

4 Hot Tips for Working with Escrow on an REO Closing

Real Estate Owned transactions are much more common now than in recent years. And if you're a Real Estate agent in the Seattle area, chances are you've been doing your homework on how to make these types of transactions flow better for everyone involved. Our escrow team has put together a few tips that will help:

- 1. The Seller requires the Buyer's name(s) to appear on the purchase and sale EXACTLY how the vesting will be displayed on the ensuing Deed.** If there is a discrepancy between the two, the Seller will require an addendum to rectify this discrepancy. This can save a ton of time in the beginning portion of the REO Process and help eliminate future delays in closing.
- 2. Always review the Seller's "Counter Addendum" to avoid surprises.** Escrow reviews the Counter Addendum for instructions regarding the closing. Some things we normally see addressed are: Closing extension fees, max seller paid closing costs, excise tax, actual closing dates, "property as is" clause, utilities 'not' paid through closing, etc.
- 3. Remind your Buyers that their Lender's delivery of Loan Documents is the beginning of the final stage of closing.** This means Escrow absolutely needs the Loan Documents to generate a HUD for the Buyer's Lender to approve. Consequently Escrow cannot send a HUD for the Sellers approval until the Buyer's Lender is satisfied with the Buyer's portion of the HUD. This is different than your standard transaction where your seller can sign a head of time.
- 4. Depending on the Seller and their processing time frames; reviewing, signing and returning the Seller Approved/Signed HUD can take anywhere between 24-72 hours.** What this means is the Buyer's Lender cannot fund the transaction until they have a Seller Approved HUD, even if Escrow has signed and submitted the Buyers funding package to the funding department. This is a commonly misunderstood portion of the process and can help set Buyer expectations in the final days of closing. It is best to plan for the full 72 hours anticipating any last minute delays from the seller.

How about you? Do you have questions or feedback regarding the REO closing process? Please leave a comment on our blog at TicorBlog.com!

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**Some charges may apply, in accordance with Washington State Office of Insurance Commissioner Guidelines*