



Purchasing a short sale or REO property

Tips that can help you help your clients

Whether you have experience with short sale and real estate owned (REO) properties or you're just getting into this market, here are some tips that can help you set expectations for your clients and guide them to a successful closing.

- 1. Understand the process.** Short sale offers must be approved by several parties, including all investors, lien holders, and mortgage insurers. REO offers also may need to be approved by several bank officials or investors rather than a single homeowner. Understanding these processes can help you set client expectations regarding documentation, approvals and time frames.
- 2. Encourage clients to get prequalified.**¹ Prequalification gives homebuyers an estimate of how much they can comfortably afford. Also, homebuyers who make an offer on a Bank of America® REO property must be prequalified by a Bank of America mortgage loan officer, even if they get their mortgage from another lender.
- 3. Know where to look for REO properties.** You and your clients can begin your search on the Bank of America [Real Estate Center](#),[®] an online source for Bank of America REO listings.
- 4. Insist on a professional home inspection.** Since short sale and REO properties can be sold as is, a thorough, professional inspection will give you the information you need to advise your client about the fair market value of the home.
- 5. Help your client make a reasonable bid.** With both short sales and REOs, the mortgage servicer has a duty to investors to sell at the best price possible, so list prices are set at fair market value. Advise your clients that to be successful, they should submit their best offer first.
- 6. Have a title search done.** This is especially important for REO properties, because some liens on the title may not be uncovered until the closing process begins. It is also important with short sales, although clearing liens should be handled by the seller as part of the approval process.
- 7. Work with the seller's agent.** With short sales and REOs, the seller's agent works directly with either the mortgage servicer or the bank that owns the home. To avoid delays in approval, check in frequently, respond quickly to documentation requests, and communicate changes promptly.
- 8. Learn about financing options.** For instance, an FHA 203(k) renovation loan combines the cost of the home purchase with the cost of repairs into one loan,² making it a good option for a short sale or REO property that needs renovation. A Bank of America mortgage loan officer can tell you more.

To learn more about short sale and REO properties or to contact a mortgage loan officer, continue exploring our [Agent Resource Center](#).

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¹ Prequalification is neither preapproval nor a commitment to lend; borrower must submit additional information for review and approval.

² \$5,000 min. loan amount. The minimum down payment for single family residences is 3.5% of (1) the sum of the purchase price and cost of improvements, or (2) the as-improved appraised value, whichever is less. All renovation construction and/or additions financed with Section 203(k) mortgage proceeds must comply with HUD; ask for details. Where required, work must be performed by a licensed contractor. Timing of resale of property subject to restrictions. Renovation construction must begin within 30 days of closing and all work must be completed within 6 months of closing. Subject to satisfactory appraisal report(s). Not available for investment properties. Restrictions on secondary financing may apply. State restrictions may apply. Minimum credit scores apply. Not all applicants will qualify.