

For More Information

For more information about home-buyer education and pre-purchase credit counseling, contact these HUD-approved agencies:

Consumer Credit Counseling Service of Southern Nevada
2560 S. Jones Blvd.
Las Vegas, NV 89146
Phone: (702) 364-0344
Web: www.cccsnevada.org

Housing for Nevada
285 E. Warm Springs, Suite 106
Las Vegas, NV 89119
Phone: (702) 270-0300

Women's Development Center
4020 Pecos McLeod
Las Vegas, NV 89121
Phone: (702) 796-7770
Web: www.wdclv.org



Will the seller pay for repairs?

A typical REO is sold "as is," meaning that the seller will not do repairs on the property or provide funds at closing for repairs. However, buyer's agents may still ask for repairs and attempt to negotiate that point. As the adage goes, "you won't know unless you ask."

Should I have a home inspection?

Although an REO seller may not provide a property disclosure or make repairs, the buyer is still entitled to have an inspector review the home. Buyers should consult whatever qualified professionals (home inspectors, mold inspectors, pest/termite inspectors) they desire to determine the state of the property and that the property meets their needs. Check with your agent about the applicable time period (due diligence) for having such inspections.



This brochure provides general information and is not intended to provide advice on any specific question or transaction. Please check with your real estate agent and broker to determine their business practices and procedures. Parties to any real estate transaction should seek competent legal and/or tax counsel to determine the legal, credit and tax consequences of buying or selling a home.

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What
BUYERS
Need to
Know
about
REO



Frequently Asked Questions

What is REO?

REO means "real estate owned" and is a term used by the financial industry to describe properties (assets) that a financial institution has repossessed by foreclosure, a deed-in-lieu of foreclosure, or other means. REO properties are also called "bank owned" or "corporate owned" because the owner of record is an institution instead of a natural person.

Is an REO property a better deal than other properties on the market?

Only a willing buyer and seller determine the purchase price of a property. Just like other resale homes, REO properties will have different amenities and be in various stages of age and repair. All of these factors influence the price that a buyer and seller are willing to agree on.

What kind of financing is available for an REO property?

It is a sad truth that some REO properties have been vandalized. Certain loan products (for example, FHA loans) are not available for properties that do not have certain appliances, floor coverings or utilities. Check with your loan provider for complete details about your loan requirements.

What happens after my offer is written?

Your agent will submit the offer to the listing agent for presentation to the seller. Many REO sellers use internet-based programs, and your agent or the listing agent will enter the material terms of the offer into the program for the seller's review. Your agent may ask the listing agent about the seller's review policies and timeframes, for example, whether offers are reviewed on a specific day of the month or after the property has been on the market a certain length of time.

How long will it take to receive an answer?

The response time varies according to the seller and its internal procedures, and whether there are investors involved on the seller's side. It is not unusual for a response to take two to six weeks. Often, the response will be provided to the listing agent verbally or via an email. The agents will then work together to reduce the agreement to "hard copy" and obtain signatures. If you have a specific deadline or timeframe for purchasing a home, you should discuss that with your agent.



How will I know if I'm competing against other potential buyers?

Listing agents may or may not have authority from the seller to disclose multiple offers. The REALTOR® Code of Ethics requires a listing agent to have approval

Can I choose the title company?

Before disclosing the existence of other offers on the property, a seller may respond to numerous offers with a "multiple counteroffer." This document alerts two or more buyers that they are in a competitive situation. If you receive such a counteroffer (or any counteroffer), carefully review it with your agent.

Typically, the banks and lenders who have foreclosed on these homes have established business relationships with title companies, who often act as the escrow holder. Even before a home is put on the market, the title company may have opened a file and started its research on the title. Under federal law, a seller cannot require a buyer to purchase title insurance from a particular company, but if the seller is paying for the buyer's title policy then the seller may choose the title company. If you have already written out a check for earnest money, you may have to issue a new check to a different title company. For a consumer's guide to title insurance, go to www.doi.state.nv.us.

What kind of disclosures will I receive from the seller?

Federal and state laws require a seller to make certain disclosures to a prospective purchaser. The "Residential Disclosure Guide" provided by your agent outlines these disclosures. Some disclosures, such as the Seller's Real Property Disclosure, may be waived according to state law. Others, such as the Common Interest Community resale package, may not. If you close escrow without receiving a disclosure, your right to sue for such a failure may be affected.