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OfferSubmission: Fannie pilot validates push toward online REO offers

Posted By [KERRY CURRY](#) On November 22, 2010 @ 4:14 pm | [2 Comments](#)

Fannie Mae's new pilot program, which allows it to collect offers for its REO properties online directly from buyers' agents, validates startup **OfferSubmission's** own push toward a digital REO marketplace, OfferSubmission President Ronald Jasgur told HousingWire.

"It validates everything we do. Here's our acceptance," said Jasgur, president of **Woodward Asset Capital**, the company that created OfferSubmission.com.

Last week, Fannie said it would begin a pilot in San Diego, Orlando and Detroit to collect and manage real estate purchase offers over an online portal. Through the Fannie program, called HomePath Online Offers, real estate agents place offers on behalf of their clients online, where they also receive confirmations and track the status of submitted offers.

Fannie Mae was not immediately available to comment on the new pilot or to confirm the length, which at least one source placed at six months.

Engaging the buyers' agents in the offer process is the only way to avoid fraud in selling REOs, Jasgur contends. So far, his company, based in a Detroit suburb, has two bank clients and a third private-equity client that use its online offer portal. Nearly 20,000 licensed real estate agents are registered with the OfferSubmission system, and the company said it processed more than \$1 billion in offers in 2009.

Under the process used now by most large lenders, the listing agent holds the cards, Jasgur contends. As an example, Jasgur said if an agent receives two offers on a home, one from an investor willing to pay cash and one from an owner-occupant willing to pay a higher price but needing an FHA loan that must go through the approval process, the agent may only send the investor offer to the lender even though it is a lower price.

That's because it represents security for the agent and a quicker commission. The online process also enables lenders to cut down on the process of "flopping," in which an investor working with a real estate agent buys the home at a lower price than what the market will bear then flops it to another buyer within a short period, allowing the agent to collect two commissions and the investor to earn a quick buck at the lender's expense.

"Since we launched OfferSubmission in January 2009, we've seen increased sales prices, reduced marketing time and a reduction in agent fraud in the REO industry," says Jasgur.

Fannie Mae reached out to OfferSubmission earlier this year to review the OfferSubmission system and gather information to help inform it in its own proprietary pilot program, he said.

"They recognize the importance of getting every offer," says Jasgur. "The launch of the HomePath Online Offers pilot validates everything we do. By requiring all offers to be submitted online, directly by the buyer's agent, no one can pull the wool over sellers' eyes and slow or stall the REO sales process. Accusations or suggestions that an offer wasn't presented, or that a listing agent was playing favorites, instantly disappear."

OfferSubmission said its system plugs the asset's owner or servicer into the decision-making process in real-time. It requires that every offer receive a response by the next business day.

Fannie's system is slightly different. It still requires the listing agent to pass offer responses to the buyer's agent.

Write to [Kerry Curry](#) ^[1].

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