



CALIFORNIA
ASSOCIATION
OF REALTORS®

REO ADVISORY
For Properties Being Sold by a Lender After Foreclosure
(C.A.R. Form REO, 4/08)

Property Address: _____ ("Property").

The Seller of the Property is a lender who has acquired title to the Property either by foreclosure or through a deed given in lieu of foreclosure. Many obligations imposed upon sellers, particularly sellers of real property containing one-to-four dwelling units, may not be applicable to the sale of the Property. However, even though Seller is exempt from many obligations, Seller must still comply with many others. Further, even though a Seller may be exempt from certain obligations, a real estate broker's obligations may still apply. This Advisory is intended to inform Buyer and Seller of their rights and obligations independent of those established by the contract between them.

EXEMPTIONS:

- 1. TDS, NHD, Mello-Roos, Improvement Bond Act, Supplemental Property Taxes, Private Transfer Fee:** Seller is exempt from providing Buyer with the Real Estate Transfer Disclosure Statement (TDS), Natural Hazard Disclosure Statement (NHD), a Mello-Roos district lien disclosure, an Improvement Bond Act of 1915 notice, a Supplemental Property Tax notice, and a Notice of Private Transfer Fee pursuant to California Civil Code §§ 1102 et seq.
- 2. Earthquake Guides:** Seller is exempt from providing either a Homeowner's or Commercial Property Owner's Guide to Earthquake Safety.

REQUIREMENTS:

- 1. Disclosures:** Seller is not exempt from common law and statutory duties concerning fraud and deceit, even though the specific TDS Form is not required to be completed. Seller remains obligated to disclose known material facts affecting the value and desirability of the Property.
- 2. Hazard Zones:** Seller is not exempt from applicable statutory obligations to disclose earthquake fault zones, seismic hazard zones, state fire responsibility areas, very high fire hazard severity zones, special flood hazard areas and flood hazard zones pursuant to the Public Resources Code, Government Code and United States Code, even though, pursuant to the Civil Code, the specific NHD Form is not required to be completed.
- 3. Smoke Detectors:** The sale is not exempt from the State requirements that, for single family residences, operable smoke detectors be in place and that a written statement of compliance be provided to Buyer. It is negotiable between Buyer and Seller who is to pay for the cost of compliance.
- 4. Water Heaters:** The sale is not exempt from the State requirement that water heaters be properly anchored, braced or strapped and that Seller provide a written statement of compliance to Buyer. It is negotiable between Buyer and Seller who is to pay for the cost of compliance.
- 5. Lead-based Paint:** The Seller is not exempt from the federal obligation to: **(i)** disclose known lead-based paint and lead-based paint hazards; **(ii)** provide Buyer copies of reports or studies covering lead-based paint and hazards on the Property; **(iii)** provide Buyer with the pamphlet "Protect Your Family From Lead In Your Home;" and **(iv)** give Buyer a 10-day opportunity to inspect for lead-based paint and hazards, if the Property contains residential dwelling units and was constructed prior to 1978.

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REO 4/08 (PAGE 1 OF 2)

Buyer's Initials (_____) (_____)

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



REO ADVISORY (REO PAGE 1 OF 2)

Agent:	Phone: (707)5243500	Fax: (707)	Prepared using WINForms® software
Broker: Re/Max Central Santa Rosa	320 College Ave Suite 300	, Santa Rosa CA 95401	

Property Address: _____ Date: _____

6. **Megan's Law Database Disclosure:** The sale is not exempt from the requirement that residential sales contracts contain the following notice regarding the availability of information about registered sex offenders: "Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides." (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

7. **Tax Withholding:** The sale is not exempt from providing information pertaining to the withholding obligation under either the federal "FIRPTA" or the California withholding requirements upon the sale of real property. However, an REO Seller which is a corporation or limited liability company, formed within the United States, and either qualified with the Secretary of State to do business in California or with a permanent place of business in California, will be exempt from withholding under both Federal and California law.

8. **Brokers:**

A. **Inspection:** The sale is not exempt from the Broker's obligation to conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose to Buyer material facts revealed by such an inspection in the sale of residential property containing one-to-four dwelling units. Brokers may do so on C.A.R. Form AVID.

B. **Agency:** The sale is not exempt from the obligation to provide agency relationship disclosure and confirmation forms in the sale of residential property containing one-to-four dwelling units.

