



# Real Estate Agent's Guide to Best Business Practices

Compiled from previous editions of the "Voice of the FORCE" newsletter.

# The Art of Negotiation

## Tips and Advice from the FORCE

**WHEN SELLING RESIDENTIAL REOS,** NEGOTIATION IS AN ART FORM. STRONG COMMUNICATION SKILLS AND THE ABILITY TO GET A MESSAGE TO YOUR CLIENTS OR BUSINESS PARTNERS ARE ESSENTIAL TO SEALING A DEAL. YOU MUST HAVE CONFIDENCE IN THE KNOWLEDGE YOU BRING TO THE TABLE AND REMAIN POSITIVE NO MATTER WHAT THE SITUATION IS OR WHO MAY BE INVOLVED. THE ABILITY TO SUCCESSFULLY CUT A DEAL IS HIGHLY IMPORTANT, WHICH IS WHY WE DECIDED TO REACH OUT TO FORCE MEMBERS WITH YEARS OF EXPERIENCE FOR ADVICE ON HOW TO MASTER THIS ART FORM.

### TIPS FROM THE PROS

Jim Cary of Reliance Realty Group is San Mateo, California, debunks the notion that asset managers are more difficult to negotiate with than others within the industry. "Asset managers are all task oriented. You have to follow the platforms they use and follow their format. Negotiating with them is no different than negotiating with sellers. They are not emotionally attached to the deal. If what you say makes sense, then they will do it in order to close a deal," Cary said. With more than 25 years' experience in the industry, Cary said his simple approach to negotiating has brought him success throughout the years. He adds, "I'm the managing broker for Reliance Realty Group. I've been taking this approach fulltime since day one."

Tracey Bitonti of Irongate Realtors in Kettering, Ohio, claims effectively translating information is an essential element in the persuasion process. "I always listen intently and try to get the best terms for all parties involved. I feel like it's my job to facilitate the transaction and bring all parties to a mutual agreement. Correspondence is key whether you're negotiating with another real estate agent, the buyer, or the seller," Bitonti said. Bitonti has the accolades to back her approach. "I've been in the business for 23 years, and the top agent in Ohio for the past four years. I've been at Irongate Realtors for 22 years, and I love it," she proudly adds.

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TRACY BITONTI, IRONGATE REALTORS

Tara Nagelhout of Emerald Valley Real Estate in Eugene, Oregon, believes agents in the industry should maintain a common vision. "I always remember we all have the same end goal in the industry. We can get there by working together and not considering the other person, the other part of the transaction, as an opposer. We have to all be on the same side to get a deal closed. I think that when we put into our minds that there's a buyer side and a seller side, it seems oppositional. We have to remove that concept from our minds. Everything in life is negotiable. I've figured that out," Nagelhout explained.

### OVERCOMING NEGOTIATION OBSTACLES

When it comes to negotiating within the industry, you can expect to face obstacles. Whether they are simple misunderstandings or failures to meet in the middle, FORCE members know how to power through no matter what the circumstance. Nagelhout proclaimed, "I've always believed that everything is attainable if everyone involved wants it. Sometimes deals do go south for people, but that simply means one party wasn't wanting it as much as the other party. It's probably for the best in those cases." Cary, on the other hand, reflects on problems when working with a certain kind of buyer. "Some problems I've had in the past are with people claiming to be cash buyers. They make everything sound good and it looks like a quality deal until the end. What ends up happening is they'll change their direction and tune once they get it ratified. Deals have gone wrong for me in this essence because it's usually not their money. It's unfortunate, but it comes with the nature of the game. I've learned that you must pre-screen them to make sure the funds are in their name," he stated. For Bitonti, there is no such thing as a deal gone wrong. "I've never had a bad experience when negotiating with parties. None of my deals go wrong. We are usually smooth sailing here," she confidently reflected.

# Managing Millennials

FORCE Agents Share their Tips for Bringing This Generation to the Closing Table

**ONE OF THE HOT TOPICS IN THE INDUSTRY RIGHT NOW** IS GETTING MILLENNIALS INTO THE HOUSING MARKET. WE REACHED OUT TO FORCE MEMBERS TO SEE WHETHER MILLENNIALS ARE ACTIVELY SEARCHING FOR HOMES IN THEIR MARKETS, HOW THEY HAVE RESPONDED TO THIS AGE GROUP, AND WHETHER THEY THINK THIS TREND WILL CONTINUE.

## **NO MATTER THE STATE— THE MILLENNIAL MARKET IS HOT**

Millennials looking for homes seems to be an increasing trend throughout our nation. No matter what the location, FORCE members have much in common. Leslie O'Reilly, of RE/MAX Masterpiece Realty in Florida, proudly expressed her area is perfect for younger families and her business reflects it. "I would have to say yes, this is a trend in my market. There are a lot of young families looking to purchase their first homes. I advertise actively, and they seem to be attracted to the

advertising I do," O'Reilly said. Millennials looking for homes are not only increasing in her market, they are even becoming a regular customer for her business. She also noted, "I have seen an

increase in younger families coming to me. The age group in my market varies, but I think that lately it's been a lot of younger families purchasing their first homes in this market right now." Michael Santangelo, of Robert DeFalco Realty in New York, is in the same boat as O'Reilly. "I am seeing this trend in my market. There are a lot of young families looking for their first home. It's great to see this," Santangelo happily said. Even though they are in entirely different areas of the U.S., yet another FORCE member is familiar with this trend. "Yes, we're seeing this trend in our market. They're coming in as first-time homebuyers," Al Naticchioni, of RE/MAX of Redding in California, said.

FORCE members attract and handle millennials in different ways, but they all share a common goal: closing the deal.



## **MARKETING TOWARD THE MILLENNIAL**

FORCE members attract and handle millennials in different ways, but they all share a common goal: closing the deal. O'Reilly takes a tried and trusted approach. "I always make sure they're prequalified, and I really focus on finding them a home that fits their needs and budget," he said Santangelo also sticks with his trusted arsenal but focuses on educating his young clientele

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throughout the process. "I don't really change my advertising or methods to try to attract this age group, especially since I have a lot of REO properties. I do the same thing I've always been taught. I've been doing this since '87; you can't change the wheel," Santangelo said with confidence. He made sure to add however, that it does take a greater oversight in making sure millennials understand the home buying process. "I get them over to lender, sit down with them, educate them, let them know the closing costs and walk them through everything. I'm usually able to close my deals with these younger families," Santangelo

said. Naticchioni, on the other hand, said technology is the key to unlocking success with younger clients. "The internet has probably been our best tool in attracting this age group. We put our bar codes on our signs where they can actually scan them right off the signs. This actually gives us a good connection with the millennials. Just being tech savvy is probably the best approach," said Naticchioni. He then emphasized, "The techier you are, the better; so,

we do change our approach when working with this age group. I've been licensed since 1974 so most of these young families appreciate my knowledge. A lot of them really don't know much about real estate since they're first getting into it."

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**AL NATICCHIONI**, RE/MAX OF REDDING

## **A TREND THAT IS HERE TO STAY**

I do think this trend will continue. In this particular area, it is very affordable for families to live here because it is so reasonable. I think that this is a prime area for them," O'Reilly said. "I do think this trend will continue. I see a lot of younger people in my area," Santangelo agreed. "My market is very diverse, but I do think this trend of younger families will continue. I think right now it's at a low point and climbing up. I think they were only 26 percent of our market last year and it should be getting near 38 percent. We're expecting an increase this year," Naticchioni claimed.

