

# Real Estate Agents Report on Home Purchases and Mortgages - 2009

## Summary Report

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## Introduction

During June 11-21, 2009, Campbell Communications conducted a survey of real estate agents on the home purchase and mortgage markets. The survey, "Survey of Real Estate Agents on Home Sales and Mortgages—2009," is the fourth in a series that tracks agents on current issues in the housing and mortgage markets. The survey was sponsored by Inside Mortgage Finance.

Our survey covered topics such as:

- Sales statistics for various property types in the current residential real estate market, including damaged Real Estate Owned (REO)<sup>1</sup>, move-in ready REO, short sales, and non-distressed properties
- The proportions of homebuyers in the current market, including first-time homebuyers, current homeowners, and investors
- Motivations of home seller
- Motivations of homebuyers
- Reasons for cancelled transactions
- Distinctions between the lower and upper ends of the market
- Factors in mortgage recommendations
- Ratings of mortgage lenders
- Current and potential actions of the government to increase home sales and stabilize home prices
- Potential actions that mortgage servicers could take to increase short sales
- Potential actions asset managers could take to sell REO properties with lower overall losses

This summary report is being provided to respondents to our survey. This summary report contains a partial summary of key statistics and facts, headlines for the principal findings, selected statistical data, and textual comments.

The complete survey report contains an executive summary, principal findings with explanations and statistics, tabulated statistics for all survey questions, and textual comments. A table of contents for the full report may be found at [www.campbellsurveys.com](http://www.campbellsurveys.com).

The complete survey report can be obtained from Campbell Communications. For more information, contact:

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<sup>1</sup> Real Estate Owned (REO) is an industry term for foreclosed properties owned by banks and other investors.

## Partial Summary of Statistics and Facts

Key statistics and facts from the survey results include:

- The market for home purchases can be divided into segments of 26% for damaged REO, 23% for move-in ready REO, 14% for short sales, and 36% for non-distressed properties.
- Forty-three percent of homebuyers are first-time homebuyers, 29% are current homeowners, and another 29% are investors.
- First-time homebuyers account for the majority of move-in ready REO sales while investors account for the majority of damaged REO sales.
- Current homeowners concentrate their home purchases on non-distressed properties and buy comparatively less damaged REO.
- Real estate agents expect appraisal issues to be the No. 1 reason for cancellations of signed Purchase and Sales agreements over the coming summer months.
- Only 31% of non-REO home sale listings are unforced or optional; other major reasons for listings include financial stress (including short sales), long distance relocation, and divorce or estate sales.
- Homeowners are choosing to not list homes primarily because of “Falling prices”, followed by “Competition with distressed properties”.
- For first-time homebuyers, “Government incentives to buy (tax credits, mortgage deduction)” is the No.1 motivation to buy.
- For current homeowners buying homes, “Retirement relocation” and “job relocation” are the No.1 and No. 2 motivations to buy, respectively.
- “Sale of residence” is the No. 1 impediment to current homeowners seeking to buy another home.
- “Downpayment for mortgage” is the No. 1 impediment to first-time homebuyers seeking to buy a home, followed by “Slow answers on short sale offers.”
- Seventy-six percent of first-time homebuyers accept a mortgage recommendation of the real estate agent, 68% of current homeowners accept a recommendation, and 53% of investors accept a recommendation.
- On average, mortgage servicers take 9.5 weeks to provide a “yes” or “no” response to an offer to buy a short sale property.
- According to real estate agent respondents, “Mandated one-week response time on short sales offers” is the No. 1 rated action that the government could take to increase home sales and stabilize prices.
- According to real estate agent respondents, “Provide consistent one-week ‘yes’ or ‘no’ response to offers” is the No. 1 rated action that the mortgage servicers could take to increase short sales.
- According to real estate agent respondents, “Provide consistent one-week ‘yes’ or ‘no’ response to offers” is the No. 2 rated action that the asset managers could take to sell REO properties with lower overall losses; the No. 1 rated action is “Turn on utilities for inspections.”

