

Asset Manager Anecdotes



FEATURING ERIK KNIGHT,
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For Erik Knight, leading a successful REO team is second nature based on his nine years' industry experience. As REO team lead at Keystone Asset Management, which he joined in June '08, Knight is responsible for overseeing clients' REO workflow, procedures, and efficiencies. This month, Knight shares the secrets to how agents can gain the respect – and business—of high-profile asset managers, along with some important lessons that will guide the industry through 2010.

Q: In what ways was 2009 challenging for the default servicing industry, and how has Keystone worked to overcome these challenges?

A: Early in the year it appeared that by Q3 or Q4 the industry would be very busy. As the year progressed, that date kept moving out to what now appears to be Q1 2010. Staffing requirements at Keystone were reviewed for appropriate levels. In the past, inventory levels were somewhat consistent. Never before has Keystone had to prepare for the number of properties that are about to be released. In an effort to prime staff to the highest degree possible, Keystone has taken advantage of the slow period by implementing new training programs, which range from required updates to vacant property registration, federal tenant protection regulations, negotiating, and time management. In addition, in 2009 Keystone saw that many cities and towns are now requiring banks and mortgage companies to help fix up houses beyond typical city inspections. In the past, items such as flooring repairs and paint were considered cosmetic and the buyer's responsibility to fix once they purchased the property. This responsibility is now expected of the lender. Another big change this year was H.R. 1247, or the Protecting

Tenants at Foreclosure Act of 2009, which became effective on May 20. Protecting Tenants restricts banks and mortgage companies from evicting tenants who have a legitimate lease on the property and essentially turns banks and mortgage companies into the new landlords. This act had a lot of people in the industry scrambling, as there were many policy and procedure modifications needed to ensure compliance.

Q: What approach should agents/brokers take if they want to list property with Keystone?

A: It is important that Keystone agents avoid thinking that selling REO is the same as selling traditional real estate. REO is entirely different and requires much more work to get the job done. Proving to asset management companies that you are willing to put in the hard work will go a long way to earning more listings. Agents should also understand the REO negotiation process. With the pending influx of REO properties getting ready to hit the market, there will be a lot of interested first-time homebuyers. Keystone relies on its agents to educate buyers on what to expect.

Q: What level of service would you consider exemplary of an agent?

A: Recently, I had a property that was trashed out, made sales clean, and listed. I got a call from the agent letting me know that someone had dumped two tires on the front porch and wanted to know if he should get two bids for removal. If this was an agent who went above and beyond, he wouldn't have been afraid to get his hands dirty and remove the tires himself. Something this minor does not require a call to the preservation company. For clarification, I don't expect agents to incur large costs, but to recognize that minor things can be done with minimal cost and without seller approval.

Q: What is an effective marketing strategy that you would suggest agents master in the course of business?

A: I can't stress enough the importance of the Internet for today's real estate market. The days of a buyer opening up the real estate section of the Sunday paper are just about extinct. A savvy agent will know his or her way around various sites and find the ones that yield the best results for his or her location. Keystone has recently partnered with RealtyTrac for this very reason. Online photos and property descriptions are extremely important. The more information that is provided up front will help prospective buyers move to the next step of actually visiting a property.