

Successfully Selling Bank-Owned Properties

Revised 10.17.07



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DISCLAIMER: THIS DOCUMENT IS REVISED FREQUENTLY. IT IS YOUR RESPONSIBILITY TO CHECK THE WEBSITE WWW.FIRSTPRESTON.COM FOR UPDATES TO CONFIRM YOU ARE USING THE MOST CURRENT VERSION. THE LATEST REVISION DATE IS LOCATED IN THE BOTTOM LEFT HAND CORNER. ALL PREVIOUS EDITIONS ARE OBSOLETE.

General Information

WHAT IS A BANK-OWNED HOME?

A Bank-Owned home is a property that a bank or financial institution acquired through foreclosure or deed in lieu of a foreclosure. Typically, these homes are then marketed for sale to the general public.

WHO CAN BUY A BANK-OWNED HOME?

Any qualified buyer can offer to buy a bank-owned home, regardless of race, color, religion, sex, national origin, handicap, or familial status. First Preston abides by all U.S. Fair Housing standards and guidelines. Qualified buyer requirements are specified under “Pre-Qualification” section of this Guidebook.

WHO CAN SELL A BANK OWNED HOME?

Any licensed real estate professional may show and submit offers on Bank-Owned properties in the state in which they are licensed.

Register as a Selling Agent

REGISTER AS A SELLING AGENT ON THE BIDSELECT SYSTEM

To become a registered Selling Agent go to BidSelect.com and follow the registration instructions, or go to www.firstpreston.com and access BidSelect.com.

- At the main page, find the section entitled Real Estate Professionals.
- Select Property Listings

At the next screen, find the section on the right side of the screen entitled

Buyer and Broker Info

- Select Join the Broker Select Network.
- Read the information listed under Buyer Center Account Sign Up. Then, under Account Type, choose the type of broker registration you desire.

The account types from which you may choose are:

Selling Agent - There is no fee to register as a Selling Agent on the www.bidselect.com system if you choose the option entitled Selling Agent – FREE. This choice is the second option found under the Account Type drop down menu. Registering as a Selling Agent gives you immediate access to submit offers on Bank Owned properties via the www.bidselect.com electronic bidding system. When you register, your contact information will be displayed for any potential buyer throughout www.bidselect.com under the search function “Find a Registered Broker”.

Broker Select Network Agent - Choosing this option requires annual payment of a \$99.00 registration fee. This choice is the first option found under the Account Type drop down menu. Registering as a Broker Select Network Agent gives you immediate access to submit offers on Bank Owned properties on www.bidselect.com. This account type also offers you the opportunity to provide detailed profile information that will be available to Asset Management companies and Lenders that are also clients of www.bidselect.com. These companies will have access to review your information and to enlist you as a Listing Agent for their property listings. Another benefit of registering as a Broker Select Network Agent is that your contact information is displayed as a Preferred Agent for potential buyers seeking agent representation under the search function Find a Registered Broker.

After selecting your desired broker account type, proceed to enter your Name, E-mail Address, Phone and Fax numbers and then create and enter a unique Buyer Center ID and Password, which you will use every time you access your account on the www.bidselect.com system.

Be sure to proofread all of the data you entered and then read the Terms of Use. If you agree to the terms listed, check the box at the bottom of this screen and click the Submit button.

At the next screen, enter your contact and business information in the fields provided. Again, please proofread the data entered, and when ready, click the Continue button at the bottom of the screen.

At the next screen, under the section entitled Licenses, enter your real estate license number and current expiration date for each state in which you are licensed to sell real estate.

You may either complete or bypass the section entitled HUD Registered Broker's Information depending on whether you also desire to register on www.bidselect.com to act as a selling agent for HUD owned properties. If you choose to complete the HUD section, you must enter your Federal Tax Identification Number (FIN) or Social Security Number (SSN) [depending on how you registered with HUD] AND your Name Address Identification (NAID) code.

