

The REO Management Process – Behind the Scene of Servicing

The first step an REO seller takes after it acquires control of an REO asset is to understand all aspects of the asset itself and the issues that will affect its management and sale. Most REO assets have at least one thing in common - one or more property-specific issues.

REO assets, in fact, tend to have multiple issues that can be market driven, property level, financial or otherwise. The issues must be identified, understood and resolved, because any issue will adversely impact the pricing and timing of the sale of an REO asset.

The REO management process typically falls into three phases, each of which relies on local service providers such as local real estate agents for:

- Securing and assessing the property
- Developing a marketing strategy for the property
- Executing the strategy from sale to closing

The REO seller must initially develop a preliminary strategy and decide upon one of the following courses:

- Immediate "as-is" sale
- Hold the asset until the market improves without investing significant additional capital
- Investing the resources necessary to stabilize the asset to facilitate its sale

Immediately after completing a foreclosure, the servicer secures the property, typically by rekeying the locks if the property is vacant and making emergency repairs to avoid damage to or deterioration of the property. The servicer also completes any required registration.

For occupied properties, the servicer evaluates the occupants' intentions and may offer modest cash payment to induce the tenant or prior owner to vacate.

If the property is occupied by a bona fide tenant, federal law requires that the servicer permit the tenant to remain in the property, at fair market rent, for the remaining term of their lease.

After taking title and securing the property, the servicer develops a marketing strategy. On the basis of an appraisal or a broker's price opinion, the servicer estimates the likely sales price and anticipated net proceeds of the property. The servicer also determines whether there are any title defects that could impede a sale.

A more thorough inspection of the property helps the servicer determine its value and condition as well as establish whether the property is in a condition suitable for a purchaser dependent on FHA financing. If repairs are needed, the servicer obtains bids and engages contractors. One factor influencing the servicer's repair decisions is whether there will be sufficient proceeds to recover the repair costs as a servicing advance.

If the P&I (Principal and Interest) and servicing advances that accrued during the foreclosure process and any fees likely to be incurred during the sale process exceed the expected liquidation proceeds, the servicer is less likely to make repairs or they may seek to sell the property quickly to an investor "as is".

If further advances are likely to be recoverable, the servicer then executes the marketing strategy by overseeing necessary or desired repairs; engaging a listing broker; establishing a listing price; ensuring that any delinquent taxes, HOA fees, or similar assessments have been paid; and, if some of the property damage is insured under the homeowner's policy, pursuing insurance claims. When the servicer receives a suitable offer, the servicer will accept it and then oversee the closing, receipt of proceeds, and transfer of title.

While the basic elements of the REO management process tend to be consistent, servicers have varying degrees of authority. For example, in some instances, an investor or bond insurer will require approvals for decisions that fall outside narrow grants of authority.

An REO seller's knowledge of an REO asset at the time it takes control will vary. Often, this knowledge comes from the manner in which the financial institution underwrote and administered the loans secured by those assets. On the other hand, a financial institution may have acquired a loan, or portfolio of loans, as a result of its acquisition of another financial institution. While the acquiring institution would have performed some level of diligence, it is typically less extensive that would have been conducted had it originated the loan.

A seller of REO assets that understands all of the market and property specific issues and has a clear strategy for selling them will typically achieve higher sales prices and sell the assets more quickly, while also minimizing post-sale liability. A well-informed REO seller will understand all the characteristics of an asset – the good, the bad and the ugly.

Real estate professionals pay a vital part in managing REO properties. This management procedure includes:

- Direct visual observation of the property
- Provide the area market conditions and challenges that affect the value or marketability of the property
- Property preservation
- Verify overall condition of the property is marketable
- Identify legal and utility notices
- Citations from the city/county
- Perform necessary janitorial services
- Monitoring property throughout the listing period

Managing, Maintaining and Marketing REO Properties

The REO seller and their asset management company desires to employ you as the sole, exclusive agency responsible for selling their property. You agree to use your best efforts to find a purchaser and oversee the property based on the provisions and instructions described in the listing agreement and asset management manual.

