

# From Icing On the Cake to Bread and Butter

by RON JASGUR

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We never intended to throw Realtors under the bus when we created the **OfferSubmission** website. With a dozen years of Realtor experience, I collaborated with my two partners in **Woodward Asset Capital** for the sole purpose of buying bulk REO portfolios, rehabbing some and reselling all. We expected to make some money. We didn't expect to pull in the exact amounts that the banks somehow couldn't get for these properties....in just days without doing any rehab.

And we didn't expect to stumble upon an a-ha! moment that would lead to the creation of software that would solve so many problems and not push anyone out of the process.

Most software and technologies that manage default and workflow data are effective at automating processes and tasking. Few solutions actually get to the root of problems or address core issues.

Google "How do I know my offer was submitted?" and you'll get [32 million results](#). Believe it or not, 55% of all REO purchase offers never get to a decision-maker. This artificially stifles demand and artificially depresses prices. Cash offers from investors are accepted without knowledge of an owner-occupant buyer willing to pay more *and* obtain a new loan from the bank.

The longer an REO asset goes unsold, the greater the loss severity for the owner. Yet other stakeholders in the sale of an REO property (listing agent, asset manager, servicer, field services, etc.) may have reasons for an asset *not* to be sold too quickly.

Handling the sale of bank-owned properties has always been a pain in the neck. Duplicate data entry, mountains of paperwork, and incredibly redundant phone calls inquiring about offer status. Trying to buy REO means waiting days, weeks, even months with no information and no routine process. Agents are apathetic or corrupt ("double-dipping," not sharing commissions, ignoring too many similar or low offers, even letting personality conflicts influence how they conduct business); buyers believe banks don't want to sell REOs and so they often sit vacant for months.

Realtors, by definition, are entrepreneurs. Inventors, even. It's our job to figure out unique ways to complete transactions that have been taking place for centuries.

So when we stumbled into creating OfferSubmission.com, it wasn't to strip brokers of power in the REO process – it was to streamline this process so that everyone involved would realize the best outcome: quickly selling properties to mostly owner-occupants for prices that everyone can smile at. All we did was fix holes in the lines of communication so no one misses the message.

By using technology to ensure every offer is received, it no longer matters what the motivations of the stakeholders are. With the opportunity to review EVERY offer, received directly from the Buyer's Agent, sale prices consistently exceed expectations by as much as 12% (translation: millions of dollars).

Good technologies are easy to implement and provide significant improvements to existing processes. The best technologies also directly improve the bottom line.

While change is difficult for anyone, sometimes that's exactly what's needed to make a business model work. Demanding "highest and best" or losing offers in a mountain of paperwork isn't productive.

Some of the greatest benefits society has come to realize come from challenges successfully met with innovation. In other words, necessity really is the mother of invention.

Since the system was implemented, the overwhelming majority of REO properties are being sold to owner-occupant purchasers. Because buyers who intend to live in a property will pay more than an investor will, the system has helped reduce bank losses and contributed to neighborhood stabilization.

We started out aiming for the icing on the cake but ended up with a bread-and-butter Best Practices business. And you know – a piece of cake is merely a decadent indulgence, while a person could survive on bread and butter for a long time.

*Ron Jasgur is a partner with Woodward Asset Capital, developers of OfferSubmission.com, a system that streamlines and standardizes the offer presentment process for the sale of REO properties.*

*Have an issue you want to sound off on? Email [the editor](#).*