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Company banks on software

By [Daniel Duggan](#)

Rodney Carey likes to joke that his company has created a product with the potential to be highly successful — yet completely kill the business model on which the company was founded.

In 2008, Carey founded **Woodward Asset Capital** with Gerald Kazakov and Ronald Jasgur to capitalize on the situation created by the historically high volume of real estate being sold by banks.

The idea was to buy homes in bulk from banks, then sell them in local markets for higher prices than the banks are able to.

But along the way, the group figured out a Web-based system to help banks sell homes at higher prices and more quickly. If their software, **OfferSubmission.com**, takes hold, Carey sees a situation in which companies won't be able to buy repossessed homes for such a deep discount.

"We're killing the goose that lays the golden eggs," he said.

While the company's revenue has increased since creating the product, revenue has steadily shifted away from home sales.

Revenue for Woodward Asset Capital has increased from \$1 million in 2008 to \$1.9 in 2009 and a projected \$2.5 million in 2010. Meanwhile, the percentage of revenue from actually selling homes has decreased from 100 percent at the beginning to 30 percent as attention is directed toward OfferSubmission.com.

The premise of OfferSubmission is to give banks a chance to see every offer submitted for a house and to lighten the load of listing agents on homes by having buyer agents enter all the information.

If a bank agrees to use the system, all its residential home listings have a line to submit any offers through OfferSubmission .com. When a buyer's agent submits an offer, the listing agent sees it but does not have to collect it on behalf of the bank because the bank's staff can view it.

Carey said that eliminates the problem of a listing agent either selling homes directly to a pool of investors — for a double-dip commission — or the problem of listing agents



JOHN SOBCHAK

CEO Rodney Carey (left), COO Gerald Kazakov and President Ronald Jasgur founded Woodward Asset Capital to buy and resell homes from banks. They've ended up selling the software they created to banks.

being too busy to show a client all offers.

"If a listing agent collects 10 offers, they'll probably forward the top four or five along," he said. "What if those don't pan out? The other offers move on."

Two major clients picked up are Pittsburgh-based **PNC Financial Services Group Inc.** and **Home Loan Services Inc.**, a loan-servicing company owned by **Bank of America**.

Ionia-based **Independent Bank** also is a client.

Listings put through the OfferSubmission route are sold at an average price of 1 percent above the listing price, compared to 15 percent below listing price before using the system, Carey said. Average time on the market was cut from 120 days to less than 90 days.

The banks do not pay to use the service. A \$300 fee is paid by the buyer's agent when an offer is submitted.

The program has been catching on. There are 15,000 agents registered, and \$1 billion in transactions were processed in 2009.

It makes the process much easier, said Mike Shannon, a real estate agent with Southfield-based **Real Estate One** who leads a 10-person foreclosure team out of the Dearborn office.

"I wish all the banks would subscribe to it," he said, noting that the system is unique in the industry.

Web-based platforms are being used in the industry, such as Los Angeles-based **Equator Inc.** and San Diego-based **Kazork Inc.** But neither of the other systems involve buyers' agents like OfferSubmission or have the structure of having buyers' agents pay for the service.

Shannon said the product's biggest impact is adding another level of transparency.

For example, in some cases listing agents sell bank-owned homes to people they are comfortable with and prevent other buyers from even putting in a bid.

"When you have more transparency, it levels the playing field and anyone can get a crack at buying a house," Shannon said. "And if there's more interest generated, the seller will get more money."

Having been a client since early this year, Independent Bank has found faster turnaround times and higher sale prices for properties, said Brad Kessel, executive vice president and COO.

"Where it might have taken us 30 minutes to draft a counteroffer, here, we can do it in about two minutes," he said. "And you can do it 24/7 from anywhere. We're able to take an offer from an agent on a Saturday and have it back by Saturday night."

"Getting back to people has taken days, or more, in the past."

Carey said that no amount of technology will ever replace the traditional two-agent system of home transactions.

"But when a bank is using the same amount of people to handle 2,000 transactions as they used when there were two transactions, you can't do it the same way," he said. "There's been a problem in the middle, and we came up with a way to resolve it."

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