Your Management Plan for Each Assigned Property

A good marketing plan is the key to reaching the maximum number of potential buyers. The REO listing agent's job is to keep the property in the best condition possible, maintaining the home on a regular basis to the standards of the rest of the neighborhood. A successful plan carefully details all aspects of each REO property, which should include the following:

- An analysis of marketplace dynamics – *market condition*
- Identification of the property's problems and challenges – *property condition, over supply, competition*
- Analysis of possible solutions – *financing, repairs, marketing*

- Recommendation of a solution that reflects the REO seller's goal to sell quickly – *aggressive market plan to cause the property to sell*

Vacant Property Registration Ordinances

Vacant property ordinances help the police and fire departments keep track on which homes and buildings are vacant. If the property is not registered then the code official can impose a penalty. If required in your area, notify the REO asset manager as soon as possible. Reimbursement will be provided only for the exact registration fee.

- www2.safeguardproperties.com/vpr/city?p=15&l=&b=&s=&st=

Local Code Ordinance

Check with your state laws which may mandate government agencies to fine legal owners of foreclosed properties as much as \$1,000 per day if certain requirements are not met. Examples of possible requirements include:

- Failure to physically maintain the property in conformity of the neighborhood
- Failure to maintain the exterior, including excessive foliage growth which can diminish the surrounding property values
- Failure to prevent trespassers or squatters from occupying the property
- Failure to prevent mosquito larvae from growing in standing water, or other public nuisances

Code Violation

Contact your local city and county code enforcement division to learn their building and housing compliance codes regarding maintaining the structures and property exterior. Code violations can include weed and plant violations, half-built structures, swimming pools, protecting the property from vandalism, etc.

If you fail to correct violations, the city and county can impose fines and/or place a lien upon the property. If code violations are issued to a property, you must submit the following:

- A bid to correct the code violation
- A legible copy of the violation
- Comments if any fines or liens are accumulating

Curb Appeal, Cleanliness, Vandalism

Curb Appeal – *First impressions say it all.*

Specifically, curb appeal can refer to a home's grass, landscaping, exterior condition, and painting. If the house looks like a real estate owned property, prospective buyers will begin deducing value from the home the minute they drive up to it. As a general rule, buyers should not be able to tell the difference between an REO property and a traditional "for sale" property. For that matter, they shouldn't even be able to differentiate its appearance from other occupied homes on the same street.

Cleanliness

Regardless of the property's initial condition, the house should both look and smell fresh and inviting.

There are many things that can be done to ensure that a home looks its best; washing windows, walls, and doors, scrubbing floors and vacuuming carpets, adding air fresheners, as well as making sure the kitchen and bathrooms are spotless are all things that can add thousands of dollars to the value of an REO property at little or no cost. There's no telling what small detail can make or break a deal. Keep this in mind: something as simple as the appearance of cobwebs can reduce an offer for the property by thousands of dollar literally.

Discoloration

Any discoloration identified at the property must be reported to the REO asset manager. Do not submit bids to test discoloration or install dehumidifiers. Only submit bids to treat discoloration.

Bids must include the following:

- Source or cause of the discoloration (moisture is not a valid cause or source)
- Area affected in square feet
- Exact method of treatment to be used
- Specific location of the discoloration (if in garage/shed note if it is attached to the main dwelling)

Vandalism

Vandalism is another thing to keep an eye out for; all vacant property must be protected from vandalism. Aside from being a nuisance and an unnecessary expenditure in terms of clean up, it can also significantly reduce a home's curb appeal.

Initial Property Inspection

A visual inspection of property exterior must be performed to verify occupancy, property conditions and left behind personal property will be your initial task in preparing a management plan for the REO property.

Cash for Keys aka Relocation Assistance

Sometimes the home being seized will be occupied by its former owner or tenants. If this occurs, you will be instructed to offer cash in exchange for surrendering the keys to the property and vacating the premises. An agreement is usually cordially reached under the stipulation that the home will be left in a "broom clean" condition, meaning all floors and areas of the property, including outbuildings, common areas and land structures, will be cleared of trash and swept.

