



REO-Bank Sale Closing Process

Buying an REO (or Real Estate Owned) property is a little different escrow process than your standard home sale. Realtors and buyers need to remember that they are in escrow with a bank/lender (the "seller") and the bank/lender has strict procedures in place that must be followed during the process. Here's a glimpse of the details to look out for if you're in an REO transaction.

Understanding these details can help you set the proper expectations with buyers and help ensure that your REO escrow goes as smooth as possible.

The Seller - In an REO transaction the Seller is an out of state bank. Often the bank contracts a 3rd party asset management company which represents them in the transaction and approves the final escrow closing documents. All correspondence is done by email or by their website.

Title Commitment (prelim): Escrow will handle the ordering of title to insure title is ordered from the appointed title company. This could be a local or national division depending on the arrangements the seller has made.

Home Owners Associations - If you are aware of an active Home Owners Association please be sure Escrow is also notified to insure all delinquent dues are paid current at time of closing.

Loan Documents - Should be delivered to Escrow 5 working days prior to closing, this is imperative as the Seller Documents cannot be sent until AFTER the loan documents have been received by escrow. Once loan documents are received, Escrow can set an appointment for the buyer the following day. Often, the seller will require a minimum of 72 hours review time for their documents, therefore, the earlier the documents are available, the better the chances are of an on-time closing.

Mobile Notary Signing - If the buyer is unable to sign with the assigned Escrow Officer; an approved Mobile Notary will be required and an additional fee will be charged. Your Escrow Officer will arrange this once loan documents have arrived.

Seller Documents - Seller documents **cannot** be sent until after Buyers docs have been received. The REO Seller and their 3rd party Asset Company may require **24-72 hours to approve the HUD after ALL demands have been received.**

Buyer /Lender Funds for Closing - To meet closing deadlines we always recommend wiring the funds. If you send a Cashiers Check it will need to be held in the trust account overnight before we can record. If a Official check is presented, it could require a to be held 10 business days and delay closing.

Funding - Escrow will coordinate with buyer's lender on the Bank's HUD approval before funding can occur. (Changes to the Seller's side of the HUD require additional Seller approval.)