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# Arming Against Litigation

REO Pros Share How They Protect Their Businesses and Agents from Being Entangled in Unnecessary Legal Disputes

**THE EVERYDAY REO AGENT OR BROKER WORKS WITH PROPERTIES** THAT VARY FROM THOUSANDS TO MILLIONS OF DOLLARS. THE STAKES ONLY GET HIGHER BECAUSE OF THE RESPONSIBILITY OWED TO THE CLIENTS AND THE HOMEOWNERS WHO RELY ON THEIR PROFESSIONAL AND ETHICAL GUIDANCE. THIS LEVEL OF RESPONSIBILITY INHERENTLY CARRIES WITH IT A VULNERABILITY TO LITIGATION. WITH EDUCATION AND DILIGENCE, YOU CAN PROTECT YOURSELF AND YOUR BUSINESS. TO HELP GUIDE YOU, WE HAVE TURNED TO SOME REO PROS THAT HAVE DEALT WITH THESE ISSUES FIRST HAND.

## **KNOW THE RULES— SO YOU WON'T BREAK THEM**

First and foremost, the real estate agent must be knowledgeable of the municipal, state, and national laws governing their region— it is especially important for agents who choose to work with defaulted properties. As legislation aimed at protecting the homeowner continues to evolve, the agent is the frontline representative ensuring the proper application of these rights. “To ensure I stay in the loop,” Juli Feinberg of Crestmark Realty

Group explained, “I have a top law firm that provides updates on issues affecting the real estate market.”

While the laws affecting your jurisdiction will vary, agent Patty Plourde of Real Estate Partners gave a personal example that affects her state of Minnesota. Minnesota is a redemption state, meaning past due mortgagors have the right to pay the past-due amounts before the sale to reinstate the mortgage. They can also pay off the mortgage debt after the sale to redeem the home. As you can imagine, this can create a legal quagmire in terms of the rights the real estate agent has to enter or otherwise alter the property. Plourde explained that

while she can secure the property for safety, other tasks, like trash-out, are a no-go. “Properties still in redemption are a very different story from a typical property and can be emotionally charged not just for the homeowner, but for the neighbors as well,” explained Plourde.

## **THE TWO Ds— DISCLOSURE AND DOCUMENTATION**

Besides educating yourself on the law, two of the most valuable tools in an agent’s arsenal when it comes to preventing litigation are disclosure and documentation. An agent handles multiple listings and clients every year and cannot expect to remember every interaction with a client. With the proper documentation however, you can not only remind yourself of the specific listing in question, but also know exactly what actions were taken and what words were said. Caroline Gim of Expert Real Estate & Investment explained the steps she

“I take extensive photos, write notes while things are fresh in my mind, keep a running timeline of events, and communicate as much as possible by email to maintain a paper trail.”

**CAROLINE GIM**, EXPERT REAL ESTATE & INVESTMENT

With education and diligence, you can protect yourself and your business.

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takes toward documentation. "I take extensive photos, write notes while things are fresh in my mind, keep a running timeline of events, and communicate as much as possible by email to maintain a paper trail. I would prefer to have a mountain of documentation to back me up and not need it, rather than need it and not have it." "I sent, via certified mail, my problematic tenants notice to pay or leave after 15 days of being late on the rent and applied the eviction in court with the document and proof of certified mail," said Yoon Whang of Safeway Realty. The result of her proactive actions not only got the tenants off her property but also protected her from any possible litigation in response from those tenants.

Dick Thackston of R.H. Thackston & Company dealt with a litigation situation in the past where a home inspection helped protect his business. "An agent that worked for me sold a couple a house. They had a home inspection when they bought it in July and the home inspection said the furnace needed to be replaced. They closed without replacing the furnace despite accepting a concession from the seller to replace it later, and in

January, the furnace blew up [and] they sued me for the cost of replacement because my agent should have told them to replace the furnace," said Thackston. In the end though, he was unable to avoid litigation. The courts took his side against the

buyers because the proper steps were taken in disclosing all information about the property prior to purchase. Maintaining full transparency and current knowledge of the industry helps prevent any missteps when doing business.

## **BUILDING YOUR CASE— FOR WHEN LITIGATION IS UNAVOIDABLE**

As Thackston's anecdote above illustrates, there are times one cannot avoid litigation despite the steps you have taken to perform ethically and honorably. In the event litigation does happen, it is time to start protecting yourself and your business. Thackston stressed the importance to stop all communication with a former client. "Lawyers communicate with the complainant only. Once I am threatened with litigation, neither I nor anyone else in my company will speak to the complainant except through an attorney." By doing this, Thackston and his team prevent exacerbating the situation in the event of litigation.

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**DICK THACKSTON, R.H. THACKSTON & COMPANY**

# The Cost Of Doing Business

We've Targeted the Investments That Will Streamline Your Business  
Whether the Focus is Self-Improvement or Simplification

**THE COST OF DOING BUSINESS FOR AN AGENT OR BROKER** CAN BE A SIGNIFICANT ONE. THE VARIETY OF PRODUCTS AND RESOURCES ON THE MARKET THAT PROMISE TO TAKE YOUR BUSINESS TO THE NEXT LEVEL IT CAN MAKE IT DIFFICULT TO DECIPHER WHAT IS A WORTHY INVESTMENT AND WHAT WILL SIMPLY DRAIN ON YOUR BUDGET. TO HELP YOU SORT PAST THE HYPE, WE'VE NARROWED IN ON THREE AREAS WHERE AGENTS AND BROKERS CAN MAKE THE MOST OF THEIR BUDGETS— ORGANIZATIONAL TOOLS THAT SAVE TIME AND MONEY, TRAINING AND EDUCATIONAL PROGRAMS THAT INCREASE KNOWLEDGE AND EXPERTISE, AND INDUSTRY PLATFORMS THAT MAKE HANDLING CLIENT REQUESTS A BREEZE.

## ORGANIZE YOUR OFFICE

Sharp organizational skills are key for agents and brokers who handle multiple properties and multiple clients at once.

Cut down on your paper clutter with these tech-savvy solutions that you save you time and money when it comes to organizing your office. Dropbox is a file hosting service that offers its users access to cloud storage, file synchronization, and client software. This system can be accessed on numerous technologies even remotely via the smart phone app. With this, agents can upload their pictures, files, and documents all to one place that is easily

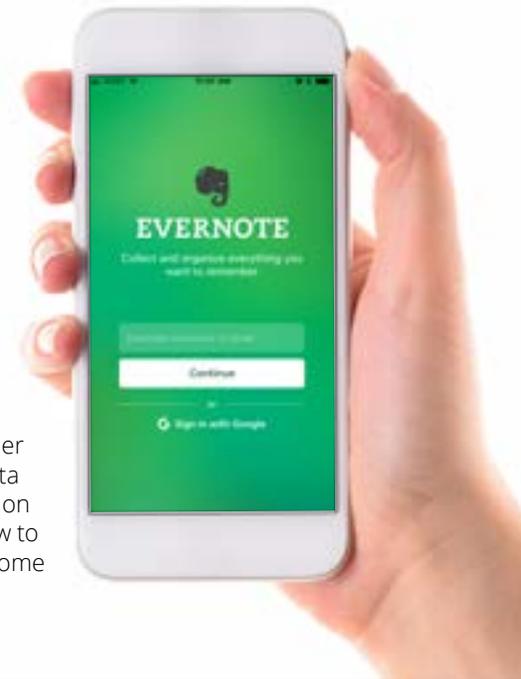
retrieved but also provides the security agents look for since only approved users can access the stored info. Caroline Gim of Expert Real Estate & Investment raves, "Dropbox is worth every penny. Online file storage lets me hoard as much information as I want without cluttering my physical office space." Another handy organizational tool is Evernote, which acts like a virtual workspace that keeps all your thoughts, notes, pictures, and presentations in one handy local by clipping information off the

internet that will appear as a note in your account. Available on desktop, tablet, or mobile, Evernote makes it easy to access your info on the go. Business allows you to collaborate with your team and brainstorm on projects with business notebooks.

