

4 Keys To Distressed Properties

APRIL 2012

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Distressed sales have a well-earned reputation for difficulty. But if you're thorough in your dealings with consumers, lenders, and other agents, you will find things go much more smoothly.

As real estate professionals, we all know that distressed properties are a huge part of today's market. And they're going to be for a while. Whether you've dealt with an REO account or find success in short sales, you will probably deal with distressed sales.

Becoming your customer's ultimate resource in these complicated transactions is easier than you may think. Here are four important tips to aid you in navigating these complex processes.

Know Your Customer

Speaking with real estate professionals who have listed REO and short sales, as well as having listed both myself, I've discovered that one thing's for sure: It's important to know your customer. Not everyone is a fit for a distressed home. When dealing with REO properties, it's critical that the buyer's funds are available immediately for escrow purposes and for the balance to close available within the designated closing period in the contract. Banks do not like to give out extensions when they aren't necessary.

With regards to short-sale buyers, the renter in need of a home right away with nowhere else to go may be better off not looking at short sales. The bottom line is this: Understand

your customer's needs and financial situation. Once you've armed yourself with a complete picture of who your customer is, you can manage their expectations accordingly.

Follow Instructions

This one's easy. Asset managers will often kick back contracts and paperwork for missed initials, signatures, or dates. Review your paperwork prior to sending all of it to your customer as well as the bank. Your fellow agents and customers will love you for all the time you save everyone involved. A great service for this is DocuSign, which you can use to send over documents electronically to buyers and sellers, with clear notations on where they can sign and date the forms. Your customers sign with a click of the mouse. However, ask questions before doing this, because not all lenders accept electronic signatures.

Put It in Writing

REO agents are bombarded by phone calls. Is the home available? Are there other offers? What is the condition of the home? Limit your communications to e-mail or text unless it is urgent, always read remarks from other real estate pros, and review attachments and showing instructions prior to calling with questions. Most of what you want to know is likely in the MLS. Already submitted your offer and want a status update? Again, e-mail is the best and most considerate way to inquire. The listing agent will appreciate your thoroughness and may even recommend your offer when asked.

Be Complete

This is especially crucial when dealing with short sales. When you meet your seller, bring along a list of required documents or send the list prior to your meeting. When sending over your packet to the lender, be sure it is complete. Days and even weeks can be lost over a missing tax return or paycheck. Being thorough not only saves you time, but the asset manager also

will appreciate your preparation and be able to provide you with better information, and sooner. Once your seller's BPO or appraisal are ordered, it's helpful to meet the practitioner or appraiser at the home, provide them with comps, and point out any issues not immediately recognizable.

The distressed-sale process is always evolving. Follow these tips and stay abreast of the latest industry changes and you'll chart a course to short-sale and REO success!

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