at close of escrow.

**Is this a difficult transaction?**

Generally, no. We try to make the process go as smoothly as possible. We have been selling bank owned properties for over 20 years, so we have lots of experience. If you have any questions about the process, please feel free to call us.