



Disclosure and Recommendation for Buyer(s) of REO Property

This disclosure and recommendation is provided by the real estate company know as Premier Realty Associates (hereinafter "Agent" to _____, (hereinafter "Buyer") regarding BUYERS purchase of _____ (Hereinafter "SUBJECT PROPERTY") from _____ (Hereinafter "REO Seller").

1. BUYER understands that REO SELLER is a lender (or lender's servicing agency) who foreclosed on SUBJECT PROPERTY, and is now selling the SUBJECT PROPERTY. Most often, buyers are attracted to REO property because of the widespread belief that REO sellers agree to lower prices than most non-REO SELLERS. BUYER acknowledges that this may or may not be true regarding the present transaction.
2. AGENT has explained to BUYER that REO SELLER has very limited knowledge of any adverse conditions affecting SUBJECT PROPERTY. REO SELLER is generally exempt from providing the Real Estate Transfer Disclosure Statement which is normally required on residential property of one, up to four units. Therefore, AGENT has strongly recommended that BUYER obtain as much information as possible by utilizing the services of license contractors and other such experts during BUYER'S physical inspection time frames. BUYER is greatly encouraged to take full advantage of all inspection opportunities, since REO SELLER will not be providing disclosures relating to SUBJECT PROPERTY. BUYER further acknowledges that AGENT does not possess the skill and expertise afforded by licensed contractors. AGENT'S inspection, when required, is limited to a visual inspection of accessible areas of SUBJECT PROPERTY.
3. AGENT discloses that REO SELLER'S offer or counter-offer language is strictly one-sided favoring REO SELLER, and therefore BUYER will not enjoy the rights and remedies afforded BUYER in a non-reo transaction. The terms of REO SELLER'S Purchase Agreement/Counter Offer may include, but not limited to, the following types of clauses which pose various risks to the BUYER:
 - Very few BUYER contingencies which are automatically removed by the passage of short timeframes (example: 15 day loan contingency; BUYER'S lender approves loan on day 14, then on day 16 BUYER'S lender declines to make the loan for reasons including a change in lenders guidelines. Now if BUYER cannot close the transaction, BUYER may lose BUYER'S deposit.
 - REO SELLER'S unlimited right to cancel at any time, for any reason, and/or if REO SELLER'S supervising committee decides to disapprove. BUYER risks losing money spent on appraisals, inspections, time, etc.
 - Release clauses whereby BUYER releases REO SELLER, and sometimes REO SELLER'S real estate agent, from any liability relating to the transaction, including the condition of the property.
 - No REO SELLER promise to vacate persons living in SUBJECT PROPERTY. It may be up to BUYER to remove tenants or vagrants from SUBJECT PROPERTY.
 - Clauses limiting BUYER'S remedies in the event REO SELLER breaches the contract (establishing a small dollar damage amount and eliminating BUYER'S right to sue for Specific Performance).

BUYER SHOULD REVIEW ALL DOCUMENTS WITH BUYER'S ATTORNEY BEFORE SIGNING.

BUYER _____ DATE _____

BUYER _____ DATE _____