The stipulation for relocation assistance also usually requires the following:

- Occupants agree to leave all appliances, including light fixtures, heating and air conditioning units, and water heaters
- Occupants also agree to remove all personal belongings without damaging the home in any way beyond what can be considered normal wear and tear
- As a condition of the management agreement it is required that the occupant(s) provide access to you to start the BPO process and to the appraiser to start the appraisal

If the occupants agree to follow through with these stipulations, they must sign a "Surrender of Possession Agreement" and "Personal Property Release Form". The amount that REO asset management companies are willing to pay to exchange cash for keys varies greatly, as the sum is usually negotiable.

The eviction process will begin within 24 hours for any occupant unwilling to accept cash for keys. Should you have to evict, you will be required to provide monthly property inspection reports during the eviction process.

The Protecting Tenants in Foreclosure Act, which is Title VII of the Helping Families Save Their Homes Act of 2009, became effective May 20, 2009 through 2014. It protects tenants from immediate eviction by persons or entities that became owners of residential property through the foreclosure process. Public Law No. 111-22 Senate Bill 896. With limited exceptions, tenants with leases must be permitted to occupy the property until the end of their lease terms. At a minimum, tenants must receive 90 days' notice prior to eviction. The law also addresses the rights of Section 8 tenants living in properties undergoing foreclosure.

Personal Property

States have statutes in place that require specific handling of personal property left behind by the prior occupant. Learn your city and county ordinances and regulations. Any personal property at or on the property may be subject to claims by third parties and, therefore, may be removed from the property prior to or after the foreclosure date. Inventory and pictures of any personal property or belongings left on the premises by previous occupants may be required.

Interviewing the Property

Initial Interview of Property

Once the former occupants of the property have received relocation assistance or have been evacuated, it's important to do an initial "interview" of the property.

Some of the most important aspects of this "interview" include:

- Verifying that the heating, AC, water heater, electrical meter, copper piping, and electrical box are not missing
- Inspecting for wall discoloration or, i.e. the evidence of mold or mildew
- Recognizing moisture in the crawl space or basement
- Looking for water leaks, termite damage and broken windows
- Identifying peeling paint on homes built before 1978, Chinese dry wall
- Research outstanding taxes, liens, utility bills, HOA, open permits
- Verify the property's flood zone status

Securing the Property

A great number of loose ends must be tied up before the property can be properly listed and advertised for sale. Upon receiving the listing agreement, you will immediately be required to perform certain task:

- Re-key or change all exterior locks
- Lock and secure all windows, doors, garage doors and external entrances
- Install lock box and or alphanumeric combination box
- Post a "No Trespassing Sign" in the front window with your clients contact information
- Change or activate the utilities into your name: gas, electric, water, sewer, etc.
- Take photos of all the rooms
- Identify any personal belongings left behind
- Notify the HOA or management company of the new owner

- Place a “For Sale” sign in the yard
- Depending on time of year, winterize the plumbing system
- Secure the pool area for safety
- Request bids to secure the pools
- Arrange repairs for safety and hazard issues, deferred maintenance, lender required repairs and curb appeal
- Contact your cleanup crew and lawn maintenance contractor
- Report any theft or vandalism
- Determine the value of any personal property, either its trash, or has value. If valuable (furniture) the REO seller may be required to perform a personal property eviction
- Start any seasonal services: Summer, mow the grass every 2 weeks and in the winter; use snow plow service of driveway, sidewalks and walkways
- If the property is a mobile home, obtain the home title and any relevant documents
- Schedule regular weekly security checks

Scheduling Repairs

Now that the home is secured, your next performance requirement will be to order inspections and schedule repairs. Proper preparation of the home cannot be done until there is an understanding of the property’s existing damage and potential needs. You must identify and resolve home repair issues that involved code violations, habitability, safety issues, conditions that affect the marketability and future financing.

