

Offer Preparation Tips for Selling Agents

Overview The following information is presented to assist you with submitting an offer that will expedite presentation to Fannie Mae.

The listing agent will only submit complete offers to Fannie Mae.

A complete offer:

- **Is received through HomePath Online Offers.**

Many tutorials and job aids are available at www.homepath.com under the **Real Estate Professionals** tab.

- **Has evidence of the offer of Earnest Money as reflected in Section 1b of the Real Estate Purchase Addendum. (Waived for public entity buyers.)**

There is no requirement for certified funds for offer submission and negotiation. Contact the listing agent for the name of the settlement vendor selected by the seller. The check should be payable to that settlement vendor (or listing agency if the settlement vendor does not process earnest money deposits). Wired funds may be substituted for a check.

- **Contains the following:**

- Signed local offer or contract form
- Signed Fannie Mae Real Estate Purchase Addendum
- Owner Occupant Certification form if applicable



NOTE: A prequalification letter or proof of funds *is not* required for offer submission but *is* required for acceptance. Fannie Mae may request a prequalification letter to continue negotiations. The prequalification letter requirements are detailed in Section 1 of the Real Estate Purchase Addendum. You may provide that section to the buyer's lender so that that the lender understands and covers those points in the letter they provide. The seller may require additional acknowledgements by the lender in order to negotiate a sale.

Preparing the Offer / Contract Form

The body of the local offer or contract form must contain this exact text:

“Pursuant to Section 28 of the Real Estate Purchase Addendum, this document is subject to all terms and conditions set forth in the Real Estate Purchase Addendum.”

This language indicates that the Real Estate Purchase Addendum supersedes any conflicting provisions in the state or local contract. Fillable Real Estate Purchase Addendum, Lead Paint Disclosure, and Owner Occupant Certification forms are available by clicking the Real Estate Professional tab at www.homepath.com.

Offer Preparation Tips for Selling Agents

Preparing the Real Estate Purchase Addendum

Buyers

- The buyer names must be entered in the manner in which they will take title. Buyer names cannot be changed, removed, or added later without the approval of Fannie Mae.
- A buyer that is an LLC, Corporation, or Trust will always be an investor buyer, even if the intent is to occupy. An owner occupant can only be a "natural" person. Provide a copy of the documents that authorize the purchase of real property and confirm the designated signatory.
- If the buyer is a nonprofit, provide a copy of the buyer's organizational documents for review.

Section 1

The offer amount must match the amount in the state or local offer form.

1. Offer:

(a) Acknowledgement of Sufficient Offer: The Purchaser has offered to purchase the property for a purchase price in the amount of \$ [redacted] in accordance with the terms set forth in the Agreement ("Offer"). The Seller has reviewed the Offer and deemed it sufficient for acceptance.

Section 3

- If "is cash" is selected, 10% earnest money, but not less than \$1,000, is required unless the buyer is using Public Funds.
- Select the applicable financing type unless cash.
- Enter the loan terms and financing commitment date.

3. Financing: This Agreement (check one):

is cash
 is is not, contingent on the Purchaser obtaining financing for the purchase of the Property. If this Agreement is contingent on financing, the type of financing shall be the following (check one):

Conventional
 FHA
 VA
 Other (specify: _____)

All Financing.
 If this Agreement is contingent on financing, the Purchaser shall apply for a loan in the amount of \$ [redacted] with a term of [redacted] years, at prevailing rates, terms and conditions. The Purchaser shall complete and submit to a mortgage lender, of the Purchaser's choice, an application for a mortgage loan containing the terms set forth in this paragraph within five (5) calendar days of the Effective Date, and shall use diligent efforts to obtain a mortgage loan commitment by [redacted]. If, despite the Purchaser's diligent efforts, the Purchaser cannot obtain a mortgage loan commitment by the specified date, then either the Purchaser or the Seller may terminate the Agreement by giving written notice to the other party. The Purchaser's notice must include a copy of the loan application, proof of the application date, and a copy of the denial letter from the prospective lender. In the event of a proper termination of the Agreement under this paragraph, the earnest money deposit shall be returned to the Purchaser. The Purchaser agrees to cooperate and comply with all requests for documents and information from the Purchaser's chosen lender during the loan application process.

