

Offer Summary

AGENTS - PLEASE SEND WITH YOUR OFFER

Offer Document Check List:

- ⇒ Latest Version of the Minnesota Purchase Agreement
- ⇒ AS-IS Addendum
- ⇒ Sellers Alternative Disclosure Waiver
- ⇒ Lead Based Paint Addendum
- ⇒ Arbitration Form
- ⇒ Pre-Approval Letter (with property address, terms, price, loan amount)
- ⇒ Proof of Funds letter if Cash offer
- ⇒ Earnest Money Check
 - (With initial offer a personal check will suffice. Once your offer is accepted a banker check or a cashier check is required)

No offers can be presented to the Seller until all paperwork has been received by the Listing Agent.

Buyers Name (no corporation names): _____

Buyers Phone Number: _____

Property Address: _____

Agent Brokerage Name: _____

Agent Phone Number: _____

Agent Fax Number: _____

Agent Email Address: _____

Offer Price: _____

Closing Date: _____

Down Payment Amount: _____

Earnest Money Amount: _____

Financing Type: Conventional Cash FHA DVA (Circle One)

Inspection Days: _____

Requested Buyer Closing Costs to be paid by Seller: _____

FYI

AGENTS - PLEASE READ BEFORE SUBMITTING OFFERS

The purpose of this instruction page is to make you aware of several important points in writing a successful offer for your buyer on a REO property, while pointing out significant parts of the contract. This information page is provided by the listing agent to help you complete the offer. This is **NOT** part of the Purchase Agreement.

PLEASE PAY CAREFUL ATTENTION TO THE FOLLOWING ITEMS:

Earnest Money: If the Seller requires a minimum amount of Earnest Money, it will be noted in the MLS agent remarks. Check must be certified check or bankers check. The earnest money check must be delivered with the offer to the listing agent office. After the expiration of the property inspection period, the Earnest Money is not refundable. Earnest Money may also be forfeited if the Buyer does not qualify for the mortgage.

***** Do not submit an offer unless you are sure the Buyer is qualified and can perform *****

NO Contingent Offers: No offers contingent upon the sale of another property will be considered by most financial institutions. You can certainly prepare a purchase agreement contingent, but this instructional document has been prepared for you so you have the information needed to have the best chance of getting your offer considered, and the chances of a contingent offer for the sale of another property being negotiated by a financial institution are very slim. It is important to understand, we **do** present **all** offers.

We have prepared this information to answer as many questions as possible for you, prior to writing an offer. Please read completely before calling the agent with questions. Use this outline and discuss these points with your client. It will save you considerable time, and will also give you a much better chance of getting your Buyers offer accepted by the Seller. Also, **please send the attached Buyer/Agent Acknowledgement forms completed along with your offer.** This lets the Seller know you have reviewed all of the pertinent information provided so there are fewer questions later.

Do not enter Warranty Deed...most REO properties are transferred via a **Special Warranty Deed**. Please enter this in the appropriate location on the Purchase Agreement.

Please **use the latest versions** of Minnesota Purchase Agreement forms. (Except DVA properties which require the federal forms. Ask the listing agent for these forms, because the offer process and expense to the Buyer are very different when the DVA is the Seller). This is very important, because your offer will not be presented and your offer will need to be re-written if older or incorrect forms are used.

Offers should be submitted as originals. Deliver to the listing agent office, with earnest money check and proof of funds or pre-approval letter. Originals are needed, since quality is decreased significantly with faxed documents. Offers are submitted to the Seller electronically. It can take from 2 – 14 days for a response depending on the Seller. Counter offers, negotiation and/or final acceptance can also take from 2 – 14 days. Once we have received contracts we will notify you as soon as possible and they will be available for pick up, emailed or faxed to you. Please remember, the Seller is a corporation and their timeframe is different than most conventional Sellers. Make sure your client realizes this process takes patience and they understand this is normal with bank owned property.

How much is owed on this property? This is a question potential Buyers ask regularly. It really does not matter, and has no reflection as to the price the Seller will accept. Before you spend your valuable time writing a “Lowball” offer, understand most of these are rejected, without a counter. The Sellers do not waste time countering unrealistic offers. Save YOUR time. Prior to listing the property Sellers have at least two Realtor® opinions plus a formal appraisal completed to assist them in setting the list price. The Sellers are aware of the condition of the property! Please do not spend your time or your Buyer’s time writing a long list of repairs or fixes needed, as justification for your Buyer’s low offer price. The Seller is aware of the condition of the property and all are sold AS-IS, WHERE-IS. Please do not call to justify your price or plead your case on the home’s condition. We know the condition, and constantly communicate to the Seller. Properties are priced to sell considering the current condition and AS - IS, WHERE - IS. Keep this in mind when presenting these facts to your client.