As the REO specialist, you will need to have a pipeline of trusted contractors that are licensed and bonded in their specialized field to call upon to obtain work plans and cost estimates.

In reference to scheduling repairs, obtain bids from a licensed contractor to bring the property to a marketable condition by making the home FHA financeable. Be sure to consider the type of potential buyer(s) that will be interested in the property. Keep in mind that less than \$1,000 in repairs only requires one bid, while anything over \$1,000 requires two bids. Also, communication with your contractors during repair projects is absolutely necessary.

General Contractor Guidelines

Contractor repair bids will not be approved by the REO asset manager without a tax ID or Social Security number. Withholding taxes will be deducted from all payment for services if Tax ID or Social Security number is not provided.

All bids must be signed and dated by the contractor. No family members of the broker shall be employed as a contractor or subcontractor for repairs. All contractors must be licensed and insured. The listing agent is responsible for assuring the work is completed in a timely and professional manner.

Home Utilities and Regular Maintenance Services

You will be required to pay for standard recurring services directly such as pool and lawn maintenance, utilities, and other minor repairs. Included in your management manual will be an authorized maintenance fee sheet guideline for services required.

To receive reimbursement or payment for any property-related expenditure not referenced on the fee sheet you must contact your REO asset manager to have a work order created, and then submit the required documents.

Security deposits are not reimbursable. You will be required to produce the account's history dating back to when the account balance was zero. So keeping track of the paperwork is necessary.

Reimbursement Process

Many REO asset management companies have converted to an online system which provides their REO vendors and brokers with electronic invoice submission and direct deposit of payments. The reimbursement process can definitely feel long and demanding, but if you want to get back all the money you personally put into the house, it must be done. In order to expedite the process, keep these things in mind:

- Submit invoices within ten days of service completion
- Include property address, loan number on all invoices
- One loan number allowed per invoice
- Itemized expenses
- Attach copies of checks or credit card charges showing proof of payment
- Any payment by cash should not exceed \$500
- For all trash-outs and all repairs over \$500, before and after photos are required
- All final recurring service bills may be due ten to fifteen days prior to the closing date
- In many cases, the final utility bill(s), will be the only reimbursements made after closing
- Allow 30 days from date reimbursement submission for payment
- Making false and misleading reimbursement requests will result in termination

Preparing REO Property for Curb Appeal

Every property must be as appealing as possible, both from the exterior (curb appeal) and throughout the interior. The intent is that the appeal of the property should be equal to or greater than other properties in the neighborhood.

Cleaning and Improvements

The initial cleaning or "staging" of the home requires that all of the problems that were discovered during the initial interior and exterior inspections are now fixed.

In order to truly consider the property "prepared" to be sold, the following must be done:

Interior Cleaning – Remember first impression is important!

First impressions are very important. They create a mindset that has a buyer looking at the positives, or looking at the negatives. You must dress up our home to look appealing during that first visit. Checklist:

- Window sills should be free of dust, dead bugs, cobwebs, dirt
- Initial shampooing and regular vacuuming of carpets, stretching and repairing
- Washing all floors
- Kitchen and bathroom cabinets should be empty and cleaned
- Wiping bathroom vanities and kitchen counters
- Cleaning sinks stoves and commodes
- Light fixtures should have working bulbs in all sockets, both interior and exterior
- The electric garage door opener should be disconnected
- Remove ash and debris from firebox area of fireplace

- Doors should be hung and there should be no broken windows
- Keep the heat set at 62 degrees during the winter months and the air conditioning at 78 degrees during the summer. Some REO clients may require the home to be winterized and have no active utilities.