Complete the Brokerage Information section and click the Continue button at the bottom of the screen.

At the Account Creation screen, enter the Buyer Center ID and Password you selected. Check the Terms of Use box again. Review the Agent Policy terms and if you agree, check the certification box and click the Submit button at the bottom of the screen. The next page will confirm your registration on the www.bidselect.com Buyer Center system.

Updating your contact information: Your www.bidselect.com contact information profile must be current each time you submit an offer on the site. To update the information in your contact profile, log on to

www.bidselect.com using your Buyer Center ID and Password. Under the My Buyer Center tab, select the My Profile option and then select the My Profile Contact Info option. You can update most of your contact information except for the name of your company and your zip code. If you attempt to update these fields, a notice will pop up advising you to contact BidSelect Customer Service at customerservice@bidselect.com for assistance in changing that information. If you have to change your company name or zip code, please be sure to coordinate with BidSelect Customer Service to update this information prior to submitting a new offer on the site. Failure to ensure that all of your contact profile information is current at the time you submit an offer may result in cancellation of the offer your presented.

New Listings and Electronic Offer Submission

NEW LISTINGS

New listings are posted only on Tuesdays. Brokers and agents are invited to check our website (www.firstpreston.com under Property Listings: Bank-Owned Homes) throughout the day on Tuesdays to see new listings. Bidding may begin as soon as the new listing appears as available for bidding on our website.

ELECTRONIC BIDDING PROCESS AND BID PERIODS

Bank-Owned properties managed by First Preston are typically sold through electronic offer submission. Properties are offered for sale during the sales periods specified below. Real Estate Professionals may submit offers for properties as soon as they are listed as available on the Internet. Visit our website at www.firstpreston.com or www.bidselect.com for current listings and other information. Properties are also listed in the Multiple Listing Service (MLS) by a Listing Broker. The Listing Broker is a competitively selected subcontractor who provides specific local real estate services. The Listing Broker is a source of assistance and information and will be able to assist you with access and basic questions regarding the property.

Offers are opened daily **except weekends and holidays**, and the results are typically posted on www.bidselect.com by Noon the next business day. It is critical to log on to www.bidselect.com to view the results of your offer. This process is important, as the results posted constitute formal notice of seller's response to your offer. You may also receive a courtesy e-mail notice regarding your bid, however receiving or failing to receive such a notice does not relieve you of responsibility to check your www.bidselect.com account. To view the seller's response to your offer, log on to www.bidselect.com and click the View Offers option under the My Buyer Center tab and find the address of the property in question.

Bidding for new listings -- Days 1 – 7 (*unless otherwise noted in the bid deadline*)

- All offers received during this period are considered as though they were received simultaneously.

- During the next business day after the initial 7-day period, offers received electronically will be reviewed. From these, the offer that returns the highest **acceptable** net amount is acknowledged as the **“winning offer”**.

Daily bidding – Beginning on the 8th Day

If there are no acceptable offers during days 1-7, offers submitted thereafter will be opened on a daily basis. At each daily review, the determining factor is the highest net proceeds to seller. Offers **are not opened on weekends or holidays**, but are opened and reviewed on the next business day.

HANDLING OF SALES COMMISSIONS AND CLOSING COSTS WHEN BIDDING

Sales Commissions and closing costs **must be included in the offer terms at the time of bid submission** as commissions and closing costs concessions will not be negotiated or incorporated subsequent to First Preston's acknowledgment of the original offer terms as acceptable.

