



REO-Bank Sale Closing Process:

Buying an REO (Real Estate Owned) property is a little different escrow process than your standard home sale. Realtors and Buyers need to remember that they are in escrow with a Bank/Lender (the "Seller") and the Bank/Lender has strict procedures in place that must be followed during the process. Here is a glimpse of the details to look out for if you're in an REO transaction.

Understanding these details can help you set the proper expectations with buyers and help ensure that your REO escrow goes as smooth as possible.

The Seller - In an REO transaction the Seller is an "out of state" Bank. The Bank contracts a 3rd party "Asset Management Company" which represents them in the transaction and approves the final escrow closing documents. All correspondence is done by email or by their website.

Title Commitment (prelim) - Escrow will handle ordering title to insure it is ordered from the appointed "title company". This could be a local or national division depending on the arrangements the Seller has made.

Home Owners Association (HOA) - If you are aware of an active HOA, please be sure Escrow is also notified to insure all delinquent dues are paid current at time of closing.

Loan Documents - Should be delivered to Escrow five working days prior to closing. Once loan documents are **received** and Buyer's Lender has approved the estimated HUD Settlement Statement, escrow can set an appointment for the buyer. The earlier the documents are available, the better the chances are of an on-time closing. A HUD Settlement Statement should be available to the Lender 24 hours after receipt of Loan Documents.

Courtesy Signing - If the Buyer is unable to sign with the assigned Escrow Officer, an approved Mobile Notary will be required and an additional fee could be charged. Your Escrow Officer will arrange for the courtesy signing once the loan documents have been received.

Seller Documents - Seller documents **cannot** be sent until Buyers documents have been received. The REO Seller and their 3rd party Asset Company may require 24-72 hours to approve the HUD after ALL demands have been received.

Courier Fees - Buyer courier fees will be "estimated" at time of signing and adjusted to the actual cost of courier fees at the time of funding.

Buyer/Lender Funds for Closing - To meet closing deadlines, we highly recommend wiring the funds. If you send a Cashier's Check it will need to be held in the Trust Account overnight before we can record. If a Personal Check or Official Check is presented, it could require a 10 day hold before we could close and disburse funds.

Funding - Escrow will coordinate with the Buyer's Lender on the Bank's HUD approval before funding can occur. (Changes to the Seller's side of the HUD require additional Seller approval).

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