## **Headline Principal Findings**

Statistical results for each of these findings are available in the complete survey report:

**The Residential Housing Market Consists of at Least Four Distinct Categories of Property—Damaged REO, Move-In Ready REO, Short Sales, and Non-Distressed Property; All of These Categories Account for Significant Portions of Home Purchases**

**Damaged REO Sells Quickly at Substantial Discounts, Most Often to Investors**

**Move-In Ready REO Sells Quickly at Moderate Discounts, Most Often to First-Time Homebuyers**

**Short Sales, While Significantly Discounted, Sell Slowly, Most Often to First-Time Homebuyers**

**Non-Distressed Property Sells Slowly at Small Discounts, Most Often to First-Time Homebuyers and Current Homeowners; Few Investors Buy Non-Distressed Property**

**Real Estate Agents Bemoan Low Transaction Prices for Residential Real Estate and Believe That All Categories of Properties Sell “Below Market”**

**Few Current Homeowners List Their Property for Sale and/or Buy another Property except for Relocation or Under Duress**

**The Upper End of the Housing Market Consists Mostly of Non-Distressed Properties That Are Initially Listed at Premium Prices, but Must Be Discounted to Sell After Linger on the Market**

**Appraisal Issues and Inspection Contingencies Are the Most Common Reasons for Cancelled Home Purchase Transactions; Issues Related to Increasing Mortgage Rates Are Expected to Grow in Importance**

**Real Estate Agents Have Substantial Influence Over the Selection of Mortgage Providers**

**Real Estate Agents View Homebuyer Tax Credits as Important in Increasing Home Sale Transactions and Stabilizing Prices**

**In General, Real Estate Agents Favor Time-Based Solutions to Stabilize the Housing Market Over Financial Incentives to Mortgage Servicers**

## **Respondent Acquisition and Sample Size**

The overall survey obtained a representative sample of real estate agents. More than 500,000 real estate agents were asked to complete the survey online via e-mail solicitations produced from a Campbell Communications database of active agents.

The survey instrument was long and detailed, covering more than 50 separate questions. The length and complexity of the survey instrument made the task of obtaining and retaining respondents challenging. As an incentive for respondents, selected survey results were offered in return for completing the survey.

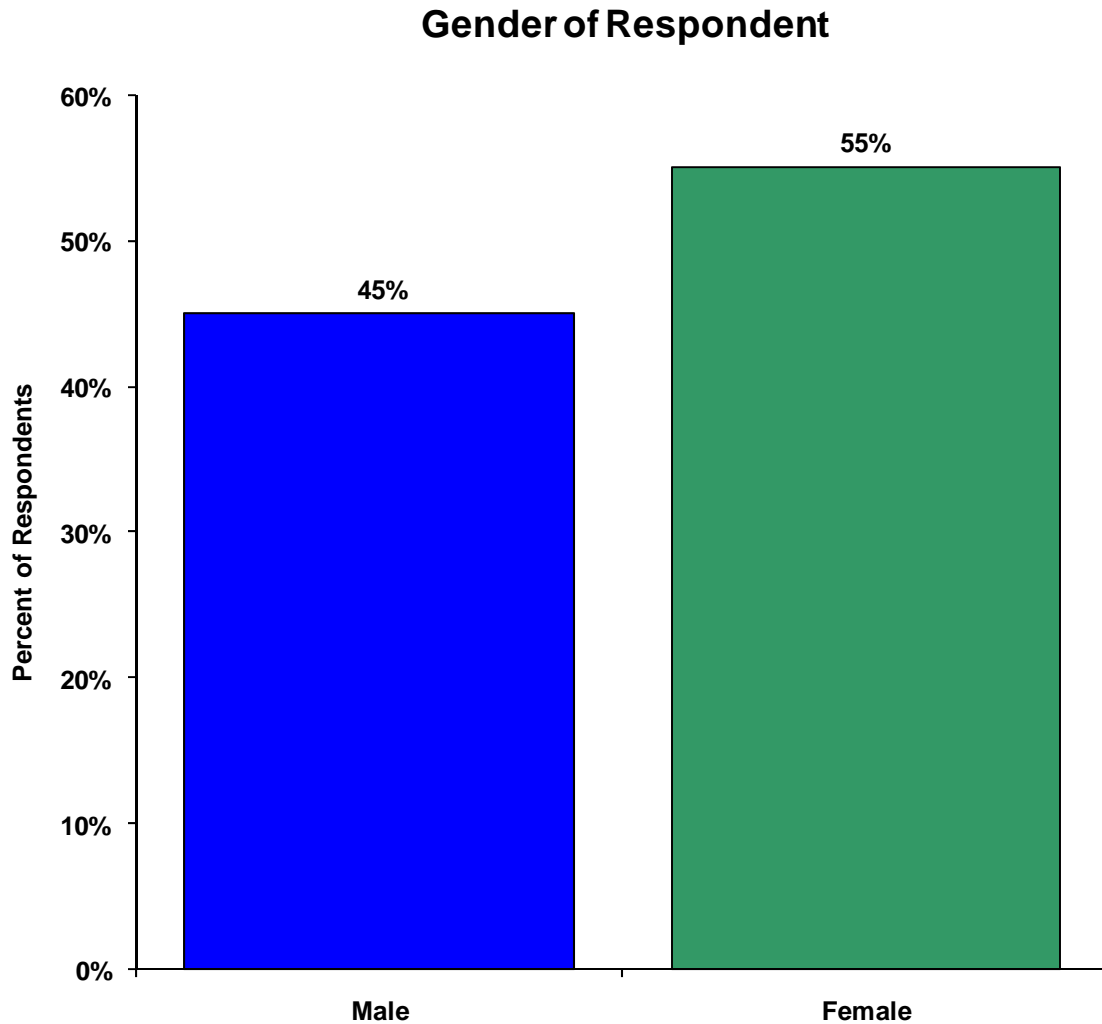
Each survey respondent passed a validation question at the beginning of the survey asking whether he/she were an active real estate agent currently showing or listing residential real estate. In addition, we employed the following validation criteria for agents:

- One or more commissioned transactions in the past 12 months
- Filling one of the following positions: Agent or Individual Broker; Broker-Owner/Partner/President/Owner; Office Manager

A total of 1,556 real estate agents responded to the survey and passed validation criteria, yielding an excellent base of responses.

## Respondent Demographics

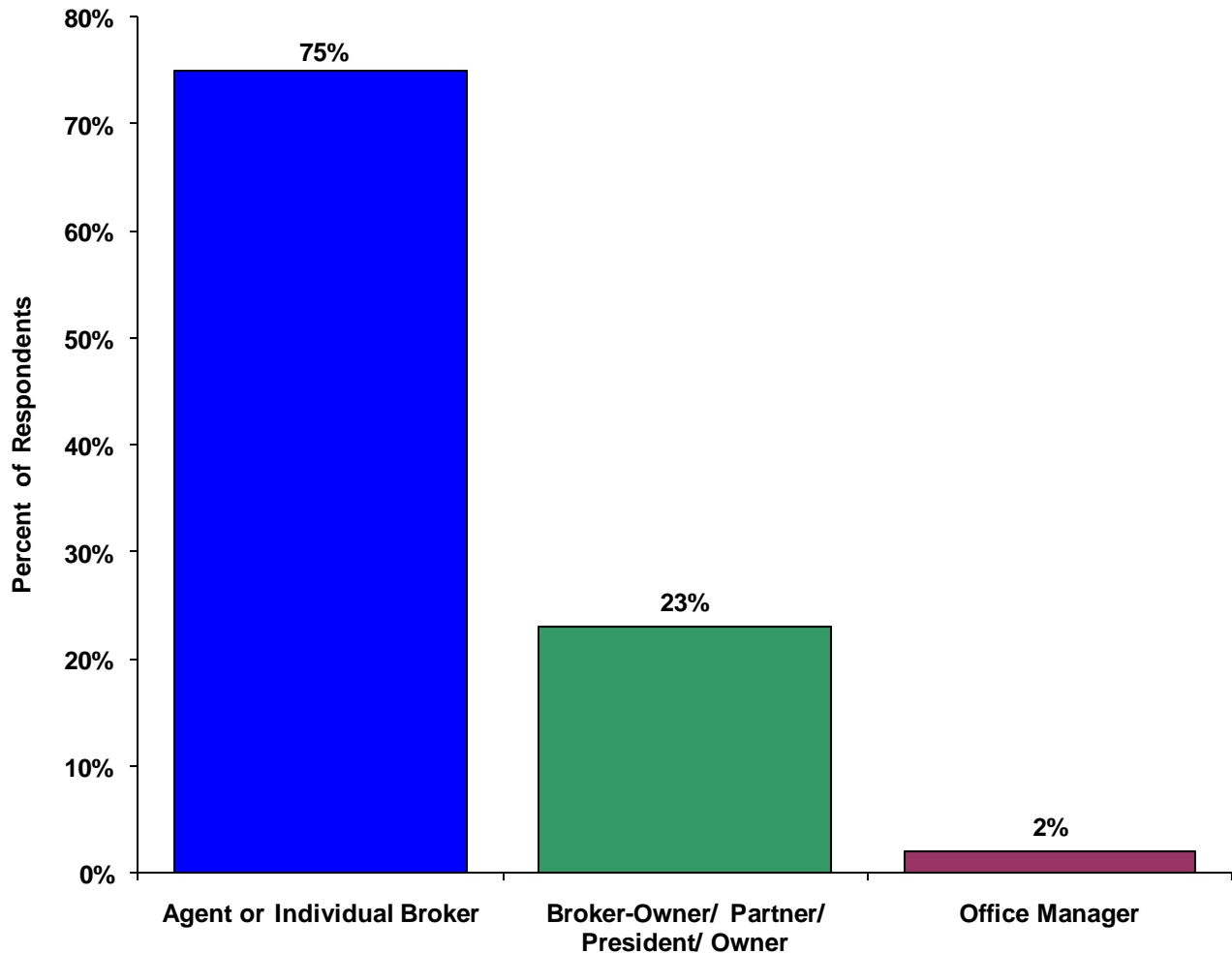
We asked questions regarding the demographics of the agent sample to ensure that survey respondents constitute a representative sample.



