

# Stepping **Up** IN 2011



WHILE REOS LINGER IN THE SHADOWS, AGENTS AND BROKERS CAN **IMPLEMENT BEST PRACTICES** TO **GAIN AN EDGE** IN THE INCREASINGLY COMPETITIVE REO MARKET

By Ryan Hennessy

Competition, in its simplest business form, can be broken down into a rivalry between two or more people or entities in hopes of the winner obtaining more business and market share. It is safe to say the network of brokers and agents competing for listings of bank-owned properties epitomizes true competition and brings personal witness to the good, the bad, and the ugly.

With continued programs to assist delinquent borrowers such as HAMP and the recent news of lender foreclosure halts, new inventory for agents concentrating in the listing of REO properties can be difficult to obtain. Though there are delays in releasing this inventory to the market, foreclosure filings continue to rise as RealtyTrac recently reported a 4 percent increase in Q3 2010. This uptick translates to 930,437 Q3 filings, which equates to one in every 139 U.S. housing units.

With the rate of foreclosures peaking at staggering numbers, the shadow inventory consisting of foreclosures, REO properties, and defaulted loans is projected at 7 million homes, according to new figures by Fitch Ratings. And according to these projections, it will take more than three years to liquidate the shadow inventory. Based on this information, it becomes evident that listing agents and brokers in this industry will be busy. But while they await the inventory release, they will continue to ask themselves: How do I obtain new accounts, and how do I maintain existing accounts?

### Managing the Vendor Machine

In most companies, vendor management holds the responsibility of evaluating potential vendors based on qualifications, performance, and need while at the same time ensuring equal opportunity. Specifically relating to the mortgage default industry, the task of managing a diverse network of real estate agents can be challenging. It is a consistent process of evaluating the seemingly endless pool of approved agents who are awaiting approval with

an asset management company or directly with a bank or lender.

Quality assurance and control falls under the responsibility of vendor management to provide key staff members such as asset managers with qualified agent partners to work alongside them. Issues and problematic situations are brought to vendor management for evaluation. This department often acts as a conflict resolution center as well.

While vendor management is a small piece to the intricate puzzle of REO liquidation, common questions revolve around qualifications and the best practices sought out in new agents.

### Separating the Best from the Rest

With the advancements in technology and the ability to have seemingly unlimited access to account information and e-mail, it seems as though turnaround times on traditional tasks such as BPOs and monthly status report completions have become somewhat of a standard. In an industry where speed and timeliness matter, the addition of iPhones, Blackberries, and other smart phones allows for the completion of tasks such as initial occupancy checks in just a few hours. The importance of these tasks cannot be underestimated, and it's evident that new and innovative techniques relating to sales and marketing seem to be a growing distinction between agents in similar market areas.

For starters, knowledge of the local market and an understanding of the demographics is essential for agents and brokers and must never be overlooked. Knowing the seller and their tendencies will create an advantage for agents and brokers in reaching the target market, obtaining offers, and closing files in a faster and more efficient manner.

Additionally, while most agents and brokers can place a sign in front of the asset, place the listing on the local MLS, and await calls from potential buyers, an innovative and proactive approach to reach a target market

demonstrates an understanding of market behavior. While assets that are lower-end and may require repairs potentially attract investor buyers, repaired or higher-end assets may attract homeowner end-users. Though this may seem logical, putting this information into practice and reviewing innovative ways to reach investors and homeowners will separate agents from their competition.

Having a sufficient answer to the question, "What are you doing differently to reach buyers and investors?" can also cause market separation between competing agents. Unfortunately, each market is very different, and the answer to that question will always vary.

Identifying a target market and implementing unique sales techniques defines any marketing campaign; however, a knowledgeable and competent sales team also is invaluable. Many people understand the fact that an agent may not always be reachable due to prior commitments or appointments, but having the ability to reach a knowledgeable team member who can provide solutions to problems and answers to questions will ease the mind of asset managers and those involved in the REO liquidation process.

Time also is an extremely important component of a successful program. For example, frustration can develop quickly and negative perception will foster if incoming phone calls have to be transferred from agents to various team members in order to reach an answer—if one is even provided. Having the proper marketing techniques and a responsive sales team in place to address immediate needs will go a long way in helping build long-lasting business relationships.

Finally, a best practice that should never be underestimated is maintaining a willingness to learn, especially in this ever-changing market. While many may flaunt experience, others may be insecure if they are relatively new to this industry. But knowledge of the process, procedures, and local markets can often supersede years' experience. Those who may be more experienced may be more

hesitant in changing to market conditions or new directives that alter a process. I have heard asset managers say they sometimes prefer agents with a little less experience because it can prove easier to assist in training with someone new to a platform or company.

### A Little Respect Goes a Long Way

While each best practice discussed above is important, one overriding trait that is critical to exude in every aspect of business is professionalism. And so much of acting in a professional manner is founded in acting with respect.

Respecting competition is a positive trait for anyone on any level. I have witnessed prospective agents who have listed negative characteristics about current approved agents with active listings in their markets. I left those conversations with the initial mindset of wanting to continue working with the existing agents to ensure service surpasses expectations as opposed to looking to reassign orders to prospective agents who showed little respect for others in their field.

In this competitive industry, agents have offered to pay for dinners and/or cocktails without attempting to initiate a relationship founded on personal/professional connections. The odds of an asset manager accepting these offers or spending additional time with the inviter are slim because a personal connection and mutual trust were not developed.

I've experienced situations where potential agents interrupt my conversations with clients and valued business professionals to introduce themselves. Having respect for the business environment and those you wish to meet is extremely important, and realistically, only a small percent of those interrupted

will remember a face or name, which is often tied to negative perception.

Face time with the desired person can be difficult to come by, but as the sayings go, patience is a virtue, and you only have one shot at making a first impression. This really holds true as those who are patient and wait to establish a true connection, whether it is work related or not, will make the difference in getting to know someone.

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A personal anecdote to that point: At the most recent Five Star Default Servicing Conference and Expo in Dallas, I was approached by an agent while talking with a friend, who happens to be a real estate agent as well. When bombarded with questions from the prospective agent, my friend stepped in, advising that the true way to make a connection is to relate to the person. To this I agreed, and I asked the agent prospect to start the conversation over. From this, we have now created a business connection. Those attending conferences "talk shop" for the majority of the day. Offering a break by conversing about a mutual interest while tying in work-related questions will help make a lasting impression.

### Professionalism Stokes Success

As the relationship develops into an active business relationship, performance

and communication play a major role in its continuation. In reviewing agent performance, the feedback by the asset manager and staff reflect an agent's ability to work within the specified procedures set forth by the bank, lender, or asset management company. Agents who traditionally score well are effective not only in their communication but also in problem resolution. Reporting a problem in a timely manner can be an easy task, but providing possible solutions and explaining the benefits of each will leave a positive note in the minds of those managing the file. Agents are the eyes and ears for most asset managers, who usually cannot visit the properties regularly. The more detail and information provided, the more efficient the listing will be.

Another note: An agent's job to sell and create "buzz" around his or her products and services is extremely important. Approaching each assignment with the mentality of continually selling services though action to the asset manager, premarketer, and essential staff will create a positive reflection throughout the company's office.

Reports and data will show that inventory buildup is ready to bust at the seams, and many will be busy in the future; however, when overall volume is below expectations for most, proper ethics and etiquette must be followed for positive results. Those who make good and lasting impressions, respect competition, and let actions and services speak louder than words will win. **DS**

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