Repairs may be requested, but normally are rejected. Please write your offer AS - IS, WHERE - IS. The Buyer should have an inspection, but please remember most banks consider an inspection for the Buyers as **informational only and not a reasoning for new negotiations.** Buyer inspections are a very good idea and are encouraged by the Sellers. Also, tell your client to consider a Home Warranty!

DON'T LOSE THE SALE FOR YOUR BUYER! Please follow the Purchase Agreement instructions carefully; if the purchase agreement is not written correctly and time is lost on fixing the details, your client could lose the property to another Buyer! Showings, offers, continue until the Seller has signed and approved a Purchase Agreement, and the potential Buyer has signed/initialed all documents. Remember, the Seller may negotiate several offers at the same time. If you receive a counter offer from the Seller, please remember, the Seller may have countered several offers at the same time.

TIME IS OF THE ESSENCE!

Personal property IS NOT included in the sale. If there are appliances in the property, they may or may not be there at closing. Please tell your clients that it is a BONUS if the appliances are there and to NOT count on them, although normally they will be there. The Seller will NOT allow any personal property in the purchase agreement, and will NOT sign a Personal Property Agreement. Please tell your client to assume appliances are **NOT included**. If there is other personal property, it may or may not be there at closing, but do not assume that it will remain or that it will be removed.

Counter offers will be submitted to you verbally or electronically (via email or fax). Please respond to the counter promptly via fax or email in writing so that we can easily keep track of the negotiations and the changes to the offer. Once the general terms are agreed upon, the Seller will normally send a Counter offer Addendum with their specific language, identifying the price and terms of the contract, which will need to be signed / initialed where noted, and then returned along with the originals of the Purchase Agreement, including the earnest money check (bankers check or cashiers check. The Seller DOES NOT consider the property under contract until all signatures are received from both parties, so please get these documents to us very quickly. **Showings, offers, continue until the Seller has signed and approved a Purchase Agreement, and the potential Buyer has signed/initialed all documents.**

Strengthen your offer - Closing dates should be 20-30 days from acceptance for cash offers, 30-45 days for conventional offers, 45-60 days for FHA & 60-75 days for rehab or 203 type loans. If you set a closing date further out, the Seller will most likely counter it with a closing date that is sooner. If you set a closing date in 5 days, the Seller will most likely counter with a longer time period.

Normally once the offer is accepted, the Seller will provide a counteroffer addendum with a firm closing date. At any given time, there may be and most likely are other offers on the property in various stages of negotiation. If you are in a multiple offer situation, we will call or email you. Always bring your best offer. Once an agreement is fully executed and contingencies are removed, we will mark the property "Pending" in the MLS system. Showings will continue if requested. If the front desk says it is available and confirms your showing, the property is still available, regardless of other offers that may be on the table. Bring your offers, get signatures, and remove contingencies promptly as we are required to continue submitting offers until all loose ends are tied up!

Once an offer is accepted, **deliver the originals promptly**. We continue presenting offers until we have a fully executed contract. Any delay delivering originals could result in another offer being accepted in the interim. Once you have been informed we have a verbal acceptance, get all documents to the listing agent office immediately!

Seller required per diem. Please advise your Buyer that the Seller will require a **per diem penalty** if the closing does not happen on time, through no fault of the Seller (example: delay with Buyer mortgage company). Make sure you talk to the Lender, so they are aware of the situation. It's better to have it understood completely initially. Make sure the Lender is aware of the closing date deadline. Per Diem amounts may be \$100.00 a day or more, and some are significantly higher. Some are defined as a percentage of the total sales price. Please read the counteroffer addendum carefully with your Buyer **and** the Lender once it arrives.

While at the property, please let us know of any vandalism, property damage, or other issues you think we may not be aware of. These properties seem to be targets for break-ins and vandalism, and even though we inspect regularly, if an issue DOES come up, we want to know about it quickly, and we may not know for a while unless you tell us. We prefer to have shades / curtains drawn, if possible and always make sure the doors are locked securely! Sometimes we may leave certain lights on. Please, if the lights were on when you arrived, leave those same lights on when you leave. If the heat is on, leave it on. If it is off, leave it off. Please don't change the settings.

If the property is winterized and your client chooses to do an inspection, the **property WILL NOT be de-winterized** by the Seller for an inspection or appraisal prior to closing. De-winterization and re-winterization cost & scheduling is the responsibility of the buyer, similar to any inspection. If freeze damage was found at the time of winterization and we were made aware of it, you will be told. We disclose all we know about the property. Please make your client aware that they are buying at their own risk with regard to plumbing and undiscovered freeze/pipe damage. It is your Buyer's responsibility to de-winterize the property for an inspection / appraisal and to re-winterize following the inspection. The property must be winterized up until a successful closing has been completed.