Exterior Cleaning and Repair

It is very important to keep the exterior of the home clean and in good curb appeal. Checklist:

- Ensure landscaping is maintained to avoid code violations
- Remove all trash, debris and personal property
- Schedule watering, lawn maintenance and snow removal
- Trim or remove bushes, shrubs, hedges and/or weeds
- Do the flower beds need mulch?
- Repair any damaged gutters or window screens
- Maintenance of decks, patios, walkways, roof, shutters
- Correct peeling paint and any defective wood or siding, caulking and sealing
- Pressure washing to wash away dirt, grime, and mildew

Marketing the REO Property

Advertising Policy

Advertising efforts should be designed to reach a broad audience. Marketing methods and practices must comply with all applicable rules and regulations of local, state and federal governing authorities. The Equal Housing Opportunity logo, slogan, or statement must be used in all advertising, and all ads. In addition, you must be in compliance with your real estate commission's guidelines as well.



Equal Housing Opportunity

In conjunction with the National Fair Housing Alliance, you must support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, religion, creed, color, age, sex, marital status, disability, familial status, or national origin

Violations of the Fair Housing Act will result in discontinued use of the broker/agent. This includes, but is not limited to, the selection and use of contractors, subcontractors and vendors who are hired by you to perform work on REO assets.

Monthly Marketing Report (MMR)

This report is due every 30 days. The monthly status report should reflect the number of showings and buyer/broker feedback. It should also provide new listing competition and sales in the area. Along with the MMR, the following information should be included:

- Copies of all advertising
- Links to internet advertising
- Copies of flyers

Developing Interest in Properties and Getting Them Sold

The most effective marketing strategies are those tailored to the specific property. Coming up with creative, unique, and most importantly, strategic ways to develop outsider interest in a property is your best bet at getting it sold quickly.

By designing and developing new initiatives to attract buyers, you can distract them from competing listings.

You May Also Want to Consider These

- **Price the property correctly** based on its as is condition and the current housing market status
- **Upgrade your maintenance** program for a “show ready” presentation
- **Fix up the property** to look good and be in a move in ready condition, i.e. fresh coat of paint, update both light and plumbing fixtures
- **Consider Financing Products as a Marketing Tool**
FHA 203(k) Streamline, FHA Energy Efficient Mortgage will all the buyer to purchase in an as is condition, finance into their loan amount up to \$35,000 of limited repairs of as long as it does not change the structure of the home to be completed after closing.
- **Use the Internet and Social Networking for Maximum Exposure**
In today’s competitive environment; it’s more important than ever for listing agents to leverage tools that help boost property visibility and promotion. Social media can help by enabling clients, customers and community members to find you and your properties easily. Social media examples are Facebook, LinkedIn, Twitter, YouTube, and blogging.
- **Showcase the Property by Designing its Own Website and QR Code Engagement**
Home buyers want to see what they’re potentially buying without having to take the time to travel to a property. Property websites typically contain a photo gallery, virtual tours, community information, link to request an appointment, driving instructions, guidance in placing an offer and financing options.
- **Utilize Maximum Seller Contributions**
A seller contribution to closing costs is one of the best-kept secrets in the home buying process. That’s when the seller contributes some of the money needed toward the buyer’s closing costs. It can mean the difference between a sale of a home and no sale. Seller contributions should be requested in the initial offer rather than or in addition to a reduction of the home sales price – a better way to entice buyers, increase the sellers net and will contribute toward the correction of a declining market. Don’t let the idea of a seller contribution scare you.
- **Closing Cost**
Most people need to obtain a mortgage loan to pay for their home. In addition to the sales price of the home, there are a variety of costs associated with finalizing the transaction.
An example of closing cost fees are the loan origination fee, discount points, appraisal, credit report, mortgage insurance, attorney fees, title insurance, flood insurance, fees to establish the buyer’s escrow account for taxes and insurance, recording fees, transfer fees, document and transfer stamps, survey and inspection fees are some of the closing cost fees the seller can pay for buyer.
- **Publish Offer Procedures for Each Listing**
Each REO seller will have specific requirements in processing and reviewing offers. Written offers must be complete, legible and neat. To be submitted for consideration the offer package must include a copy of the earnest money check, proof of funds to close if a cash transaction, or a pre-approval letter if financing is involved plus and all REO seller addendums signed and initialed in the correct place.