OTHER CONSIDERATIONS:

1. **Local Law:** Local law may impose obligations on the transfer of real property (such as the installation of low flow toilets or shower heads, emergency gas shut-off valves or installation of smoke detectors). Local law should be consulted to determine if sales by a trustee of a trust are exempt from such requirements.

2. **Amendments to Contract:** Lender-prepared addenda, amendments, or counter-offers to a Buyer and Seller Agreement, or a Lender-Prepared contract may conflict with, contradict or be inconsistent with terms in Buyer's offer. Brokers cannot advise Buyer or Seller: (i) which specific terms in any offer may be affected; (ii) whether the terms in any such lender-prepared documents are permissible under California Law; or, (iii) in the event of a discrepancy between the Lender-prepared documents and the Buyer-Seller Agreement, which document or which terms may supersede the other. Buyer is advised to seek legal counsel to discuss the applicability and interpretation of any lender-prepared documents prior to signing any such documents.

By signing below, the undersigned acknowledge that each has read, understands and has received a copy of this REO Advisory.

Buyer _____ Date _____


Buyer _____ Date _____

Seller _____ Date _____

Seller _____ Date _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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Reviewed by _____ Date _____

**REO ADVISORY
(SUPPLEMENTAL)**

A. SELLERS' DISCLOSURES:

SELLERS OF REAL PROPERTY ARE REQUIRED TO MAKE DISCLOSURES TO PROSPECTIVE PURCHASERS. THESE DISCLOSURES FALL INTO TWO CATEGORIES:

1. STATUTORY DISCLOSURES, and
2. DISCLOSURES OF MATERIAL FACTS AFFECTING THE VALUE AND DESIRABILITY OF THE PROPERTY OF WHICH THE SELLER HAS ACTUAL KNOWLEDGE.

IN A TYPICAL BUYER/SELLER TRANSACTION, THE SELLER WOULD PROVIDE A PROSPECTIVE PURCHASER WITH A REAL ESTATE TRANSFER DISCLOSURE STATEMENT .

IN AN REO TRANSACTION, THE SELLER DOES NOT HAVE A DUTY TO PROVIDE THIS FORM REAL ESTATE TRANSFER DISCLOSURE STATEMENT.

HOWEVER, SELLERS STILL HAVE A DUTY TO TELL PROSPECTIVE BUYERS ALL MATERIAL FACTS AFFECTING THE VALUE AND DESIRABILITY OF THE PROPERTY OF WHICH THE SELLERS HAVE ACTUAL KNOWLEDGE.

B. REOs AND REAL ESTATE AGENTS' DISCLOSURE OBLIGATIONS:

AGENTS REPRESENTING SELLERS AND PROSPECTIVE BUYERS HAVE A DUTY TO CONDUCT A REASONABLY DILIGENT VISUAL INSPECTION OF REASONABLY ACCESSIBLE AREAS OF THE PROPERTY THAT IS BEING SOLD. THE FACT THAT THE PROPERTY IS BEING SOLD AS AN REO DOES NOT EXEMPT THE AGENTS FROM SUCH DISCLOSURE.

RE/MAX WILL ENDEAVOR TO OBTAIN THE REQUIRED AGENT'S VISUAL DISCLOSURE FROM THE LISTING AGENT. HOWEVER, LISTING AGENTS SOMETIMES REFUSE TO PROVIDE THE STATUTORY DISCLOSURE DESPITE THE REPEATED REQUESTS FOR COMPLIANCE BY RE/MAX. RE/MAX WILL DO ITS BEST TO OBTAIN ALL THE REQUIRED DISCLOSURES; HOWEVER, RE/MAX CANNOT FORCE THE LISTING AGENT TO COMPLY. YOU MAY HAVE TO DETERMINE IF YOU CHOOSE TO PROCEED WITH THE CLOSE OF ESCROW IN THE ABSENCE OF THE LISTING AGENT'S VISUAL DISCLOSURE OR IF YOU CHOOSE TO TERMINATE THE TRANSACTION FOR FAILURE OF THE LISTING AGENT TO PROVIDE THE REQUIRED STATUTORY VISUAL DISCLOSURE.

RE/MAX CANNOT GIVE YOU LEGAL ADVICE REGARDING THIS MATTER. YOUR DECISION TO PROCEED TO CLOSE ESCROW OR TERMINATE THE CONTRACT SHOULD BE MADE ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH LEGAL COUNSEL OF YOUR CHOICE.

We the Buyers acknowledge receipt of a copy of this REO ADVISORY, SUPPLEMENTAL, ON _____, 20__.

Buyer

Buyer

Print Name

Print Name