Truth in Housing / Code Compliance is uploaded to MLS Supplements as soon as they are available, if required by city. Sorry we do not have info such as: Surveys, Plat Drawings, whether lots can be subdivided or age of updates. Please refer these questions to the appropriate governing authorities.

Please encourage your Buyer to do their due diligence on the property. Much of the property information is from previous MLS listings and/or tax records. We do not have the luxury in most cases, to speak with the previous occupants of the house. **BUYERS AGENTS ARE RESPONSIBLE FOR VERIFYING ALL INFORMATION**. We suggest you always recommend an inspection and title insurance. The Seller will clear title issues, but any other matters must be verified and researched by you and your client. **Verify all information and measurements at all times**. Remember, your client will be signing paperwork that releases the Seller from all responsibility for previous municipal billings so tell your client to do their homework!

Because title is opened when the file is assigned, and because there may be title issues to clear, the Seller prefers the Buyer use the title company of the Sellers choice. **THIS IS NOT REQUIRED.**

Closing Date – For the benefit of the Buyer and the Seller, closing dates should be chosen carefully. Our suggestion is to make sure the date **IS NOT** on a Friday, or the last 4 business days of the month. Our best suggestion is Wednesday. In contrast with "normal" purchases, the Buyer will sign all closing documents first, and then the package including the HUD is sent to the Seller. The funding does not take place and possession is not given until the Seller signs the documents and they are returned to the closing company. This means, the actual possession (keys for the property) is not handed to the Buyer until all documents are complete and the funding has taken place. This could be 24-48 hours (or more) after the Buyer signs their documents. Don't plan on a "move in" weekend following the closing.

If you include closing costs, please use the correct addendum (point's addendum) and do not write freehand on the Purchase Agreement. Closing costs should be a specific dollar amount, not a percentage.

The **Buyer is responsible for transferring all utilities to Buyer immediately** after closing. Most utility companies have 24 hour customer service desks. There are some exceptions, including local City Water / Sewer, which should be done the day before the closing day. Buyers should arrange for meter readings before closing. If Buyer fails to turn all utilities to Buyer's (or new occupant's name) immediately, Buyers will be charged additional penalties and fees. We also reserve the right to bill the Buyer's Agent if the Seller, Seller's agent or Utility Company is unable to contact or collect from the Buyer. If billed, Buyer's Agent will pay and therefore have to seek collection from Buyer. To avoid this situation, transfer all utilities immediately.

Earnest money in the form of a cashier's check. Sellers require a cashier's check.

Please have your **Buyers Loan Officer complete the Lender Questionnaire** and submit this page along with the Lender pre-approval or cash letter. Have your Buyer sign the form, forward to the loan officer, and then the loan officer should return the form along with the pre-approval letter (for mortgages) or proof of funds letter (for CASH offers). **All offers must have either a proof of funds letter, or a pre-approval letter included with Purchase Agreement.** Pre-approval letter must include:

Property address

Price offered

Terms of Loan (30 year, ARM, etc.)

Buyer's name (must match the purchase agreement)

Must state the Lender has the information needed including employment verification, tax records, etc.)

You should now be ready to write your Purchase Agreement. If you have further questions, please call and leave a detailed message and we will get back to you as soon as possible. Thank you for taking the time to read through this as it probably saved us all a lot of time!

Agent / Buyer Information Acknowledgement

I, _____ the Buyer's Agent
have read the attached instructions and informational packet, and acknowledge that I have
thoroughly discussed these details to my client(s) on this date _____.

Buyer's Agent: _____ (Name printed)

Company Name: _____

Signature: _____ Date _____

I / We, _____

_____ (Name printed)

the potential Buyer(s), have read this informational packet / disclosure and discussed any and all
potential issues / questions with my / our Agent:

Buyer's Name(s): _____ (Name printed)

Buyer Signature: _____ Date _____

Buyer Signature: _____ Date _____

Lender Questionnaire / Acknowledgement

Borrower: _____

Property Address: _____

Please complete this questionnaire, return it to us as soon as possible. This will allow the offer the borrower has written, to be properly considered by the Seller.

The borrower has submitted an offer on our client’s property. The Seller requests these questions be answered, before responding to the offer.

Does the borrower have a property to sell? _____

Have you verified?

W-2’s _____

Tax returns _____

Cash to close _____

Employment _____

Borrowers middle credit score _____.

What are the required conditions of the loan approval, other than the acceptable title work, appraisal?

To the best of my knowledge, the information provided above is true and correct.

_____ **Loan Officer (Printed Name))** _____ **Date**

_____ **Loan Officer Signature**

_____ **Company**

I hereby authorize my Lender to provide the above information concerning my loan application to the Sellers, and Sellers Agent

_____ **Borrower(Printed Name)** _____ **Date**

_____ **Borrower(Signature))** _____ **Date**

_____ **Borrower(Signature))** _____ **Date**