- **Qualify the Buyer Upfront**

Understanding the buying process today can be a lengthy process. Interviewing the buyer or their real estate representative upfront can prevent challenges and delays in the backend. My best advice is to get very brave and bold on your own behalf at the beginning, completely upfront in asking several questions for preparation in processing the offer. Being comfortable that the buyer is truly “ready, willing and able” will contribute to an on-time closing and will keep your REO seller clients happy. You should verify when the buyer needs to move in, make sure they have talked with a mortgage planner, validate that the buyer actually qualifies for a specific loan and confirm that they have all the money they need put to aside

- **Provide your REO Seller an Updated BPO Weekly or as Necessary**

It is one thing to be on the market and another to be in the market. What do I mean? You may be on the market because you have listed your property on MLS and multiple listings sites, however based on daily market condition and various distressed sales, you may not be on the market correctly regarding pricing. Perform a market analysis every 7-10 days to be sure you are in the market and marketing the property correctly. Based on the number of for sale properties, you can't afford to be overpriced at any time and don't be too quick to give the property a price reduction. Remember maximum seller contributions.

- **Consider an Auction to Move Properties that have been on the Market over Six Months**

The use of auctions usually increases in slower real estate markets and means less time to market, less time to sell and less carrying costs. REO sellers' search for new ways to sell their properties and auctions are a particular favorite to REO sellers, who have multiple properties that must be disposed of in a short period of time. While auctioning real estate is a form of real estate sales, real estate licensees cannot auction real property, unless they have a special license to do so. Check with your local real estate commission for specific laws and regulations regarding auctions to include duties you have as a licensed real estate professional in supervising the auction activities, money and trust accounts, marketing and advertising plus protecting your commission. Auctions today are available through online bid webcasting. Auction: **The Basic & Benefits** – www.realtor.org/auction/auctions/auctionbasics

- **Conduct a Community Event**

Use open public meetings to connect and educate with your community members.

You can work with lenders, insurance companies, and contractors of all kinds to education the community on a variety of topics regarding homeownership, i.e. down payment assistance programs, a buy and repair finance program for homes that need a little TLC, financing and tax benefits in updating a home with energy efficient products, today's selling and buying process, etc. In all communities, there are people and organizations that are respected and active. Business owners, elected officials, members of non-profit agencies, educators, health care professionals and others who are actively interested in education and outreach are great resources to call upon to form a partnership in education.

- **Create Special Yard Sign Riders and Information Boxes with Full Color Flyers**

Front yard signs and flyers are great marketing tools and can help you tell a story on your property quickly. A picture is worth a thousand words as the saying goes. Many templates and designs are available online for a quick production. Design your sign riders with a title that catches the consumer's attention that will produce a phone call, e-mail or text message response.

- **Create a Blog for Communication**

Blogging costs no money and gives you an opportunity to show your prospects and community members who you are and what you stand for. Blogging is like a personal phone call crossed with a newspaper article. They're the perfect tool for communicating and sharing your thoughts and suggestions and promoting yourself as a real estate trusted advisor in the area.

Resources: www.squidoo.com/blogstarter, www.blogger.com/start, www.typepad.com,
www.movabletype.org, www.blogspot.com

- **Have Systems in Place for the Public to Obtain Up-to-Date Easy Accessible Information Daily**
Provide fast and convenient information at your website as a central source for real estate –related information. The quickest way to stay updated with local and national news is to incorporate RSS feeds at your website. RSS stands for ‘Really Simple Syndication’ and is a technology that is being used by millions of web users around the world to keep track of their favorite providers of news and industry information. Maintain your MLS and all listing sites with up-to-date accurate pictures, pricing, driving instructions, etc. Subscribe to industry publications and magazines, become active at your local real estate board, and join the National Association of Realtors.
- **Don’t Forget to Return All Calls, E-mails and Text Messages**
Time is money. Every time you fail to respond you have missed an opportunity. It may be an opportunity to strengthen a business contact or to reinforce your marketing image or even to close a sale. Manage your time more efficiently and make the time to return calls, e-mails and text messages.