Offer Preparation Tips for Selling Agents

Preparing the Real Estate Purchase Addendum, *continued*

Section 4

- If the buyer notes the intention to occupy as their primary residence, the Owner Occupant Certification must accompany the contract package.
- If the buyer does not intend to occupy as their primary residence, see Section 14.

4. Use of Property: The Purchaser (check one): does, does not, intend to use and occupy the Property as Purchaser's primary residence.

Section 10f

Buyer to select one option.

- (f) *Title and Closing Services. Purchaser will obtain title and escrow closing services from (check one):*
- Seller's escrow closing and title provider and title insurance company used by Seller's provider. If Purchaser selects this option, Seller shall pay for the owner's and lender's title insurance policies. Purchaser and Seller agree that Seller's payment of the title insurance products is limited to the amount that Seller would pay its provider under its agreement with the provider for a basic residential owner's and lender's title insurance policy or their equivalent.
- Other escrow closing and title provider. If Purchaser selects this option, Purchaser shall bear the expense for all title insurance costs associated with the transaction, regardless of local custom, requirements or practice.

Section 14

If the buyer does not intend to occupy as their primary residence, fill in the dollar amount equivalent to 120% of the sales price and period of time of 3 months as shown below:

14. Deed: Regardless of local practice, the deed to be delivered by Seller at closing shall be a deed that covenants that grantor grants only that title which grantor may have and that grantor will only defend title against persons claiming by, through, or under the grantor, but not otherwise. Any reference to the term "Deed" or "Special Warranty Deed" herein shall be construed to refer to such form of deed. Under no circumstances shall Seller be required to deliver any form of deed which grants a general warranty of title.

(check if applicable) Seller's deed shall include the following deed restriction:

GRANTEE HEREIN SHALL BE PROHIBITED FROM CONVEYING CAPTIONED PROPERTY FOR A SALES PRICE OF GREATER THAN \$ (amount=120% of Sales Price) FOR A PERIOD OF 3 MONTH(S) FROM THE DATE OF THE RECORDING OF THIS DEED. GRANTEE SHALL ALSO BE PROHIBITED FROM ENCUMBERING SUBJECT PROPERTY WITH A SECURITY INTEREST IN THE PRINCIPAL AMOUNT OF GREATER THAN \$ (amount=120% of Sales Price) FOR A PERIOD OF 3 MONTH(S) FROM THE DATE OF THE RECORDING OF THIS DEED. THESE RESTRICTIONS SHALL RUN WITH THE LAND AND ARE NOT PERSONAL TO GRANTEE.

Section 16f

Check the correct response to reflect whether the buyer has previously purchased a Fannie Mae owned property. If purchasing this property as a primary residence, provide details directly to the listing agent about other purchases such as date of sale and address/REO ID. If the buyer has a real estate license, that must also be disclosed.

(f) The Purchaser (check one): has has not previously purchased a Fannie Mae owned property.

Offer Preparation Tips for Selling Agents

Preparing the Real Estate Purchase Addendum, *continued*

Section 38

Use this section to detail other terms for negotiation, such as an agreement to pay closing costs or repairs. Preferred verbiage:

- Seller will contribute up to \$_____ towards buyer closing costs, points, and prepaids. In the event that the buyer's lender restricts the allowable Seller contributions toward buyer's closing costs, Seller's actual and total contribution shall be limited to the allowable amount.
- *If buyer selected their own settlement vendor in section 10f:* Seller will contribute up to \$_____ towards buyer closing costs, points, and prepaids, **excluding title insurance**. In the event that the buyer's lender restricts the allowable Seller contributions toward buyer's closing costs, Seller's actual and total contribution shall be limited to the allowable amount.
- Seller will perform repairs prior to closing not to exceed \$_____ in accordance with Section 6 of this addendum.

