



KNIGHT

# Ask an Asset Manager

**Erik Knight** joined the team at Keystone Asset Management in June of 2008. With over nine years of experience in the mortgage industry, Erik worked extensively in the loan origination side of the business. His career began in sales working with Wells Fargo and Household Finance, then in underwriting and account management with Mortgage Lenders Network, USA. Prior to joining Keystone, Erik was an operations manager with BNC Mortgage/Lehman Brothers.

*REO Insider* sat down with Erik to try and bridge the gap between the asset managers and the brokers in the field.

**REO: We're constantly talking to REO agents, and the question they want answered is, "How do I get more listings?"**

There are a number of ways to earn more listings from asset management companies. The best way would be to demonstrate to each employee throughout the various departments, from evictions to closing, that your goal and highest priority is to make their job easier. We all know that the end goal is to sell the property, but agents who do so by completing the required tasks efficiently and accurately will be remembered the next time a property comes up for assignment. There are too many agents out there who feel that by just putting a sign on a property and posting it in the MLS that their job is done and they can just sit back and wait for the offers to flow in. REO, however, is an entirely different animal, and to be successful takes hard work. There are no free rides in this area of real

estate and, unfortunately, agents who take this approach are in for a rude awakening.

Communication would have to be the next factor that will lead to getting more or less assignments. As an agent, you must be completely accessible at all times, or at least have a capable person who can pick up the ball and cover for you. A nonresponsive agent is the last thing an asset management company needs. Even having to wait three hours for a response on something can present a problem. At our organization, we pride ourselves on answering our phones or promptly returning calls. We do a lot of business through e-mail in this industry, but too many things can get lost along the way. Common sense must be used when deciding to call or e-mail. If you have an issue with a property and you are typing more than a paragraph to describe it, pick up the phone instead. Time management is extremely important in this industry, especially in the upcoming months. Agents who understand that will land on top.

**REO: When making contacts with asset managers, what's the more outlandish approach you've seen?**

Recently, I came across some literature for a training class that some agents had put together. This class was designed to teach non-REO agents how to get into this "booming" industry. One of the selling points (after paying good money to attend this seminar) was that you would get phone lists for asset management companies. Our organization was on the list. For us, I would have to say this would be the least effective way to get your foot in the door. We currently have an extensive agent database, but we are always taking new applications through our Web site ([www.keystonebest.com](http://www.keystonebest.com)). We are constantly evaluating our database and portfolio needs and do come across areas where new agents are needed. If you don't have an application in our system, you won't have the opportunity

to get a listing. By going through the proper channels, it shows us that you can follow directions and you're not wasting the time of employees who are not directly involved in the vendor management process.

### **REO: Why are REO brokers not getting their reimbursements?**

The main reason we are seeing REO brokers not getting their reimbursements is because they are not submitting them in a timely manner, or they are missing important information. We have specific instructions we must follow for each of our clients, which may include some restrictions and specific timelines and documentation requirements. Typically, all final bills need to be submitted within 15 to 30 days after closing, and they need to be submitted with a copy of the invoice, proof of payment and expense authorization. If any of these items are missing or they come to us outside of the 15- to 30-day window, we will not be able to be reimbursed from the client. This means the broker will not get a reimbursement from us.

The best way to make sure you get reimbursed is to submit your bills as they are incurred—do not hold them all until the property closes. Make sure they are submitted with the correct documentation, and make sure you had prior authorization for incurred expense. We have many departments in place to assist in the process, from vendor management to accounting. Our asset managers and pre-marketers are also available to help. If there is any question as to whether a bill will get reimbursed or not, contact the asset management company for clarification. We also work with national preservation companies to help lighten the load on the REO broker's out-of-pocket expense. This helps eliminate broker involvement in lawn care, pool maintenance, winterization and other routine property needs.

### **REO: What's the most common mistake you're seeing from even advanced REO agents?**

Advanced REO agents must continue to keep their edge to remain competitive in the eyes of the asset management company. They cannot assume that since they have been with you for some time that they can take the easy road. Whether you have been with us for a week or 15 years, we still have the same expectations from our agents. It is very clear that there are thousands of agents looking to establish a relationship with

Keystone Asset Management. For this reason, we continue to review each and every one of our agents very carefully. If they are not meeting our standards on 100 percent of the files they are handling for us, we undergo a review process to determine if they will receive any future listings.

Experienced REO agents should always be looking in the mirror to determine if they are doing the job the way the asset management company requires. Are they staying on top of the ever-changing REO environment, regulations, etc.? It's important that they stay in constant contact with the asset management company throughout the life of that asset, from eviction to close. Agents should ask for feedback to determine if anything should be handled better or differently. Over-communicate. These might be simple requests, but the agents who actually do them are few and far between. These are the "rock star" agents that will get the lion's share of the business.

### **REO: When do you think banks will begin releasing more REO inventory? Will they ever, considering an REO property's effect on housing prices?**

This is currently an elusive date, and I think we need a crystal ball to tell for sure. We are anticipating an increase in volume between now and the end of first quarter 2010. With recent news reports reflecting a shadow inventory of 7 million foreclosures, the floodgates will have to open at some point. Until this happens, the housing market and the economy will not be able to start their true road to recovery. The government is making its efforts to try to keep homeowners intact by modifying existing loans to more affordable options. There are multiple issues with this, the first being the fact that not all homeowners qualify and the second would be that the re-default rate on these modifications is high. Ultimately in the majority of cases, this is only prolonging the inevitable.

As far as the question, "Will banks ever begin releasing, considering an REO property's effect on housing prices?", the answer is yes. These banks need to recoup as much of their unpaid principal balance (UPB) as possible, and the only way to do that is for them to sell as REO. Housing prices will no doubt dip further than they have up to this point, but I don't see any way to avoid it. ★