Processing Offers

An offer to buy must be submitted on your state contract and include all seller’s addendums. Offers received in any other form must be returned to the offeror. Basic law dictates that all bona fide offers must be submitted to the seller for review. The REO seller may want answers to several questions prior to reviewing an offer.

- Is the buyer an owner occupant or investor?
- If there is financing involved? Are you familiar with the lender and their underwriting policies?
- Is the lender aware that the property is bank owned and subject to per diem penalties if the settlement does not occur by the contract close date?
- What is the loan to value ratio?
- Is the lender aware of the property condition and are they aware of any issues?
- Is the buyer pre-approved and has their credit been checked?
- If the deal is cash: Is it hard cash or subject to a line of credit, sale of another property or other source of funds?
- Does the buyer have proof of funds available?

Keep in mind submitting offers may not be allowed within the first five to ten days of the listing period. If the offer is low, include an updated BPO to support the current market value and the offer price.

Complete the Negotiation Worksheet with comments or submit offers through a secure website. Be prepared to discuss the contingencies or special concession request associated with the deal. Verify a direct lender loan commitment or cash to close.

Document your file that you have complied with your client’s multiple offer procedures. Create your own backup offer policy and procedures. Do not hold offers. Submit them to your client the first possible opportunity.

Closing the REO Transaction

It’s important that you follow up with the contract contingency dates, which include inspections, loan application and other things as agreed upon in the negotiations. Of course it’s necessary to meet the contract closing date, but if at all possible, attempt to beat the date in order to quicken the process even more.

REO Management Updates

Visit your client's website for periodic updates and changes to their policies and procedures.

Conclusion

No matter which management strategy is selected, it is essential for the REO seller and the assigned real estate professional to maintain close supervision over all management activities through written reviews and reports, conference calls and, where necessary, meetings. These communications are designed to analyze all aspects of the performance of the management company.

Timing the sale of an REO asset so it occurs at the most opportune time is extraordinarily difficult, particularly when market conditions are as volatile as they have been and are expected to continue to be. Clear, direct and frequent communication is essential to both maximizing the management function and attempting to time the sale to produce the maximum proceeds as quickly as feasible under the circumstances.

It is difficult to accurately predict the long-term impact on the real estate market of the large (and growing) inventory of REO property and mortgage loans that will be converted through foreclosures or other means. It is also hard to imagine, given the amount of property that is and will be put on the market and ultimately sold, that the glut will not result in a continuing negative impact on real estate values.

As I have mentioned above, the only way to ensure that an REO seller and its assigned listing agent is managing the inventory of REO assets with a current understanding of real estate trends and values. You must follow a consistent and calculated management and disposition strategy.

Special Guest



Sherrie Rivett

REO Customer Service Manager

Safeguard Properties offers a full spectrum of services from inspection, preservation, valuations, eviction, and title services. In the REO arena, Safeguard Properties is recognized in the industry as a national field service company that maintain REO assets, a task that for years was generally left to the REO listing agent.

Safeguard was the first property preservation company to offer "white glove" cleaning and maintenance as part of its standard services to enhance the appeal of REO properties inside and out. Their REOplus® program takes marketability enhancements to a new level, providing special services to improve the marketability of REO properties.

As organizing sponsor of the annual National Property Preservation Conference, Safeguard has played a key role in bringing together all segments of our industry to work cooperatively to address important issues facing our industry. We also are privileged to participate on discussion panels at industry conferences, and contribute as members of boards and committees.

Q&A Session

Why is property preservation important in getting the property sold?

What does your client (the bank) expect from you as a vendor?

Describe the services that you offer in the field of REO property preservation?

Explain your “quality-assurance” process?

Describe what your clients require regarding the initial service to the property?

How do you handle property safety and health issues?

How do you select your contractors and what do you expect from them?

Describe your “Marketability Enhancement” Program?

What is your policy in working with local real estate professionals in property preservation during the listing period?

Cathy McDaniel
Educator, Author
Cathy@cathymcdaniel.com
www.CathyMcDaniel.com
404-550-0775