Signature Page

- All buyer information must be filled in for submission and processing of the offer. The buyer signature must be exactly the way the buyer will take title, including middle initials. Electronic signatures are acceptable. Typing a signature in a special font is not acceptable as an electronic signature.

IN WITNESS WHEREOF, the Purchaser and the Seller have entered into this Addendum as of the date first set forth above.

PURCHASER(S):	SELLER:
Signature: _____	<input type="checkbox"/> FANNIE MAE
Date: _____	<input type="checkbox"/> _____, as Attorney in Fact
Print Name: _____	For Fannie Mae
Address: _____	

Email Address: _____	By: _____
Telephone: _____	Date: _____
Fax: _____	



NOTE: Upon acceptance, a new contract package reflecting the final negotiated terms will be required. Fannie Mae does not accept counter offer forms. No markouts, modifications or alterations of the local Contract/Offer form or Real Estate Purchase Addendum will be accepted.

It is not necessary to strike the sections of the local Contract/Offer form because the Real Estate Purchase Addendum supersedes whenever there is a conflict.

Offer Preparation Tips for Selling Agents

Other Addenda

Owner Occupant Certification (OOC)

- If the intent is to occupy as a primary residence, the OOC is required. In a co-buyer situation, only the buyer who intends to occupy is required to sign the OOC. *All* buyers must be on the contract, mortgage, and deed. Fannie Mae does not allow someone to be on a deed unless they are also a party to the contract and the mortgage.
- The listing agent may ask for supporting information relating to the occupancy intent which may include a list of current properties owned and an explanation for this purchase, such as a move up opportunity.
- The OOC requires occupancy within 60 days of closing, so if a large amount of repairs will be necessary in order to move in, provide the information for the plan to accomplish the repairs to meet the occupancy requirement.

FHA Amendatory Language

Fannie Mae is exempt from signing the FHA amendatory language. This exemption was granted by HUD and the Handbook reference is 4155.2: 6.A.5.d-e. The buyer's lender may confirm with their contact at HUD that this exemption is valid. Fannie Mae is not exempt from the Certification clause but Section 29 of the Real Estate Purchase Addendum meets the requirement for alternative language.

VA Amendatory Language

Fannie Mae will execute if VA financing was negotiated. Be sure to include with the contract documents to avoid delays later.

Agency Addenda

Fannie Mae will execute.

Lead Paint Disclosure

This is only required on homes constructed prior to 1978. Fannie Mae has a special version which can be found by clicking the Real Estate Professionals tab at www.homepath.com.

Financing and Property Condition addenda

These terms are covered in the Real Estate Purchase Addendum. Addenda that may be in conflict will not be executed.

Sale of Other Home or Closing of Other Home

These are not acceptable contingencies and associated documents will not be executed.

Section 1031 Exchange

Fannie Mae will not accept this contingency nor will Fannie Mae execute any documents relating to a Section 1031 exchange.

Offer Preparation Tips for Selling Agents

Changes after Contract Execution

Amendments

If the buyer requests a change to a fully executed contract, obtain a Fannie Mae Amendment form from the listing agent. Do not submit buyer inspection reports to the listing agent. These will not be reviewed. Place any requested items for repair or replacement on the Amendment form. Use this form for other changes such as closing date extensions or a change in financing.

Termination

If the sale falls through, obtain a Fannie Mae Termination form from the listing agent and provide the reason for termination.

Help Prevent Fraud

If you are aware of or suspect inappropriate activity in connection with a Fannie Mae property, please immediately report it either by e-mail to Mortgagefraud_tips@fanniemae.com or to our Fraud Tips Hotline, 1-800-7FANNIE (1-800-732-6643).