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Flat-out Caught in a Lie

It started out like any other day but ended in a level of frustration that resulted in our “shaking the trees” in the REO system. We had put in a purchase contract with a local REO listing broker who is well known in the community. We put the order in one week prior and followed up almost every day by email and telephone calls – with no returned calls or any email response. The listing broker actually answered the telephone by “mistake” and put Nan on hold. His assistant picked up the call and took the info and put Nan back on hold. The line then disconnected and call backs resulted in getting the voice mail system.

The property had been on the market almost 6 months and hadn't had a price decrease in some time. This implies the asset manager for the property has got his head in the wrong place if he really wants to sell the property. In all this time on the market there certainly were some offers, and in the first 3 days of its being listed, there probably were tons of offers. The problem that it didn't sell was it was first listed at too high of a listing price. Following some subsequent listing price reductions, Nan was on the case to make an offer on it.

Nan was actually working with our 22 year-old granddaughter to get her a deal and was coaching her about the business. At 22 she is getting up there in age to get started, as we have a 15 year old and a couple of 17 year olds in our program that make offers daily.

All of a sudden Nan turned to me and said, “This listing broker won't answer me at all!” She was very frustrated and said, “I'm going to call the bank and tell them their agent is not doing his job.” As with any massive company Nan got transferred to five extensions before she finally got to a department where she could only leave a message.

Nan then sent an email to the broker stating she had called the bank to report the non-response and was to give the agent one more try.

Literally, within minutes of the email going out, Nan got a call from the broker's assistant explaining that the property had been sold “EARLIER THAT DAY”. After 6 months on the market, it was suddenly sold in a day! Then came the lie, the assistant said she had emailed Nan back days ago and said there was no contract information attached. All the information, including Nan's email was on the contract. Our email system stores all the emails chronologically and they can easily be retrieved by date. No response ever came from the broker's office. What about all the telephone messages and the emails that went unanswered? No explanation by the assistant. After all, what can she really say except that for some unknown reason, Nan was never contacted. This is in spite of the fact that Nan re-sent the contract by email and fax twice more – but still no answer.

As I was writing this Weekly Insight, I checked and the property shows as “Contract Pending” on the MLS. We will track this property and some others to make sure that the final sales price was higher than our offer.

I had spoken to other brokers who I mentioned the problem of non-responding agents and brokers and the properties being sold without a response to a buyer’s offer – sometimes higher than the sales price. I mentioned that I wanted to pursue contacting FREC and I was told FREC doesn’t do anything. So I decided to go to the Asset Managers of the properties and get their attention.

The first thought of some listing agents is that our offers are too low; some believe they are so low they are disgusting, and they tell us that. However, if you watch our properties for sale, you’ll see we buy REOs continuously and at these same offering prices.

The other issue is that we will make an offer by email and within seemingly seconds we get a reply, “REJECTED”. There is no way the asset manager had time to see the offer, it is being rejected by the listing agent. It might be that the broker did a BPO to get the listing and the actual value is much lower and the agent doesn’t want the asset manager to see the “low” offerings.

All we want is a fair shake at having the asset managers see our offers. If there are higher offers we understand. Transparency is what we are asking for. In the above case, if the sale closes and the price is above our offer price, all that can be said is that the listing broker has no business sense for not calling us back. If the closing price is below our offering price, we will request an investigation by the Fraud Department of Deutsche Bank.

Most listing agents are nice people and hard-working individuals. Some are borderline megalomaniacs who should count their blessings that they get REO listings to keep them in the business, otherwise, they may not be able to find any job. Am I suggesting that all the readers who make offers on REOs go to the same extent of tracking their offers and deals to see what happened? The answer is simple - Yes. Now is the time to make a stand for the rights of real estate buyers everywhere.

Every lender has a fraud department that is active in reviewing files that close and is tracking these sales for an additional 30 – 45 days after the REO closes to see how much it re-sold for and to whom, or if it was held and resold in 100 plus days. It is easy for them to cross-reference the selling agent with the end-buyer – need I say more to the guys/gals who have an “inside” with a specific agent?

A sociopath, according to Wikipedia, displays a "pervasive pattern of disregard for and violation of, the rights of others that begins in childhood or early adolescence and continues into adulthood". Does this sound like anyone you have received an ugly reply from after an REO offer?

FNMA is very positive about following up on “issues” with brokers and they respond by investigating the situation and pulling the future REO listings from these troubled brokers. I suggest that if you are having a problem with communications with the listing broker/agent, you contact the Seller (lender who foreclosed) and state your problem. If it is a FNMA property, call me for their direct number – you’ll find them very cooperative!

Enough is enough, now is the time to fight back by taking action. You must document your conversations, times and dates, and keep your correspondence to have proof of your allegations – especially if the property trades below your offer!

To your limitless success,

Dave Dinkel

If you didn’t pick up your copy of Dave’s new e-Book, “Insider Secrets of the REO Market”, you can get it at <http://www.CrushingtheREOMarket.com>