

Keys to REO Success!

Eight Steps To Remember When Working
in The REO Business

Step #1 You've Been Contacted

- Finder Company (out source)
- Asset Management Company
- REO Dept
- Asset Specialist
- Asset Manager
- Local Lenders (REO Dept.)

Internet Web Sites

- Equator.com (use to be REOtrans.com)
- Foreclosure.com
- RES.net
- Realtybid.com
- Homepath.com (Fannie)
- Homesteps.com (Freddie)
- HUD.Gov
- FDIC.Gov

Step # 2 Know what is expected of you and your company

- Having a valid Real Estate License
- Signing a Master Listing Agreement
- Insurance Policy (current E&O)
- Have a reserve account for paying bills
- Remember to send in reimbursement requests on time.
- Putting utilities into agent/company name when asked. Seller will ask if this has been done

Step # 3 Checking Property Status

- Check occupancy within 24 hr. and report back to asset specialist/manager
- If occupied you will be instructed to what is your next step(drive-by BPO)
- Offering CFKs for a swift exit(2 weeks) or determining occupants status(report back to asset specialist/manager)
- No time to get lazy here!! If you don't they will reassign to someone who will!!

Step # 3 continued

- Check with city for any outstanding violations.(usually exterior)
- Does city require a Point of Sale inspection? If so what kind?
- Be prepared for the eviction and move out. You could be asked to hire movers and locksmith (rekey to company code). The Sheriff's Dept. will also have to be notified if this applies to your area. They want the names of movers and locksmith used

Step # 3 continued

- Those in the REO business hope for a vacant house when first assigned. Oh what relief it is!!
- Every company has a code for the Lock Box to be used as well as for the keys
- Many companies use Preservation companies to do evictions, trash outs, re-key, winterization, maid service, lawn care etc. (Safeguard, Cyprex or FAS are a few names that come to mind.

Step # 3 continued “Questions!”

- What is a PPE?
- What about a 30 day posting?
- Will you be asked to send a certified letter to the previous occupant with (forward if needed) on the envelope?
- Will you be asked to take a lot of pictures? WHY? Old buyer trick?
- Who do you send them to?

Step # 4 The BPO or Brokers Price Opinion

- Normally the asset specialist/manager will send you the forms used.
- Read all instructions carefully.
- Do not take short cuts. It will come back to haunt you!!
- Use recent comps when possible
- Explain in detail your thoughts. Remember you are now the eyes of your asset specialist/manager

Step # 4 continued

- The seller will have other outside BPOs completed on the subject property
- Be prepared to justify your BPO if you are less than the others(called a recon)
- Pictures of every room and pictures of damages are required.
- There are a lot of forms that will be required to be filled out. They will all be sent to you from asset specialist/manager
- Is there an HOA? You will be expected to search out and contact.

Step # 5 “Listing Assigned”

- You would enter this listing as any other you may have taken in the past. (MLS)
- However not all companies want you to use the words Bank Owned in comments.
- Many are asking for Corporate Owned to be used. (Stigma in the words Bank Owned)
- Many companies ask for copies of the MLS print out to be sent back to them
- Time to call your investors if not done yet!!
- Include lots of pictures-good or bad in the MLS

Step # 6 Who will the Buyer be?

- Identify a buyer for the property.
- Investor or end user
- Every buyer and buyer's agent will ask you what the bank will take. Answer "I really don't know" what offer would you like to submit?
- Be prepared for "are there any other offers"?
- Remember getting the best price for your seller is important.
- Also it is the opposite when you are a buyer's agent not working for the seller.
- Disclosed dual agents be ever so careful how you handle the transaction

Step # 7 Offers and Negotiations

- If the property is priced right you can expect multiple offers.
- Many Sellers will ask for Highest and Best in this situation
- Some companies say “ no half price offers”
- In some cases the seller will take a lower offer because it's CASH and can close quickly.
- The cleaner the offer the easier the negotiations.

Step #7 continued

- Things that are important to the seller and buyer!
 1. Price
 2. Closing date
 3. Title Company
 4. Earnest money and who holds it
 5. Not closing on time, what then?
 6. Will they charge a per-diem(stated in counter addendum)
 7. Counter addendum supercedes original contract so be sure to read it

Step # 7 continued

8. Be sure your buyer reads it too!
9. Follow directions(cannot say that enough)
10. FACT: you could be working with several different asset managers throughout this transaction.
11. Be prepared to send multiple copies again and sometimes again.
12. Once all is agreed to between buyer and seller follow out the contract.

Step # 8 Follow Up X 10

- Buyer's agents, be sure to keep your part of the contract on track. Seller's agent will be following up with you
- Remember to stick with dates for inspections, releasing inspections, loan applications, redemption of earnest money etc.
- Listing agent: Remember these things to do
 1. Monthly marketing reports
 2. Updated BPO 60-90 days
 3. Weekly check on properties

Step #8 continued

4. Be sure maintenance is kept up, grass cutting, snow plowing where applicable
5. Report any damages that might have occurred like stolen copper plumbing
6. Be sure key is in lock box
7. Be sure you still have a lock box!
8. Above all be careful out there. Every area is different so know what your obstacles are.

In Conclusion “Listing Agent”

- Get to know the players
- Understand your role
- Understand everyone is different
- No two asset managers are alike
- Understand the paperwork
- BPO, MMR, Occupancy status reports, CFKs, weekly check of property

Release forms, Damage reports, Insurance claims forms, Counter addendums are all part of the paper trail you will be involved with. THEN!!

Communicate and Follow-up, Follow-up, Follow-up

In Conclusion “Buyers Agent”

1. Qualify your buyers
2. Initial contract, pre-approval or proof of funds will be required before listing agent presents
3. Remember this type of transaction is not an emotional decision on the part of the seller.
4. Telling the listing agent how much your buyers love the house could cost your buyer more money
5. Ask and you could receive a YES
6. Follow up and stay in communications till the END!

Speaking of End! This is it.

I hope this program has given another perspective of the REO business and(things to remember)
Everyone listening today is at different levels in their career dealing with Distressed Properties. How much you know will determine how much you grow.
Knowledge is power but without application it is just knowledge. Never stop learning and never stop prospecting for new business opportunities in REO's
Thank you listening and Best of Success to you All!!