Special notes:

- The www.bidselect.com system automatically calculates the listing agent commission percentage when an offer is placed. The selling agent commission automatically calculates at 3% of the sales price, or at whatever default commission rate is applicable if a flat fee or special rate commission is offered by our client. The selling agent may modify their commission amount from \$0 up to a maximum of 3% (or whatever special commission rate may be offered) of the sales price by typing over the commission figure listed on the bid form.
- If closing cost assistance is requested of seller, please note that only closing costs which are considered normal and customary costs for buyers in the locale will be honored by seller.
- Please note that properties are offered for sale in an AS-IS, WHERE-IS condition. Do NOT include amounts for repair allowances or concessions when requesting closing cost assistance from seller.
- The Seller will not obtain or provide a Survey, Termite Inspection or Home Warranty. Note: The cost for the Survey, Termite Inspection or Home Warranty cannot be paid from Buyer's Closing Costs that are paid by Seller.

MULTIPLE OFFERS BY ONE BUYER ON THE SAME PROPERTY

If more than one offer is submitted on behalf of the same buyer during the same bidding period, the highest offer will be the only one considered. You must cancel any offers you wish to withdraw using the Offer Cancellation feature on www.bidselect.com **prior to bid opening**. No changes or corrections are allowed after the bidding period closes.

LISTING PURCHASER NAMES

When placing your bid on the BidSelect.com system, there is an option to represent your buyer as an Owner/Occupant or as an Investor purchaser. If your buyer is an owner occupant purchaser, please always list the **buyer's full, exact legal name as it shall appear on title**. If your buyer is an investor purchaser buying under their individual name, please enter the **buyer's full, exact legal name as it shall appear on title work**. If your investor buyer is purchasing as a Corporation, Trust or LLC, enter the registered, business name and Federal Tax Identification number for this entity. And if a Corporation, Trust or LLC, the signatory must provide evidence of his/her Authority to Sign on behalf of the entity, such as Articles of Incorporation/Organization, Trust Documents, etc. When printed, the sales contract addenda documents list the purchaser's name exactly as listed on the electronic bid.

INCENTIVES

At times, the seller may authorize inclusion of a selling agent incentive. If a property is listed with disclosure of a Bonus To Selling Agent, please do **NOT** attempt to include the amount of the "Bonus" into the basic Selling Agent Commission amount when entering your offer on BidSelect.com. This "Bonus" will not be reflected in the contract terms, but will appear on the HUD-1/Settlement Statement only.

HANDLING OF COUNTER OFFERS

In the event the seller counters your offer, you will receive an auto-generated e-mail notice entitled "Request for acceptance of counter..." **Not all offers will be countered by the Seller**. Please follow the directions provided on the notice to access your account on the www.bidselect.com site, to see the Seller's counter terms.

After logging on to www.bidselect.com using your My Buyer Center ID and password, under the My Buyer Center tab, select the My Offers option and then the View All option. Look for the address of the property in question and then click on the CONF number cited below the property address; this will open the seller's counter response for your review.

Buttons at the bottom of the screen allow you to select the option you desire: you can **1). accept** the counter offer, **2). reject** the counter offer, or **3). counter** the seller's counter. Should you elect to provide a counter response to the seller, please click the **Counter** button, type your counter terms over the data listed in the applicable data cells and click **Submit** to send your counter terms to the seller. **You must respond to the seller's counter proposal within 24 hours of receiving the email notice otherwise the counter proposal will be nullified.**