## TRAINING AND EDUCATION

While the minimum requirement to work in real estate is having a license, many agents discover that, in order to compete against experienced peers, they will have to go above and beyond to gain the skills clients seek. The real estate industry is constantly in flux. That is why training and furthering education can be priceless to agents. Gina Sharma of Keller Williams Realty of North Atlanta felt that, "becoming educated on new systems and learning how to work more efficiently and become more productive," are worth

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investing in so that she may better her business. Whether it is new certifications and designations, webinars, or a standard continuation of education, there is always a resource out there willing to educate and train the ambitious professional. These sorts of resources assist an agent or broker in staying on top of their game. FORCE agents are in a prime position to take advantage of educational opportunities as members receive training courses in a variety of topics ranging from REO marketing to short sale and monthly webinars on industry topics free with their membership.

## KEY INDUSTRY PLATFORMS

When it comes to finding and organizing your listings, few industry platforms are as valuable to your business as Equator and RES.NET. Both companies boast their services as a type of one-stop-shop for all parties involved in a real estate transaction. These default servicing platforms hold all information on a listing in one place so that servicers, agents, vendors, buyers and sellers can see everything going on with a listing at once. They act as a great resource for agents as well

as all other parties to stay involved and up-to-date on a listing's status. While both platforms provide a free account to those interested in sampling their services, the upgraded accounts are where the true benefits lie. RES.NET offers a Pro and Pro Plus membership. RES.NET Pro costs \$325 annually but does not allow the agent to be found for listings within the RES.NET system. Pro Plus costs \$700 annually and gives an agent full access to conduct the entire listing process online. Equator offers a free access agent profile, however, if you wish to boost your profile and make yourself more visible within their system, you have the option to purchase products offered by Equator such as certifications. These resources can be a huge boost to an agent. Many asset management and servicing companies prefer the agents they work with to have an Equator or RES.NET account. For example, ServiceLink prefers the agents they work with to have a RES.NET Pro Plus account. This makes the agent easily accessible through the RES.NET system and gives them a way to organize way their assets all in one place.

# Leveraging Your Leads

Growing and Solidifying New Business

**WHETHER IN REO OR TRADITIONAL SALES,** AN AGENT'S LIST OF LEADS IS LIKE GOLD, AND A SOLID LEAD CAN NOT ONLY RESULT IN A SHORT-TERM SALE, BUT ALSO FOSTER LONG-TERM BUSINESS GROWTH THROUGH THE CREATION OF A FRUITFUL PARTNERSHIP. THE REO MARKETPLACE IS MORE CROWDED THAN EVER, BUT LUCKILY TODAY'S AGENTS HAVE A FULL ARSENAL OF TRADITIONAL AND TECHNOLOGY FOCUSED TECHNIQUES TO GENERATE LEADS AND STAND OUT FROM THE CROWD.

## Lead Generation & Utilizing the Options

The business of real estate is constantly updating, and successful agents are able to utilize new technologies hand-in-hand with traditional techniques to get the lead. Alan Hays, Broker-Owner of Realty Executives the Edge, summarizes

generating leads simply: "There are only three different ways to get a lead—you can buy it (websites, etc.); you can wait for it (hold open houses); or you can prospect for it." Edward Lukasik, Jr., Broker-Owner of RE/MAX Professionals of Bolingbrook and Burr Ridge, has found social media to be a great way to generate leads but advises that there is still a lot of work behind the scenes to make this method successful.

"Buyers want as much information as possible without having to contact anyone. For this reason, I offer mobile websites for every listing that I have. This

gives buyers the ease of getting all the property info on their mobile device directly off my signs, while capturing the buyer's

info through QR codes and text codes. I also pay to feature all of my homes on Zillow, Trulia, Homes.com, Realtor.com, and many other sites. This drives many leads to my office, and I am able to lead share with the agents in my brokerage, generating another stream of income," says Lukasik. John Giddens, Broker/Owner of Emrix Realty, Inc., tells agents that there are numbers of ways to generate leads no matter your budget and even recommends leveraging YouTube as a free way to showcase listings. For those agents looking to take on lead generation on a large scale, he recommends the site Listing-2-Leads. "This online marketing platform gives you many ways to promote yourself and your listings to generate leads with single property websites, digital flyers, email templates and pre-templates for generating HTML coded Craigslist ads," says Giddens. Despite this, Giddens still reminds his agents that leads can be generated by going back to the basics such as "the good old word of mouth, passing out business cards, and sending out emails to past clients to ask for referrals."

Kendall Butler, Broker/Owner of F.L.I. Properties and F.L.I. Property Management, advises her agents to look at the bigger picture when generating leads, such as hooking investors instead of individual buyers. "Investors are repeat buyers and sellers and they are probably contacting you on a weekly basis to find out about your REO listings. Be the real estate agent of choice for local investors by knowing more than they do about the market: Have market stats readily available, know potential rent value, know retail value of your REO after repairs, understand cash flow analysis, and take a class to understand 203K exchanges," says

The REO marketplace is more crowded than ever, but luckily today's agents have a full arsenal of traditional and technology focused techniques to generate leads and stand out from the crowd.

# Leveraging Your Leads (Con't)

Growing and Solidifying New Business

Butler. Christine Cerda's of Guarantee Real Estate approach is to step-up branding efforts. "A tip in generating other leads is always being 'in the game' and branding yourself wherever you go. Identifying your niche and creating a sphere of influential branding tools can help with that," says Cerda.

## Lead Retention & Closing the Sale

Generating leads is an important step in the process, but won't suffice on its own. In order to grow your business, these prospective leads need to turn into real business. "Once my office gains a lead we automatically start a drip campaign to that lead to start the incubation process. I have an office policy that every lead distributed needs to be contacted in five minutes or less. If a lead is not contacted right away, they will most likely contact another agent ... [and] when that lead is ready to make a purchase or sell, they will most likely choose the agent that has had the most contact with them," advises Lukasik. "You want to develop a relationship, gain trust, and be a source of information to [the buyer]. Let them know that you can get them minute-to-minute market information, this way they will come back to you or your website and will not look elsewhere for information. Once you get the communication lines open, gather all details about what their needs are, and explain that when they are ready to look at some homes, you are ready to show them some," says Giddens. Cerda has a similar approach saying, "Once I gain a lead my best advice for growing them into a new client is by providing solutions to everyday common problems. I focus on the future rather than the now and by doing so identify what needs to happen in the now." While the task of acquiring and following up on leads can seem overwhelming for already busy agents, it is a crucial aspect of the real estate business that cannot be overlooked. Generating and growing strong leads is the foundation for the future of your business; or as Butler

puts it, "if you don't manage your buyer leads you are leaving a significant amount of revenue on the table!"

