

What is an REO Broker?

An REO Broker is a Real Estate Broker that has been approved by one or more banks to list and sell their REO properties.

REO is a term that the bank uses to designate the Real Estate that they now own, as opposed to Real Estate that they have loaned on. REO simply means Real Estate Owned.

When working through their Broker, banks will instruct him/her on how they want their properties handled. Often, they make restrictions on what a buyer must do in order to pursue an offer on one of these properties, i.e., prequalification letters, time allotted for inspection and appraisals, where the earnest monies will be deposited, etc.

REO properties go quickly. The banks usually put aggressive prices on them after having an appraisal and a BPO (Broker's Price Opinion). They are not in the business of keeping properties on their books, and thus want them moved along. When an REO property is put on the market, there can often be multiple offers in the first few days/hours.

If your agent is helping you purchase an REO, make sure he/she has contacted the REO Broker listing the property before you write your offer, in order to find out what all the stipulations are, so that you don't find yourself unprepared while someone else steps in and purchases the property ahead of you.