OFFER STATUS CATEGORIES AND DEFINITIONS AS FOUND ON BIDSELECT

- * **Offer Created** - Offer entered, but not submitted. Click on Offer Pending link to pull up and submit the offer.
- * **Offer Submitted** – Has been successfully submitted in BidSelect but not reviewed yet by First Preston/Asset Manager.
- * **Offer Reviewed** – Offer was reviewed, however not acknowledged as the acceptable offer.
- * **Offer Acknowledged** – Status of an offer that was reviewed and acknowledged as the accepted offer by the Asset Manager.
- * **Offer Not Considered** – Status of an offer that will not be reviewed by the Asset Manager either because the property was held off the market, or because another offer for that property was acknowledged as the accepted offer.
- * **Offer Marked for Negotiation** – Temporary status of an offer that the Asset Manager has marked to be countered; however the terms of the counter offer are not yet finalized.
NOTE: If we are involved in negotiations with another purchaser at the time you desire to submit your buyer's offer, the www.bidselect.com listing record will reflect that the property is: In Negotiation – New Offers Accepted, this means that though we are currently under negotiation with another buyer, you can submit an offer on www.bidselect.com, however, please take note that your offer will not be opened or considered until or unless the pending negotiations with the other buyer conclude without a sale and if so, new offers will be opened on the next business day after negotiations are concluded.
- * **Offer Countered** – Status of an offer that the Asset Manager has countered. Offers in this status are awaiting online response from the agent.
- * **Counteroffer Countered** – Status of an offer where the Agent has countered the Asset Manager's counter offer. Offers in this status are awaiting online response from the Asset Manager.
- * **Best and Final Requested** – Status of an offer that the Asset Manager has requested a best and final offer. Offers in this status are awaiting online response from the Agent.
- * **Pending Acknowledgement** – Temporary Status of an offer where the Agent has accepted the counter offer terms however the BidSelect Offer Results report has not yet been updated to reflect the acknowledgement. Or the temporary status of an offer where the Best and Final offer that was submitted by the Agent has been accepted by the Asset Manager however the BidSelect Offer Results report has not yet been updated to reflect the acknowledgement.
- * **Terms Rejected by Buyer** – Status of an offer where the Asset Manager's counter offer was rejected by the Agent.
- * **Terms Rejected by Seller** – Status of an offer where the Agent's counter offer was rejected by the Asset Manager.
- * **Offer Expired** – Status of an offer that was countered or a best and final offer was requested by the Asset Manager, and an online response was not received from the Agent prior to the deadline.

Deadline for Contract Package Delivery

AFTER YOUR OFFER HAS BEEN ACKNOWLEDGED AS THE 'WINNING' OFFER

If your offer has been acknowledged as the “winning offer”, you have a maximum of **48 hours** (weekends and holidays excluded) to deliver a **complete and correct** contract package to First Preston Management. Please look at your Contract Package Checklist in your BidSelect account and that was printed with your contract package when you submitted your bid to determine the correct First Preston office mailing address for your contract package.

Do NOT send the package to the Listing Broker or any other First Preston address. Use an overnight or express mail delivery service that offers a receipt and tracking number. Simply postmarking within 48 hours is NOT acceptable; receipt by First Preston Management’s Marketing Department is required.

PLEASE NOTE:

- No offer acknowledgment is final, nor is the offer considered to be accepted, until all required contract documentation is received and fully executed by First Preston Management’s Marketing Department. Late or incomplete contract packages are always subject to rejection.
- The seller may withdraw a property before the contract is ratified, thereby canceling or voiding the offer. You will be notified should this happen. Our clients reserve the right to cancel offer acknowledgment for any reason prior to contract ratification.

The required contract documents are as follows. Please use this list to double-check your contract package before submitting to First Preston Management.

CONTRACT PACKAGE CHECKLIST

Original State or Real Estate Board approved Sales Contract – with original signatures
Offer Worksheet Addendum (1 Page)
Bank approved addendum to Contract (4 Pages)
Lender issued Pre-qualification or Pre-approval Letter. Or, if cash sale, include proof of funds available such as a bank statement or letter from financial institution verifying funds available for no less than the agreed offer price. Check the BidSelect website as special conditions may apply to the pre-qualification letter.
Copy only (do not send original check) of required earnest money deposit (as specified below) made payable to: 1. The selling (Buyer’s) agent’s real estate company’s escrow account as required in non-escrow states, or 2. The designated closing agent for the seller (See Offer Worksheet Addendum form for name of closing agent).