## Never Stop Growing: Why Expansion is the Key to Success

Finding and maintaining success in life is undoubtedly correlated with growth. We constantly grow as individuals and many of us have this same attitude when it comes to our careers. The truth is, nobody wants to remain stagnant, and plateauing in our careers can hold us back from reaching goals. One of our fellow FORCE members stays true to this testament and his successful business reflects it. Even though he is a veteran in the industry with years of success, James Roberts, a broker in New York, attacks every day with a relentless work ethic, which allows his business to grow bigger and better. "I'm a broker for WNY Metro Roberts Realty in Buffalo, New York. We do real estate sales, property preservation, appraisals, and auctions. We are the one-stop shop for all your needs," Roberts proudly stated.

New York is called the city that never sleeps for a reason and Roberts applies this familiar slogan to his company. "Business has been excellent. We're probably the biggest REO company in the area. We are always working," Roberts explained. Roberts continuously emphasized growth is the key to success, and that he has big plans for his company. "We're the biggest property preservation company in the whole region. We're a full-service company who has been in business for 25 years. We do it all and we are looking to do even more," he said. With confidence in his voice and the success to back it, Roberts happily stated how he loves to work with new clients and develop friendships with them. "We're currently trying to expand into some other areas with bigger clients like Fannie Mae and Freddie Mac. We can do everything and hopefully clients will continue to see this," Roberts said.

# There's no "I" in "REO"

## Assembling Your Team of Third-Party Contractors

**WHILE THE PROVERB "YOU'RE ONLY AS STRONG AS YOUR WEAKEST LINK" MAY BE WELL-WORN,** IT IS A TRUISM THAT BECOMES PARTICULARLY RELEVANT WHEN HIRING AND MANAGING THIRD-PARTY CONTRACTORS. WHEREAS MOST AGENTS AND BROKERS ARE ADEPT AT OVERSEEING THEIR IN-HOUSE TEAMS, MANAGING THIRD-PARTY CONTRACTORS REQUIRES A SEAMLESS BALANCE BETWEEN NOT-OVERSTEPPING BOUNDARIES WHILE MAKING SURE THE JOB GETS DONE. ASSET MANAGERS COUNT ON AGENTS AND BROKERS TO BE THEIR EYES AND EARS ON THE GROUND, SO KEEP THE FOLLOWING TIPS IN MIND TO STRENGTHEN YOUR RELATIONSHIPS WITH YOUR THIRD-PARTY HIRES.

### Managing the Hiring Process

When it comes to working with third party contractors, first thing's first—the hiring process. Weeding out the wheat from the chaff can take some time and experience, but once relationships are established with reputable companies, the results will speak for themselves. Todd Schneider of Countrywide Real Estate has waded through this process multiple times. For him, the key is drawing from an established network. "If

you use contractors that have been around our industry and know what the expectations are in the REO world, you will get a fair price," says Schneider, "I usually use a SAM's vendor. I do have local guys and gals with private firms, but it would depend on the job." William Murray of the Century 21 Pro Team often needs to hire third-party contractors for repair, winterization, HVAC, clean-up, and maintenance jobs. Like Schneider he also uses a bidding approach saying, "All my jobs are bid out by at least two companies, competition will always bring about the best price." While most agents would agree that obtaining bids is a good way to settle on one company, it is important to keep in mind that a healthy agent-contractor relationship is a two-way street. "On trash-outs and initials we request two bids

from each contractor. Sometimes I will advise a contractor if I think they are not charging enough to make sure that they are able to complete the job to our specifications since I do not want them to walk out in the middle of a job," shares 35-year REO pro Allen Trammell of Trammell & Co. Realtors. Schneider agrees that being too aggressive in the bidding process can backfire. "Getting three bids for most work is the best option; however, it is hard sometimes if the contractor bids all the time and never gets a job. You may lose them," he says. "Early on in my career I used to go out and get three bids. Now I just get the one because I know these companies and I know that they won't over bid a job. They treat me well knowing that I will call on them and rely on them," says Ruben Pena of TC Austin Residential Group.

### Setting the Bar

Whether your seller clients expect you to hire contractors from scratch or manage the field servicing companies already in their roster, the fact remains that as an agent you will be called upon to set the bar for work completed. "The first step is to be knowledgeable about if the work being done is truly a satisfactory performance or not. Nobody likes me telling them to go back out to an asset on their own dime to fix some sloppy work they left behind the first time around, but I will if necessary. Be reasonable but stay in control of what is expected of routine work," advises Tim McCubbin of Century

"If you use contractors that have been around our industry and know what the expectations are in the REO world, you will get a fair price."

**TODD SCHNEIDER,** COUNTRYWIDE REAL ESTATE

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21 Action Realty Murray agrees saying, "Always check the work just in case. It's okay to be friendly with your suppliers but always remember they represent you. If they do not do the job correctly, your client will be looking at you for answers." Trammell's trick for maintaining proper oversight is simple yet genius. "I generally have a contract lawn and trashout company that I am familiar with their practices (they are often the ones maintaining my personal rental properties) and I require before and after photos of each job, especially grass cutting," he says. Though state laws may vary, Schneider points out that agents need to make sure they are protecting themselves from liability. "No matter whom you use, verify that they have all the proper licensing and insurance," he advises. "I suggest an agent make sure that any contractor they use provide their own equipment and they either have their own insurance or at least sign a waiver and an independent contractor agreement unless they are payroll employees," Trammell states.

## Trusting the Experts

If you have properly vetted your third-party contractors, your reward will be lasting relationships with pros that have your back in what is an increasing competitive field. "As an agent of more than 36 years I have been able to establish great working relations with many vendors," says Pena. "Throughout the years I have come to count on them and I like to think of them as part of my team of experts. I have hired all of the experts from landscaping to foundation and plumbers and electricians and surveyors each and every one of them expects the best from me as I do from them," Pena says.

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**RUBEN PEÑA**, TC AUSTIN RESIDENTIAL GROUP

# It's How You Play the Game ...

Today's Home Inspection Negotiation Secrets

FORCE member Steve Rivkin at Planet Realty in New Haven, Connecticut, offers insight on negotiating after a home inspection.

**AS FORCE AGENTS, WE'RE CALLED UPON TO MANAGE THE SALES PROCESS** FROM ONE END TO THE OTHER SEAMLESSLY. ONCE WE ARE (APPARENTLY) FINISHED WITH PURCHASE NEGOTIATIONS, WE ARE FACED WITH THE HOME INSPECTION COMPONENT. IF NOT HANDLED CORRECTLY, ALL THE WORK FROM THE PURCHASE PHASE WILL DISAPPEAR... AND SO WILL THE DEAL.

Buyer or Seller... Which side are you on anyway? For buying and selling, our roles are clearly different. It's important to see yourself in the "other person's shoes" so you can help balance the equation. There are many strategies on both sides. We will deal here primarily on the seller side.

