

BUYER ADVISORY

IMPORTANT INFORMATION FOR BUYERS OF REAL PROPERTY
REGARDING COVID-19 AND ITS IMPACT ON REAL ESTATE

(Updated May 27, 2020)

IMPORTANT NOTE TO BUYERS ABOUT THIS ADVISORY

This Advisory is not comprehensive. There may be other COVID-19 issues of concern not listed in this Advisory. Buyer is responsible for making all necessary inquiries and consulting with appropriate persons or entities prior to the purchase of any property. The information in this Advisory is provided with the understanding that it is not intended as legal or other professional services or advice. Buyer should seek an attorney for legal advice. These materials have been prepared for general informational purposes only. The information may not be current. Buyer understands and acknowledges that the COVID-19 situation is rapidly evolving and changes to market conditions and government mandates and guidance happen almost daily. If buyer has any additional questions or need for advice, buyer should contact a lawyer or other professional representative.

COVID-19 IMPACTS

The COVID-19 crisis and the resulting response from the federal, state and local government can impact your home purchase in several ways including, but not limited to, those discussed below.

INHERENT RISKS ASSOCIATED WITH ANY ACTIVITY DURING A PANDEMIC

Buyers should understand that conducting any activity during a pandemic that could bring them in contact with other people and with surfaces has inherent risk. This is true for going to the grocery store, shopping for real estate and any number of activities. Only buyers can protect themselves from these inherent risks by choosing what activities to engage in and what preventative and protective measures to take.

FEWER HOMES MAY BE AVAILABLE FOR VIEWING AND VIEWINGS MAY COME WITH

CONDITIONS Some would-be sellers may choose to delay listing their home until after the COVID-19 emergency, which could impact market supply and prices. Some sellers may not be allowing their homes to be viewed in-person, or may approve showings only with particular protocols and conditions such as monitored sanitation stations on premise, “hands off” walk throughs, 6ft social distancing between agent and prospective buyer, no use of the bathroom and limiting the number of people in the home at one time. Traditional open houses will not be occurring. Modified open houses (restrictions on the number of people, social distancing, masks, etc.) may be occurring. Many real estate licensees will be making use of virtual open houses and other software enabled showing technologies. Properties with tenants may be

unavailable for viewing.

BROKER AND BUYER SHOULD ESTABLISH CLEAR EXPECTATIONS AROUND SHOWINGS

While real estate businesses have not been closed by the government due to COVID-19, real estate brokers and their firms have modified operations in order to slow the spread of the virus. This may include asking buyers to answer questions about whether they have been exposed to COVID-19, only showing homes to buyers who are pre-qualified for a mortgage, asking buyers to narrow/limit their search online prior to touring homes in person, and other safety and sanitation protocols such as those listed in the previous section. Check with your real estate broker to understand their firm's policy on showing homes during the COVID-19 emergency.

BUYERS MUST COMPLY WITH EXECUTIVE ORDERS AND HEALTH AUTHORITY GUIDANCE

Buyers should become familiar with Governor Brown's [Executive Order 20-25](#) governing the conduct of Oregonians and Oregon businesses during the COVID-19 emergency, as well all relevant guidance from the Oregon Health Authority which is posted on the Governor's [COVID-19 website](#). The Executive Order and associated guidance require Oregonians to minimize non-essential travel and to maintain 6ft of distance between others when out in public. They also recommend that individuals wear masks when in public. These social distancing and mask protocols apply to individuals in counties that are in some phase of "re-opening" as well as those who are not. The Oregon Health Authority guidance also asks Oregonians stay home if they are sick and recommends that individuals over 60 years of age or who have underlying medical conditions should stay home even if they feel well. Oregonians are asked to cough/sneeze into their elbow, to regularly wash their hands with soap and water for at least 20 seconds (or use hand sanitizer) and to avoid touching their face. In some instances, violations of the Executive Order and guidance could result in civil or criminal penalties. Thus, a buyer's ability to legally tour a home during the period covered by the Governor's orders may be dependent upon following these guidelines. We recommend that buyers discuss this issue with their broker and develop a plan to ensure the social distancing requirements and other guidelines are met. If the requirements and guidelines cannot be met, we do not recommend touring homes.

SERVICE PROVIDERS MAY BE OPERATING UNDER SPECIAL PROCEDURES

Service providers such as home inspectors, appraisers and notaries may be conducting services under special procedures (or in limited circumstances, may not be available at all). This may also be true of specialty service providers such as well testers and environmental remediation companies. Buyers should work closely with their real estate broker, lender and title company to understand the latest market conditions related to general and specialty home inspection services, appraisal, title searches and closing in light of the COVID-19 crisis. Buyers have the ability to shop for many of these services so if one service provider does not meet the buyers needs, buyers may be able to find another who does. The key is to discuss and take care of all of this early on in the process—before making the offer—so that buyers know exactly what they are getting into and can work with their real estate broker to set a realistic closing deadline in the sales contract. As the COVID-19 situation is evolving, many service providers have modified their procedures to allow for continued market activity. For example, some home inspectors are bringing sanitation stations and will fully wipe down any touched surfaces upon

the completion of the inspection. Some home inspectors also have policies limiting who else may be in the house during a home inspection, or allowing the buyer to watch the home inspection only by live or recorded video. The Federal Housing Finance Agency directed Fannie Mae & Freddie Mac to provide flexible alternatives to satisfy appraisal requirements including the use desktop and exterior-only appraisals. Some title companies are doing “drive through” closings that allow the buyer to stay in the car and hand papers back and forth through the car window. Check with your own service providers to determine what policies they are operating under.

MORTGAGE LENDING

Due to employment and income losses happening as a result of COVID-19, buyers may experience new or different requirements from their mortgage lenders related to credit scores, employment and income verification, and other factors. Many lenders are doing employment and income verifications much closer to the closing deadline than they did in the past. Also, some loans may be more difficult to obtain such as jumbo mortgages. Mortgage lenders may also be adjusting available rate “lock” periods (buyers should make sure that their rate lock matches up with the expected closing timeline). Check with your lender to make sure you understand how the COVID-19 emergency may impact your borrowing experience.

PURCHASE OF TENANT OCCUPIED PROPERTIES

There are several bans in place on residential evictions at the state, federal and local level during the COVID-19 crisis. Buyers who are considering purchasing a tenant-occupied property should consult with an attorney to understand the issues associated with purchasing a tenant occupied property during the COVID-19 crisis.

PARTIES CAN INCORPORATE COVID-19 LANGUAGE INTO THE SALES AGREEMENT

Under the standard Residential Real Estate Sales Agreement used by many residential real estate brokers in Oregon, a delay caused by a COVID-19 related condition would not necessarily result in an extension of contract deadlines, and buyers are at risk of losing earnest money for non-performance. Oregon Real Estate Forms created OREF-96 as a document that parties can use to automatically build in a 20-day extension to the deadlines in the standard Residential Real Estate Sales Agreement for COVID19 related delays. Parties can also use a standard contract addendum to set their own terms for COVID19 related factors, or simply include longer deadlines and a later closing date in the Sales Agreement. Buyers should consult with an attorney before structuring or signing any COVID-19 related provisions if they have any doubts about what the provisions mean or their effect.