- \$1,000 for sales prices below \$99,999
- \$1,500 for sales prices between \$100,000 and \$199,999
- \$2,500 for sales prices between \$200,000 and \$499,999
- \$7,500 for sales prices at \$500,000 and above

NOTE: THE EARNEST MONEY CHECK MUST NOT BE MADE PAYABLE TO THE SELLER or FIRST PRESTON MANAGEMENT

Forms required by a local or state real estate commission/board

Lead Based Paint Disclosure Addendum (only if home was built before 1978)

Disclosure, Release and Indemnity (only if property has evidence of mold)

EARNEST MONEY DEPOSIT – ACCEPTABLE FORMATS

Along with the original contract documents, the Seller requires receipt of a photocopy only of the Earnest Money Deposit, which must be in the form of “certified funds”. Acceptable formats are Cashier’s Check, Official Check, standard Money Order, Bank Money Order. “Personal” Money Orders or personal check are not acceptable unless accompanied by a “proof of deposit” to the selling agent’s escrow account.

AGENCY DISCLOSURE AND STATE REQUIRED DOCUMENTS

In compliance with applicable state requirements, please include any agency disclosure forms or other state required contract documents with the contract package for review by First Preston’s signatory.

ERRORS ON THE SALES CONTRACT OR ADDENDA

Make every effort to complete and submit the contract package correctly upon original submission as mistakes may result in the cancellation of the offer. If a contract package is delivered to First Preston on time, but contains errors or omissions, you may receive a “Request for Contract Correction” at the fax number that was input on the offer submission screen. You have a 24-hour time period to submit the corrections. This may require completion of a new Sales Contract and a new signature by the buyers. **Do NOT use correction tape or Liquid Paper/White Out on any legal document – contracts with correction tape or Liquid Paper will be rejected.** Re-submitted contract packages that still contain errors or omissions will be rejected and the preliminary offer acknowledgment canceled, voiding the offer.

PRE-QUALIFICATION AND VERIFICATION OF FUNDS

It is the responsibility and requirement of the Selling Agent/Broker to obtain and provide a lender pre-qualification or pre-approval letter for the buyer, a copy of which must be submitted with the contract package delivered to First Preston Management’s Marketing Department. If a pre-qualification letter is provided, it must state that the buyer has made loan application and that a preliminary credit report has been

reviewed and also state that the buyer is preliminarily approved for a loan equal to or greater than the sales price offered. The pre-qualification or pre-approval letter must be submitted on the lender's letterhead and signed by a loan officer or lender representative. Buyers paying cash must provide proof of available funds via an account statement or a letter from a financial institution. Special conditions may apply. Check the BidSelect website for additional requirements.

AFTER SALES CONTRACT HAS BEEN RATIFIED

A copy of the ratified (**fully executed by Seller and Buyer**) Sales Contract will be returned by e-mail to the e-mail address which appears in your www.bidselect.com profile.

Bank-Owned Sales Procedures and Requirements

AS-IS POLICY

As stated in the Addendum to Contract, all Bank-Owned homes are sold strictly **AS IS, WHERE IS AND WITH ALL FAULTS**. Seller will make no repairs or improvements to any property as a condition of contract, nor will seller agree to pay any repair allowance or concession as a condition of contract. Seller recommends that every buyer complete a formal home inspection at their own cost for their own knowledge and benefit.

BUYER INSPECTION PERIOD

The Purchaser has fifteen (15) days after the ratification date on the Sales Contract (meaning the date that seller signs the contract) to make all desired property inspections and replies to seller. The selling agent must accompany prospective buyers and inspectors at the property **AT ALL TIMES** prior to closing. The buyer's selling agent must submit a Home Inspection Form (available on our website at www.firstpreston.com under Real Estate Professionals – Forms & Instructions – Bank-Owned Homes Forms and Instructions – Home Inspection Policy & Request) in order to confirm permission to complete inspections. If you encounter difficulty in activating utility systems at the property, contact the area property management office handling your state for assistance and guidance. To determine the appropriate property management office for inspection requests and/or information, consult your Contract Package Checklist which is located in your BidSelect account and was printed with your contract package when you submitted your bid.