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## 50 Shades of Negotiation

Negotiating is clearly a human event, with ego and emotion often playing in. To be successful, take a step back and have an objective look at the specifics and players. There's no single or best approach. Here's a high-level view of some negotiating personalities for quick reference: Competitive style negotiators (I win/you lose)

are seen as more aggressive and may be singularly focused on the battle, even if the war fails. Giving in to this style will only

bring more concession requests. This posture can be useful, however, if a resolution must be immediate. Accommodating style negotiators (I lose/you win) are concerned more with relationships. They are at a disadvantage when paired with competitive styles. They tend to give larger concessions. Accommodators are liked by the opposite party for obvious reasons. Avoidance style negotiators (I lose/you lose) are generally passive-aggressive. They really dislike conflict. This style can appear as stalling. By not answering directly, it leaves the other party to fill in the blanks. Sometimes this style can be used to let hot parties cool down. Compromise style negotiators (I win/lose some – you win/lose some) really just meet you halfway. It's a quick haggle, and then split the difference. Some would argue that the compromising style is not really negotiating, yet this may be the style we see most commonly. Collaborative negotiation (I win/you win) is sometimes confused with compromise. Win/win is pure craft that makes sure both parties meet their needs and creates as much value as possible within the framework of negotiation. This approach requires more time investment to find innovative solutions, but if your relationship and market reputation are important, this is the style to use. Acting overly accommodating and compromising can leave money on the table and leave a sense of "loss" for your client. Acting too competitive and rigid can blow the deal altogether. Once you understand the basic styles, you can grow into a collaborative type. With

# It's How You Play the Game ... (Con't)

Today's Home Inspection Negotiation Secrets

collaborative style, you can mix other styles at the appropriate times to achieve a successful outcome.

## Putting It Together—Retail and REO

In retail home sales, the buyer has his or her inspection and then typically forwards a list of repair demands. These can be agreed to, denied, or credited as a purchase discount. If you are aware

of the styles thrown your way, you can maneuver with greater success. Some of the demands may simply be “throw away” negotiation items. Step back and help the seller decide which items to deal with. There are differences in repair negotiation when working REO assets. First, a discussion should occur with your asset manager regarding condition at time of sale. Many times, the subject property is sold in as-is condition and the lender is not making any repairs. If so, it's much better to frame this before you enter negotiations. By either posting in MLS (if allowed) or by indicating terms to buyers' agents, you will keep the sale moving quickly. Understanding the terms of condition is important because

it dictates financing. A property that needs major repair to structure or mechanical systems will not qualify for FHA funding. The first-time, owner-occupant may be the dominant purchaser

type in your area. Renovation financing may then be more appropriate. When determining pricing strategy with your asset manager, it's important to set proper expectations based on your market. Clearly, there is a difference in positioning as a retail offer with all types of financing available and an investor offer that will be cash with little concern about property condition and sold as-is. Although we see a “tale of two markets” (retail and investor), there is more movement now towards a hybrid zone where minor (and sometimes substantial) repairs may be made to accommodate all types of financing. This opens assets to all types of buyers, arguably to help with neighborhood stabilization. These decisions are made by your client, but you are their eyes and ears on the street to help direct them and manage their expectations in your local market. What's Best? In the end, be prepared and listen. Negotiation is a high-level sales event and really is about understanding people. Having professional negotiation tools will only make your life easier and your clients happier.

## How to Hire the Perfect Employee

In today's competitive real estate market, it's more important than ever to hire quality employees. However, this is usually easier said than done. Hiring the right person for your team can sometimes seem like a “luck of the draw situation.” A study by Forbes shows that a startling 48 percent of employees fail within their first 18 months. There are simple steps that you can take to make sure your new hire will be successful. Be clear about the job description. Take time to think about the daily tasks and activities this position will be responsible for and be sure to include all of them in the job description. Something that may seem like a simple project for you could be a deal breaker for someone else. It's important to be clear and defined in your expectations in order to locate someone that truly fits.

These decisions are made by your client, but you are their eyes and ears on the street to help direct them and manage their expectations in your local market. What's Best? In the end, be prepared and listen.

# It's How You Play the Game ... (Con't)

Today's Home Inspection Negotiation Secrets

## **Set your bar and stick to it.**

You know what you want from your new employee, so don't settle. It takes time to find the right person but hiring someone out of convenience will almost always backfire. Look for a person that matches every qualification that you are looking for. If you are having trouble finding a good candidate, consider splitting the position, or adjusting the daily tasks.

## **Interview productively.**

The events of your day can affect the outcome of your interview. If you are unusually busy, tired, or cranky, an otherwise good interview can feel rushed and have a negative feel. Have a plan of action before going into the interview. Prepare planned questions, definitions, and expectations, and use the same plan for every interview. This will help keep the interviews uniform and keep your responses objective. Consider using a cross interviewer in order to get a second opinion or a new perspective. Going through a second screening can help uncover details that you may have missed the first time. Most importantly, make sure the candidate

walks away happy. Thank them for coming and let them know you appreciate their time. This will leave a sense of satisfaction

for both of you. Qualities to look for include great work ethic, positive attitude, excellent communication skills, true experience, preparedness, loyalty, stability, and reliability.

## **Consider carefully.**

The success of your team depends on who it includes, so consider your decision carefully. Ask for coworker opinions on the primary candidates. Remember that your team will be working with this person, so their opinion is very important. Look for personality as much as skill. Take time to imagine the candidate working with your team. Will he/she easily adapt, or will it be a tough transition? Look for potential in the interviewee as much as skill. Skill, in the end, can be taught, personality cannot. When calling personal and professional references, consider the information you are trying to get out of the conversation, and build your questions to suit. Use results driven questions when checking personal references so the reference must put themselves in a new position, which takes them out of their comfort zone and causes a more truthful answer. Hiring a new team member can often be a long and strenuous process, but the right person is worth the wait.

You know what you want from your new employee, so don't settle. It takes time to find the right person but hiring someone out of convenience will almost always backfire.

# Developing or Redeveloping Your Business Plan

The Key to Success is Having a Good Plan

**AS THE HOUSING MARKET CONTINUES TO ADAPT AND NORMALIZE**, AGENTS AND BROKERS MAY NEED TO TAKE TIME TO DEVELOP A NEW BUSINESS PLAN TO LEAD THEM TO PROSPERITY IN THE NEW MARKET. A BUSINESS PLAN IS ESSENTIAL TO ANY NEW BUSINESS. STUDIES SHOW THAT 40 TO 80 PERCENT OF REAL ESTATE BUSINESSES FAIL WITHIN THE FIRST YEAR, DEPENDING ON THE AREA, AND ALMOST 90 PERCENT FAIL WITHIN FIVE YEARS ACCORDING TO THE NATIONAL ASSOCIATION OF REALTORS. IN TODAY'S CHANGING MARKET, EVEN SEASONED AGENTS AND BROKERS MAY NEED TO TAKE TIME TO CREATE A BUSINESS PLAN. SMART AGENTS ARE ADAPTING WITH THE MARKET AND ENTERING NEW SECTORS WHERE THEY CAN TRANSLATE THEIR REO SKILLS. AS THEY ENTER THESE NEW MARKETS, A REFRESHED BUSINESS PLAN CAN BE A VITAL TOOL TO THEIR SUCCESS. CREATING A BUSINESS PLAN CAN BE CONFUSING AND OVERWHELMING, NOT TO MENTION TIME-CONSUMING. WE HAVE BROKEN A TRADITIONAL BUSINESS PLAN INTO SUBSECTIONS FOR EASIER CONSIDERATION, AND BETTER RESULTS.

