



# THE SELLING OF REOs

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Current market conditions have resulted in the sale of many bank- or lender-owned properties (REO) being attempted and executed by real estate licensees. The Division has received multiple inquiries regarding the applicability of several requirements of a licensee in a real estate transaction involving an REO sale.

The Division seeks to clarify the licensee's duties and responsibilities in REO transactions in key areas for which we have received recurring questions:

It is the Division's position that an REO sale is a sale between a buyer and a seller, usually represented by 2 different real estate licensees, and it is no different from any other real estate transaction in regard to compliance with Nevada Real Estate Law. The Division expects that all applicable Nevada Revised Statutes (NRS) and all Nevada Administrative Codes (NAC) will be adhered to by all licenses. Applicable statutes and codes will be enforced by the Division.

As discussed and concluded by the Nevada Real Estate Commission at their July meeting, until a seller accepts an offer in writing and until the broker has knowledge of that acceptance, all offers submitted by buyers must be presented to the seller by the listing agent, regardless of any restrictions or requests by the seller. The only exception to this is the limited service agreement, as provided in subsection 4 of NRS 645.254, in which a seller may choose to have all offers or no offers presented by their listing broker.

The listing agent must provide the buyer or the representative/agent of the buyer written notice of a rejection of an offer (NAC 645.632). The Division does accept that some sellers will not sign a rejection to the buyer. That circumstance then places a burden on the listing agent to note the rejection method and date, sign the rejected offer, and provide it to the buyer or buyer's agent. Example: "Offer rejected per telephone conversation with [seller/seller rep name] on 8/24/09. Signed Agent Jones/date."

All offers on a property, as well as other transactional documentation, must be kept for a period of 5 years after the closing date or last activity involving the property (NAC 645.650). This includes offers and counter offers that have been rejected. These files can be kept electronically as long as they can be reproduced in hard copy, if requested by the Division or other appropriate authority.

The buyer may waive his or her rights under NRS 113 by signing a notarized waiver form. NRS 113 is commonly known as the Seller's Real Property Disclosure (SRPD).

No waiver is allowed or acceptable for the seller's requirement to provide the resale package to be supplied and paid for by the seller and submitted to the buyer if the property is in a Common Interest Community/ Homeowners Association. (NRS 116.4109)

Although these areas address the most commonly-asked questions regarding REO transactions, licensees must act accordingly to ensure that all other applicable statutes and codes are adhered to by both agents as they would in any real estate transaction, whether or not the property for sale is an REO.