CLOSING AGENTS AND TITLE COMPANIES

In some states, separate buyer and seller side closings are common. The buyer may choose to use a closing agent other than the seller's designated closing agent to handle their side of the transaction, but the buyer's representative must coordinate closing with the seller's closing agent. The buyer may also choose a title company, other than the seller's title company to obtain a title policy, however, please note, that the

seller will not pay for the owner's or lender's title policy if another company is used. Buyer may not take possession nor store any personal effects in the subject property until both sides have closed.

EXTENSION OF ESCROW

Extensions may be granted at the sole discretion of the seller or seller's agent on a case by case basis. The Extension Fee Schedule is listed below and also cited in the Addendum to Contract. The extension request form, available for downloading at www.firstpreston.com (from the main page, under Real Estate Professionals, select Forms and Instructions, then select Bank Owned Homes Forms and Instructions, then Extension Request Form) with the appropriate fee made payable to and submitted to the Closing Agent at least five (5) business days prior to the expiration of the Contract. No request will be considered unless the Closing Agent has the form and the fee on deposit at the time the request is made.

NOTE: The buyer's selling agent should also submit a copy of the check and the Extension Request Form to the appropriate First Preston office via fax.

NOTE: Cancellation of the Contract will be automatic on the date of the Contract expiration if no approved extension to the closing date is received by First Preston from the buyer beforehand. Extensions, if granted are for 15-day increments only. If the extension is approved and the sale fails to close for any reason, the extension fee is forfeited, even if a portion or all of the earnest money is refunded. The fee may be waived when the cause of delay of closing is due to the process of resolving title issues.

EXTENSION FEE SCHEDULE

<u>Sales Price</u>	<u>Extension Fee</u>
\$25,000 or less	\$150 (\$10.00 per day)
\$25,001 to \$50,000	\$225 (\$15.00 per day)
Over \$50,000	\$375 (\$25.00 per day)

CANCELLING AN ESCROW

You must contact First Preston Management's Closing Department as soon as you learn the buyer is not going to close. Requests for return of earnest money deposit **must** be in writing and accompanied by supporting documentation to justify a refund according to the sales contract and Addendum to Contract. All requests must be sent immediately to First Preston Management's Closing Department. **Please note:** Notification to the Closing Agent is NOT sufficient. Failure to follow this procedure may result in forfeiture of the earnest money.

Important Management and Marketing Information

BROKER COMMISSIONS

Real estate brokerage commissions will be due and payable only upon settlement. In most cases, the successful Selling Agent/Broker will be paid a commission not to exceed 3% of the sales price – in some cases our client has authorized flat fee and special rate commissions – please be sure to take note of the Property Details section of the www.bidselect.com property listing to determine whether any special commission terms apply.

FINAL NOTIFICATIONS AND HANDLING OF KEYS AFTER CLOSING

On the day the transaction closes (the closing date or settlement date), the selling broker is to contact the Listing Broker and the Property Management Center to notify that title has transferred and occupancy is imminent. The notification is necessary for your sale to be properly credited to you with the MLS. The selling broker may open the house for the buyer after closing, but may not provide the master key.

Please note: Seller recommends and advises the purchaser that it is their sole responsibility and cost to change all locks on the property immediately after closing/settlement for their own security purposes and to ensure that they have unique keys to the property. Neither seller nor seller's representatives will pay the cost of rekeying or installing new locks for the buyer.

REPAIRS OR OCCUPANCY OF THE PROPERTY PRIOR TO CLOSING

Purchasers may NOT make any repairs or improvements to the home prior to closing and funding. Purchasers may NOT occupy or move any personal items on to the property prior to closing and funding. The broker or agent must accompany the buyer during any entry into the house prior to closing, and make certain to secure the house upon departure. Failure to abide by these principles may result in cancellation of the contract.