



HELPFUL TIPS FOR PURCHASING REO & INSTITUTIONALLY OWNED PROPERTIES

*Understanding the Process Can Help
You Submit a Stronger Offer*



Purchasing a bank-owned (REO) or institutionally owned property can be a great opportunity, but the process is often different from a traditional real estate transaction. The seller is typically a bank, mortgage servicer, asset management company, government-sponsored entity, or other institution, and these sellers generally follow established procedures when reviewing and accepting offers.

The following tips will help you understand the process and prepare a complete, competitive offer.

1 HAVE YOUR FINANCING READY BEFORE YOU MAKE AN OFFER



Institutional sellers require documentation showing the buyer has the financial ability to complete the purchase.

- **CASH PURCHASES:** A current Proof of Funds must accompany the offer.
- **FINANCED PURCHASES:** A current preapproval letter from a bona fide lender must accompany the offer.

A prequalification letter may not be sufficient. Buyers should obtain a complete preapproval whenever possible before submitting an offer.

2 OFFERS CONTINGENT UPON SELLING ANOTHER PROPERTY ARE GENERALLY NOT ACCEPTED



Institutional sellers typically do not accept offers that are contingent upon the buyer selling or closing on another property.

The seller wants reasonable assurance that an accepted transaction can proceed to closing without depending upon the sale of another property.

3 SUBMIT YOUR HIGHEST AND BEST OFFER



REO properties can receive multiple offers. Do not assume that you will automatically receive an opportunity to increase your offer later. Although a seller may request Highest and Best Offers, the seller may also choose to accept an offer without requesting additional bids.

The highest-priced offer is not necessarily the strongest offer.

4 EXPECT THE PROPERTY TO BE SOLD "AS IS"



Most REO and institutionally owned properties are sold "AS IS, WHERE IS," with the seller making limited or no representations regarding the condition of the property.

An "As Is" sale does not mean that you should skip inspections. In fact, inspections can be especially important when purchasing an REO property.

5 DO NOT ASSUME THE SELLER WILL MAKE REPAIRS



Institutional sellers generally prefer to sell properties in their existing condition. Buyers should not assume that the seller will make repairs, provide credits, or bring components up to current building codes.

If financing requires certain repairs or property conditions, discuss those requirements with your lender before submitting the offer.

6 REVIEW THE PROPERTY CAREFULLY BEFORE MAKING YOUR OFFER



REO sellers often have limited firsthand knowledge of the property.

Buyers should independently investigate matters that are important to them, including property condition, permits, zoning, utilities, boundaries, HOA or condominium requirements, insurance availability, flood zones, and other relevant matters.

7 BE PREPARED FOR SELLER-SPECIFIC DOCUMENTS



Once an offer is accepted, the institutional seller may require its own addenda, disclosures, certifications, affidavits, financing documents, electronic signatures, and closing instructions.

These documents may supplement or modify provisions contained in the original offer.

Read all seller addenda carefully before signing.

8 RESPOND QUICKLY



REO transactions are deadline-driven. If the seller or listing agent requests documentation or other information, respond promptly.

Missing a deadline can delay the transaction and could jeopardize the offer or contract.

9 MAKE SURE YOUR OFFER IS COMPLETE



Incomplete offers may not be considered until all required documentation has been received.

10 PATIENCE IS IMPORTANT



An offer may need to pass through several levels of review. Response times can vary.

Your real estate agent will communicate information as it becomes available, but repeated inquiries generally will not accelerate the institutional review process.

BID ON HOMES – A TRANSPARENT OFFER PROCESS

The Bid On Homes platform is designed to ensure transparency for both agents and their buyers.

Offers are submitted through the platform so that they can be properly documented and presented to the institutional seller for consideration.

Submitting an offer does not guarantee acceptance. The seller retains the right to accept, reject, counter, or otherwise respond to any offer in accordance with the seller's policies.

SET UP YOUR BID ON HOMES ACCOUNT



To create your Bid On Homes account and get started, please visit the help center:

www.bidonhomes.com/helpcenter/help/4



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THE BOTTOM LINE



REO and institutionally owned properties can offer excellent opportunities, but buyers should approach them differently from a traditional home purchase.

*The strongest buyers
are prepared buyers.*



BE INFORMED. BE PREPARED. BE RESPONSIVE.

These tips can help you present the strongest offer possible and successfully navigate the process of purchasing an REO or institutionally owned property.



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WHY BLEND IN WHEN YOU WERE MEANT TO STAND OUT?