



# Title and Escrow Tips and Bits in REO Transactions

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REO stands for “Real Estate Owned” property. It refers to real estate that is now owned by the lender after going through foreclosure proceedings. The parties in an REO transaction are generally the buyer, the asset manager or lender, the listing Agent, the selling Agent, the mortgage broker/Buyer’s Lender, and the attorneys on behalf of Asset Manager (not always).

## To close an REO escrow successfully:

- **Communicate** and always stay in contact with your Asset Manager and your escrow officer; especially when changes occur. Get approval from the manager for any changes made.
- **Forward** all necessary documents to be executed to the Asset Manager in a timely fashion. Most REO contracts have penalties associated with closing late.
- **Know** who your contact is; sometimes you are dealing with the Asset Manager and an attorney.
- **Credits!** Be sure to review the sellers closing addendum as to the specifics of the credits. Some REO sellers restrict the fees that they will pay. READ the addendums. There may be limits to points, discount fee and most fees paid outside escrow are unable to be credited. Also, tax proration’s and HOA proration’s are never included. Be sure to advise the mortgage broker as to the credit limits.
- **Title!** All REO lenders require that the escrow agent send the Deeds out in advance of closing. Escrow agents will draw deeds as per the original contracts. If a spouse and/or co borrower needs to be added, be sure to send the listing agent and the escrow agent a copy of the addendum to add the additional buyer. If loan documents are received with additional names or not all names, this will delay the closing also. This needs to be communicated to the Mortgage Broker also.
- **Time is of the Essence-** know your closing date and make sure that all parties are aware of this date. An Asset Manager can pull the transaction if the closing date is not met.
- **Green Light** – The Asset Manager must give the final blessing to close escrow. Never close without that final approval!
- **Don’t Assume** anything!