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What Happens if You Butt Heads With an REO Listing Agent?

This should be short and sweet depending on whose side you are on. A student makes the usual ridiculously low offer for an REO (bank owned property) and gets rejected. The student personally feels rejected, but I explain persistence pays. Low and behold the lender counters two months later.

These are not the exact numbers so both parties (student and realtor) are not embarrassed or plain mad at us. The bank dropped the sales price almost 50% from its previous asking price despite the realtor having said there were multiple offers on the table and to give him our "highest and best offer". I suspect the other offers didn't close (if there were any) and the Asset Manager got tired of waiting. We would not have gotten the counter-offer if there were other offers even one dollar better.

Now for the "almost" real numbers – the original offering price was \$40,000 from the student, asking price by the bank, \$119,000. Not sure what listing price it started at, but you can assume \$175,000 as a pure guess.

I could give you the exact numbers and the entire listing history but I don't want a Defamation of Character Suit from the realtor. Some realtors are so sensitive, and tell us that we are insulting them by making low offers. I wonder if they pay full asking price when they are shopping for a home for themselves, or full list price for their cars. If they do, God Bless them as someone has to pay retail to keep the economy going. I hope they are also paying all their income taxes because so many people don't.

Anyway, the student's offer is flat rejected (so she is told) and most investors would have quit and stopped here. After all, rejection means "no deal", right? So after following up for a couple of months, the bank comes back with a "counter-offer" at \$65,000. That's a 45% decline if you haven't noticed. We counter at \$61,000 and the answer comes back, "NO". The property is worth \$90,000, but we call the realtor and try again to get it for a little better price. From the realtor's response, you would think it was coming out of his pocket, so again we get a "NO" answer

The bank has now sent an Addendum confirming the \$65,000 price and they are ready to go. The realtor is still un-cooperative about asking for a price reduction, so in a bold move Bill says, "OK, we'll pay the \$65,000 but we are going to add a co-broker on the contract". There is a short silence on the realtor's end and he answers, "Do what you have to do." That sort of drew a line in the sand, so Bill re-submitted the contract with our co-broker and it comes back approved and signed.

So let's see who the winner was. We paid what we were willing to pay for the property and got a good deal. The listing agent made a commission, oops, I mean he made a ½ commission on the \$65,000 or \$1,950.00. So the listing agent held his line and wouldn't ask for a reduction to \$63,000 and it cost him \$1,950.00 which our broker got as a

free.bie. and she loves us even more now than before. The realtor can brag that he sells every property at full listing price or higher and at this time it is true since he reduced the listing price accordingly.

I suspect the listing agent believes he won out because he didn't ask for a price reduction and "made us" pay full price. He could have pretended he asked the bank and told us it didn't work. We might have been satisfied and we would still have taken the deal, but he had to be a control freak and it cost him almost \$2,000.

If you believe that we burned a bridge behind us, forget it. Listing agents run the risk of losing their listing agreements and contracts with banks if they play games. They do it anyway and they do get caught, but not often enough. If you submit a higher price than another offer, you should get the deal. If the listing agent is not in cahoots with another investor you will get the deal. If you see the final sale price in the public record for less than you offered, you should report the agent and his broker to the Department of Business Regulation and the Board of Realtors.

Everyone involved in this transaction got compensated – our very happy broker, we got the deal, and the listing agent got paid although not what he was expecting - but that was his choice. Who do you think the winner is here, is the glass half full or half empty?

To your limitless success,
Dave Dinkel