## **Budget Planning**

A projected budget is vital to any business. Expenses can stack up, so it's important to keep track of what you need and how much it will cost. You will need to consider the salary expectations for yourself and all of your employees. You will also need to budget for building and utility fees, along with equipment and technology fees. Consider any new listing and servicing management fees you may incur in your new target market.

## **Organizational Planning**

Knowing exactly how your agency will run is an important part of your planning. Each employee will need to know exactly what his or her responsibilities are. Roles may change greatly with new markets and should be discussed thoroughly in order to ensure everyone's success with the new plan.

## **Training Plan**

Keeping up with the industry can mean the difference between longstanding success or closing your doors. Whether you are extending into the growing single-family rental market, picking up property management assignments, or applying your skills in another area such as probate, set aside time and budget for training and certifications for yourself and your staff.

## **Generating Leads**

Stepping into a new market means finding new sources for leads. Social media and networking events are great places to start. Also, talk to other agents in your area about what strategies they use, and which ones they don't see as effective. Find events that pertain to your new market and attend as a team. First-hand experiences always stick better than reading other's notes, so it's best if all team members attend the session. Remember the key to a successful business plan is details. Sit down with your team to discuss the transition and brainstorm the details that should be covered. Diving into a new market can be unnerving but having a good plan will help your agency transition smoothly, and with more success.

# Diversity

More Than Checking a Box

**IN TODAY'S CHANGING MARKETPLACE,** DIVERSITY AND INCLUSION HAVE NEVER BEEN MORE IMPORTANT. WHILE DIVERSITY PREVIOUSLY REFERRED TO RACE, GENDER, AND SEXUAL ORIENTATION, IT NOW INCLUDES ORGANIZATIONAL, ECONOMIC, SOCIAL, AND EDUCATIONAL DIFFERENCES. AMID CHANGING TECHNOLOGY, SOCIOPOLITICAL ENVIRONMENTS, AND SHIFTING DEMOGRAPHICS, HAVING DIVERSITIES IN YOUR WORKPLACE IS ESSENTIAL TO UNDERSTANDING THE NEEDS OF A BROADER CUSTOMER BASE, CREATING A BROADER RANGE OF SKILLSETS TO TAKE ADVANTAGE OF, AND BETTER INTEGRATING INTO THE COMMUNITY. THE BENEFITS OF DIVERSITY AND INCLUSION ARE IMMEASURABLE. COMPANIES WILL EXPERIENCE INCREASED ADAPTABILITY IN THE MARKETPLACE, A BROADER SERVICE RANGE, MORE EFFECTIVE PLANNING AND EXECUTION, AND ABILITY TO GENERATE A VARIETY OF VIEWPOINTS.

Beginning the process for implementation of a diversification strategy can be a difficult endeavor that takes time and adjustment. Mention to your employees your ideas for the

new changes. Talk with them about the reasoning and the expected goals. This introduction will help them to feel included and considered. Make a mental note of how each employee reacts to the idea. Note any concerns they express and questions they have, so that these issues can be addressed at a later date. Ruben Peña, Owner, TC Austin Residential

and former FORCE Advisory Chairman, says not only is diversity of the utmost importance in his office, but also inclusion. "They really go together. Just having a diverse staff doesn't help if you aren't including them in leadership and management roles." With America

becoming a more diverse nation, businesses should change their approach to the public, with consideration for different cultures, lifestyles, and means of living. As consumers, we are always more comfortable buying a product from someone who understands our cultural needs.

Beginning the process for implementation of a diversification strategy can be a difficult endeavor that takes time and adjustment.



## Creating a Diversity and Inclusion Plan for Your Office

There are many different ways to implement a diversity and inclusion plan in your agency, but Peña has devised a step-by-step process to make creation and implementation a much easier process.

- » **Decide your core goals.** Is your goal to help your community? Is it to increase the cash flow of your agency? Is it simply to better serve your clients? Whatever the reason for the change, state it clearly and simply.
- » **Research your area.** Research the area you decided on. If you are expanding to a new area, find out what kind of schools are in the area, as well as what shopping, restaurants, and activities. Also look into the general demographics of the region, including racial breakdowns, income levels, and family household size. These are all factors that will affect potential homebuyers.
- » **Define your boundaries.** Will the boundaries be your town? Your county? Of course, these are “soft boundaries” and should never be held concrete, but this will give you an idea of what communities and cultures you are working with.
- » **Plan how to service the area.** Decide the best way to service your area. Try to match a staff to the needs of your community. If most of your clients are childless, they will not understand why their agent can't show a home at 3:30 p.m. on a Wednesday due to picking up children. People enjoy being in their comfort zone, so try to staff your office with a diverse crowd.
- » **Work on your team.** Train your team to be open and willing to step out of their comfort zone. Include all employees in the office decision making. This can open doors to new clients and cultures. Diversity and inclusion are both important in order to stay afloat in today's changing market. Training and understanding are extremely necessary in order to successfully transition from a non-diverse office to an office with a diverse staff, but the benefits could be incredible, making once unreachable markets and goals at your fingertips.

# Agent Growth

A Winning Team

**SAVVY REAL ESTATE AGENTS AND BROKERS KNOW THERE IS NO WAY TO GO IT ALONE** IN REAL ESTATE. IN ORDER TO SUCCEED, ONE MUST BUILD OR JOIN AN EFFECTIVE TEAM WITH THE RIGHT MEMBERS AND THE RIGHT POSITIONS. TEAMWORK—IT'S ONE OF THOSE BUZZWORDS YOU HEAR A LOT IN ANY TYPE OF BUSINESS. WHETHER YOU'RE AN AGENT TRYING TO JUGGLE AS MUCH AS YOU CAN ON YOUR OWN OR A BROKER WITH A LARGE TEAM OF AGENTS, IT IS IMPORTANT TO MAKE SURE YOU HAVE AN EFFECTIVE TEAM WITH EFFECTIVE TEAM POSITIONS. JUST LIKE A BASEBALL TEAM WON'T FUNCTION WELL WITHOUT A RIGHT-FIELDER, A REAL ESTATE OFFICE WON'T FUNCTION WELL WITHOUT SOMEONE TO ANSWER THE PHONES, SOMEONE TO RESPOND TO LEADS IN A TIMELY MANNER, AND SOMEONE TO PROVIDE EXCELLENT AND EXPERT SERVICE TO CLIENTS. WE CHECKED IN WITH A FEW OF OUR SUCCESSFUL FORCE MEMBERS TO SEE HOW THEIR TEAMS ARE STRUCTURED AND WHICH TEAM POSITIONS THEY CAN'T LIVE WITHOUT.

## **Overstaffed or Effectively Staffed?**

Michael Morris with William Raveis Real Estate in Ridgefield, Connecticut, has nine people on staff for his two-member agent team. "Some people would say we're overstaffed, but I'd rather be overstaffed and make a little less and provide excellent service to all," Morris says. In addition to regular administrative staff, Morris has people working full-time hours both during the week and on weekends to review leads and follow up. While many offices staff down during the weekend, Morris makes sure his office is available. "We average 50 to 75 leads on the weekend," he says, "so the weekend is no time to slack off." Todd Sullivan, Managing Broker at 509 Properties in Spokane, Washington, has six buyer's agents, three administrative assistants, three field agents, and one bookkeeper. One of the office's listing specialists handles marketing and social media for the office as a whole, while agents also advertise properties on their own. Tracie Peltier, Associate Broker at 3 Tier Real Estate, LLC, in Sterling Heights, Michigan, has 10 agents at her office—some of whom have years of real estate experience, and some fresh out of school. She offers training for her newer agents to make sure they offer quality service.

## **You Can't Do It All Yourself**

Tammy Seymour of Desert Dream Realty in Cave Creek, Arizona, makes sure she has the appropriate staff to assist her. "There's no way you can do it all yourself," she says. Seymour has a full-time marketing employee on staff to manage her online presence, including Facebook, Twitter, and LinkedIn. Seymour finds social media particularly effective with the younger generation, she says. Peltier relies on her administrative assistant to help her maintain a strong online presence. In general, teamwork is an important aspect of Peltier's office. If an agent isn't available to help a client, "another agent or I will jump in and help," Peltier says. "We never tell anyone 'no.'"

# Staying the Course

## How to Maintain Your REO Business in Our Changing Market

**WITH REOS ON THE DECLINE**, SOME REO AGENTS MAY BE LOOKING FOR OPPORTUNITIES ELSEWHERE; BUT JARRETT WEST IS DETERMINED TO STAY THE COURSE IN THE REO MARKET. HE'S WORKING WITHIN HIS EXISTING NETWORK AND ADAPTING HIS BUSINESS TO MEET HIS CLIENTS' CHANGING NEEDS. IT'S NOT NEWS THAT THE REO MARKET IS ON THE DECLINE. FORECLOSURES ARE DOWN ACROSS THE COUNTRY, AND MANY OF THE REOS THAT ARE OUT THERE ARE MAKING THEIR WAY TO MARKET IN THE FORM OF BULK SALES RATHER THAN BEING ASSIGNED INDIVIDUALLY TO AGENTS.

While many agents who served the booming REO market a few years ago may be looking to other markets for new business, Jarrett West of 1 Able Realty in Orlando, Florida, is determined to stay the course; and he is continuing to find success in the distressed market right within his existing network. West maintains close contact with all of his current clients, and when necessary,

he adapts to meet their needs. "You have to stay in touch with what the asset managers are doing because this market is changing rapidly," West says.

### **Adapting to Market Shifts and Changing Client Needs**

When one of West's asset manager clients began to transition heavily into property management a few years ago, West expanded his staff and got new software, so he could continue to serve his existing client in this new endeavor. Similarly, when one of West's clients began working with U.S. Department of Agriculture (USDA) Rural Development loans, West jumped at the opportunity to meet this new need. As soon as he heard about the new client, he made sure the asset manager knew he had extensive past experience working with USDA loans. West knew these loans were originated based on geography, and he knew where to find them. He had all the resources aligned to meet his client's new needs.

"You have to stay in touch with what the asset managers are doing because this market is changing rapidly."

JARRETT WEST, 1 ABLE REALTY

### **Readying for the Next Market Cycle**

West believes the economy is positioned for another downturn in the next two or three years. "We're at the top of the market again, and the next cycle is going to come when the political winds change," he says. "Another downturn is going to come in the next two or three years." With REO inventory low and many agents leaving the REO market to pursue other sectors, it is the opportune time to get noticed by asset managers and strengthen your connections with them, West says. When the market takes another turn, you'll be there. "If you're an REO agent, you just have to maintain, and it will come back. In the meantime, look to current clients, anticipate their needs, and get in front of them," West says.

### **West offers these tips for REO agents—things NOT to do:**

- » **Never work with full-time investors.** This runs contrary to most thinking. Just about all asset managers (AMs) have a mandate to sell to owner occupants first. If I work with full-time investors, then there may be a question of whether I am trying to get the houses to them. I do not want that to be a question.
- » **Never partner with competing AMs.** Government agencies such as HUD are stating that they allow partnering agreement AM contracts. Some real estate brokers in the industry think this gives them the green light to find AMs to partner with and bid against the interests of their current

# Staying the Course (Con't)

How to Maintain Your REO Business in Our Changing Market

With REO inventory low and many agents leaving the REO market to pursue other sectors, it is the opportune time to get noticed by asset managers and strengthen your connections with them, West says. When the market takes another turn, you'll be there.

employer/ contract holder for their own personal gain. We do not take that approach. Resist this temptation! I will never partner with competing AMs and will sign any non-compete, non-disclosure agreement.

#### Things to do:

- » **Know your current AMs.** How can you expand within your current network? What portfolios are your clients servicing? Are they competing for any new contracts? Anticipate their needs and project your capabilities to them. Are they taking a new direction in the industry, such as property management; and can you expand to meet their needs?
- » **Be an industry leader.** Share your experience with others. For example, I am certified to teach education classes on the VA home loan HUD sales process. I also volunteer for an organization that currently has 16 teaching events each year for veterans.
- » **Find a niche.** My biggest success came from finding a niche and dedicating my time and energy to that specific market. Between 2010 and 2015, my office sold \$64 million in HUD sales. By understanding the basics of your market and business cycles, you can be prepared to serve your market as it changes.
- » **Follow the trends.** When bulk sales started taking over the REO market, I chose to get involved rather than sit on the sidelines. I helped put together everything needed for a nonprofit company to bid on a bulk sale. We helped them solicit all the parties needed for the transaction: servicer, asset manager, rental management company, etc.
- » **Volunteer.** Something I feel is important, which has also been emphasized in the industry lately, is giving back to your community. I helped organize and develop a veterans' organization with a stated mission, "Increasing sustainable homeownership, financial literacy education, VA loan awareness, and economic opportunity for the active-military and veteran communities." The Veterans Association of Real Estate Professionals increases homeownership by increasing awareness of the VA home loan within the real estate and mortgage professional community.

# Declining Distressed Inventory Forces a Change in REO Strategy

**DISTRESSED HOME SALES HAVE BEEN ON A STEADY DECLINE** SINCE HITTING THEIR PEAK SEVEN YEARS AGO IN JANUARY 2009 AT THE HEIGHT OF THE HOUSING CRISIS. FOR YEARS, AGENTS PROSPERED WHILE THERE WAS NO SHORTAGE OF REO PROPERTIES AVAILABLE FOR THEM TO PUT ON THE MARKET.

Now that the backlog of foreclosures and REO properties has been clearing for years, how is this affecting business? CoreLogic's November 2015 Distressed Sales data reported that REO and short sales combined made up 12 percent of all residential sales for the month, a decline of 2 percentage points from the previous November.

The distressed sales share for November 2015 was approximately one-third of its peak reached in January 2009, when REO properties and short sales made up almost one-third (32.4 percent) of all residential home sales. There is no question that distressed sales are way down due to the steady decline in available inventory over the last seven years. While the distressed sales share is not quite back to its pre-crisis level, which is approximately 2 percent

(CoreLogic estimates they will reach that point in mid-2019 if the current rate of year-over-year decline continues), the declining REO and distressed inventory has forced agents to return to their pre-crisis routines.

"For the longest time, we enjoyed the inventory," said Ruben Peña, president of TC Austin Residential. "Agents can get very comfortable in their current situation when a product is being given to them or being offered. When the product is no longer

available, they realize that they now have to go to work. We forget about the simplicity of going out and asking for the order. When inventory is high, no one is busy working on getting the inventory, because it's being given to them. When inventory is low, we forget that we have to go back to the basics and go out and ask for the inventory." All but nine states reported a year-over-year decline in distressed sales share in November 2015. Maryland had the largest share during the month at 20.2 percent, and North Dakota had the smallest share at 2.7 percent. The largest year-over-year decline occurred in Nevada, which experienced a 5.4 percentage point drop. California's November 2015 distressed sales share was 8.2 percent, which is 59.2 percentage points lower than its peak of 67.4 percent in January 2009. Specifically within the distressed category, REO sales accounted for 8.7 percent of all residential home sales in November 2015—a decline of 1.5 percentage points from the previous November and the lowest share for any November since 2007.

At their peak in 2009, REO sales represented 28 percent of all home sales. Short sales have remained in the 3 to 4 percent range since falling below 4 percent in mid-2014; in November 2015, short sales accounted for 3.2 percent of all home sales. The dwindling amount of REO properties and foreclosed homes available for sale has resulted in a change in strategy for some realtors. "There's no reason why someone who wants to buy a house can't buy a house," Peña said. "The problem is, you can't buy a house when there's no inventory. If I want to buy a car, I can go online and visit any online auto shop and say I want this model, this color, in this price range. But when it comes to housing, I can't do that because the inventory is

"For the longest time, we enjoyed the inventory. Agents can get very comfortable in their current situation when a product is being given to them or being offered. When the product is no longer available, they realize that they now have to go to work. We forget about the simplicity of going out and asking for the order."

**RUBEN PEÑA**, TC AUSTIN RESIDENTIAL.

# Declining Distressed Inventory Forces a Change in REO Strategy (Con't)

not there. I have the ability as a buyer to say I want this house, a three bedroom, a two bath, in this neighborhood. But I can't go online and find it because the inventory is not there. What I have to do as an agent is create the inventory. I have to work the field, work the market, find properties that buyers are interested in buying, and make them available."

One way to cope with the dwindling distressed inventory is specialization, according to Joyce Essex, an agent with Coldwell Banker Real Estate. "Whether it's REO or traditional sales, performing, probates, bankruptcies, investors, whatever it is, know that market, so when the market shifts, you have the knowledge, you know who your clients are, you know who the competition is, you know the laws, the rules, and you know the marketing and the technology," Essex said. "Make sure that you specialize and really know what you're working on at the time and hopefully have a couple of different spaces where you can add value to the client."

# Landing Listings

How to Go Beyond Certifications and Networking Events to Establish Real Relationships and Get Listings

**FORCE AGENTS ARE KNOWN FOR THEIR PROFESSIONALISM, EDUCATION, AND EXPERTISE;** BUT EVEN THE MOST QUALIFIED AGENTS CAN STRUGGLE TO GET THEIR FOOT IN THE DOOR WITH ASSET MANAGERS. THIS MONTH WE SPOKE WITH AGENTS WHO HAVE STAYED THE COURSE AND FOUND SUCCESS IN THE REO MARKET, AS WELL AS AN ASSET MANAGER WHO SHARED HIS PERSPECTIVE ON WHAT REALLY WORKS IN TODAY'S SHIFTING MARKET.

For REO agents, making strong connections with asset managers is, of course, essential. However, this is often easier said than done. Educating yourself and obtaining certifications to augment your resume are not bad ways to start but establishing contact and following up are key. When REOs were on the rise and every bank and asset manager was furiously trying to grow their network and unload properties, it was easy for REO agents to get a foot in the door with asset managers. Today's market is quite different. Foreclosures across the country are on the

decline, and many agents are beginning to find success in the traditional home buying market. In a few states, REOs were up more than 200 percent over the year in November. Tennessee (608 percent), Mississippi (341 percent), Texas (298 percent), Nebraska (295 percent), New York (270 percent), and New Jersey (205 percent) charted the greatest increases. What this means for REO agents is there is still more work to be done in the REO market. However, understanding the market—especially your local market—is vital.

Educating yourself and obtaining certifications to augment your resume are not bad ways to start but establishing contact and following up are key.

## Pursue the Right Contacts

Those who follow market news know large lenders have been unloading mortgage servicing rights to smaller nonbank servicers for some time. "Most of the larger lenders' networks have all been closed for a very long time," says Christina Griffin of Coldwell Banker in Tampa, Florida. However, "I would recommend you go after local small banks," she says. "This is a market where it is still possible to get your foot in the door." It can be tricky to pursue some of these smaller companies because their contact information is not always readily accessible, according to Griffin. However, it may be worth the effort of tracking them down. "I recently picked up a few new clients by going through aged inventory of foreclosures in my current marketplace and sending my resume to the mailing address," she says.

## Start Small with BPOs

Sometimes you have to start small. Many REO agents got their start doing BPOs. Matthew Diehl with Coldwell Banker in Chicago says doing BPOs is a good way to get on an asset manager's radar. "They'll see your name keep popping up and see you as a resource," he says. Griffin got her first listing with Chase after completing about 50 BPOs for them. "I got my first listing because of how powerful the content I put in the BPO was," she says. "The asset manager called and said it was the best BPO she's ever seen." For those who are turning to BPOs to make a good impression on an asset manager, Griffin advises inspecting each property personally rather than relying on an inspection service.

# Landing Listings (Con't)

How to Go Beyond Certifications and Networking Events to Establish Real Relationships and Get Listings

## Turn to Your Peers

“Working with other agents is an excellent way to establish yourself and get your foot in the door,” Diehl says. He encourages agents to attend both national and local networking events—conferences, FORCE events, and company events. LaCrisha Butler of The Butler Group @ Independent Realty in Washington D.C., has found networking with other agents to be of great value. She says networking with agents from other states at national events like the Five Star Conference can be a great way to gain information and referrals. “We’re not competing, so they are more than willing

to provide information and introductions,” she says. However, she was even more surprised that “one of the best contacts I’ve made was at Five Star in Dallas, and it was an agent in my own area. I wasn’t expecting that.

I would have thought that someone in my area would not be willing to discuss.” Networking with peers can be particularly valuable if you serve a rural area. Bryan Palomares, VP of Asset Management with Skyhill Financial, says his company already has an established network of REO agents, but sometimes they need to find an agent in a rural area where they do not already have contacts. In those cases, his first course of action is to reach out to an agent nearby to see if they can provide a reference. Griffin also recommends networking with local loan officers. If they have foreclosures, they may “go out on a limb and try to get you into their network,” she says.

“Referrals and a strong record of experience are much more effective.”

**BRYAN PALOMARES**, SKYHILL FINANCIAL

## Follow Up

Deborah Ball admits “it’s hard to crack,” but she stresses the importance of following up and emailing asset managers. Butler agrees, saying, “The follow-up is what’s key.” After making contact with an asset manager, Butler follows up and makes sure they know she is a local market expert. She makes sure asset managers know there is an uptick in foreclosures in her area—the metro D.C. area—right now and that she has expertise in her area’s rigorous laws pertaining to foreclosures, tenant rights, and more. Many servicers are dealing with multiple jurisdictions, so knowing they have a local expert on hand can be very valuable, according to Butler. Palomares says in the current market, expensive packages aimed at catching an asset manager’s attention don’t have much of an impact. Referrals and a strong record of experience are much more effective, he says.