We asked, “What is your gender?” Slightly more respondents were female than male.

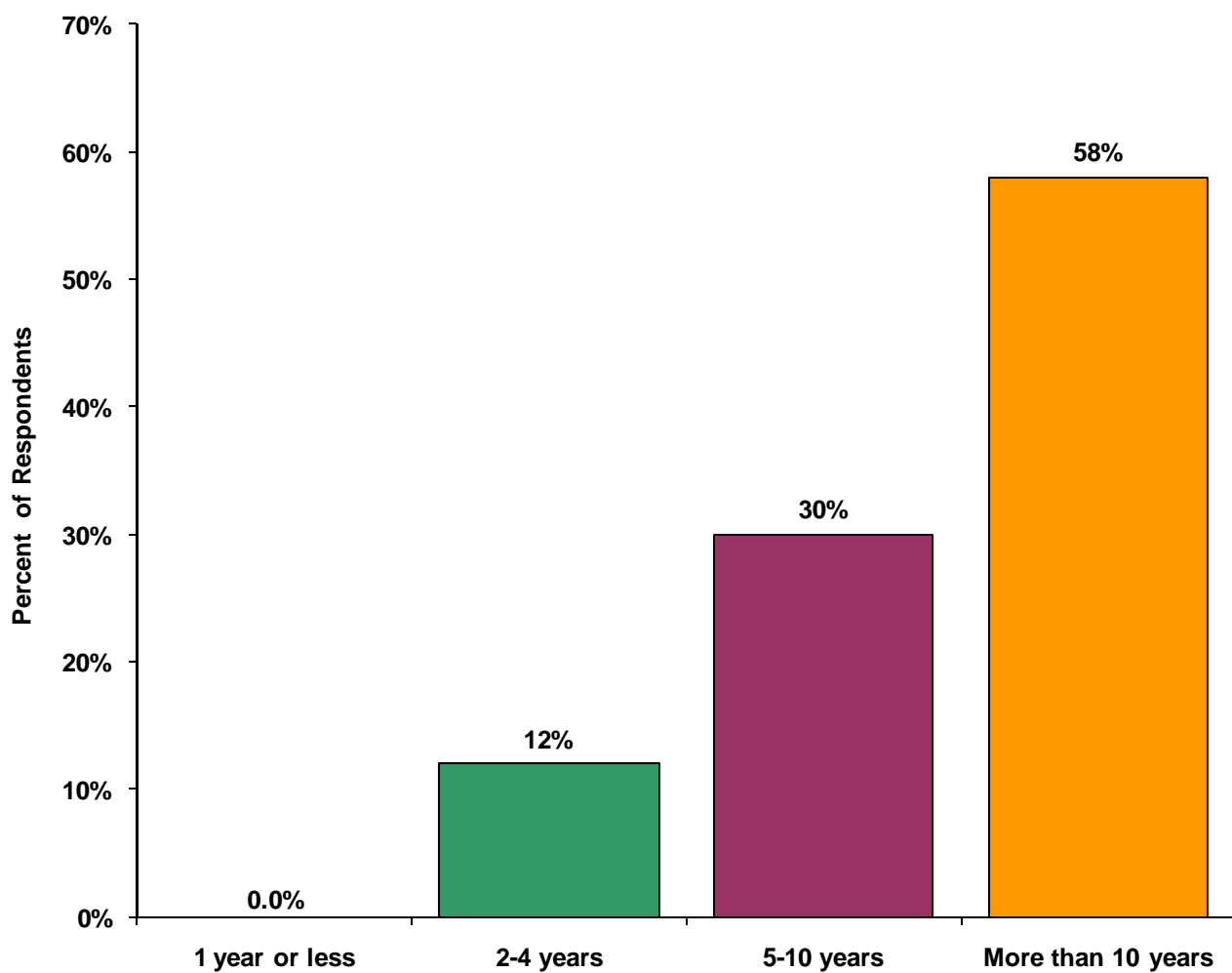


## Position of Respondents



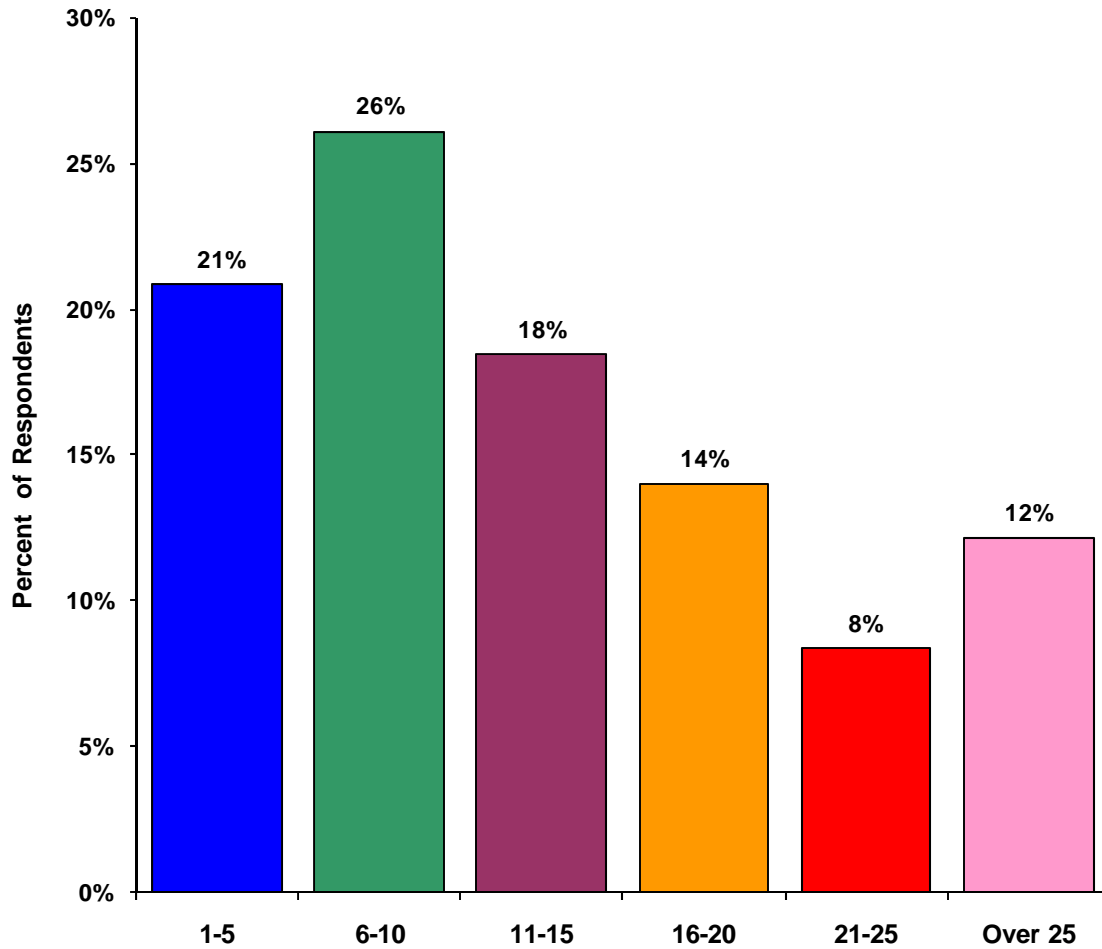
We asked, “What is your position?” Twenty-three percent of respondents are the head of their firms, filling the position of broker-owner, partner, president, or owner. Individual agents and brokers account for 75% of respondents.

## Tenure of Respondents



We asked, “How long have you been a licensed agent, broker, or broker-owner?” Respondents are experienced agents, with the majority having tenure of over 10 years.

## Commissioned Transactions in Last 12 Months



We asked, “How many commissioned transactions have you completed in the last 12 months?” A majority of agent respondents, 52%, had 11 or more transactions in the past 12 months. Using a weighted average, we found that the average respondent had 14 transactions in the past 12 months.

We asked for the “State where your office is located.” We also asked, “Which five-digit postal Zip Code (for example, '90210') accounts for the greatest number of your transactions?” When a respondent did not indicate the state of their office location, we imputed the location using the zip code.

Office locations of respondents are distributed throughout the United States, with large mortgage lending states such as California accounting for a larger number of responses.

## Office Location of Respondents

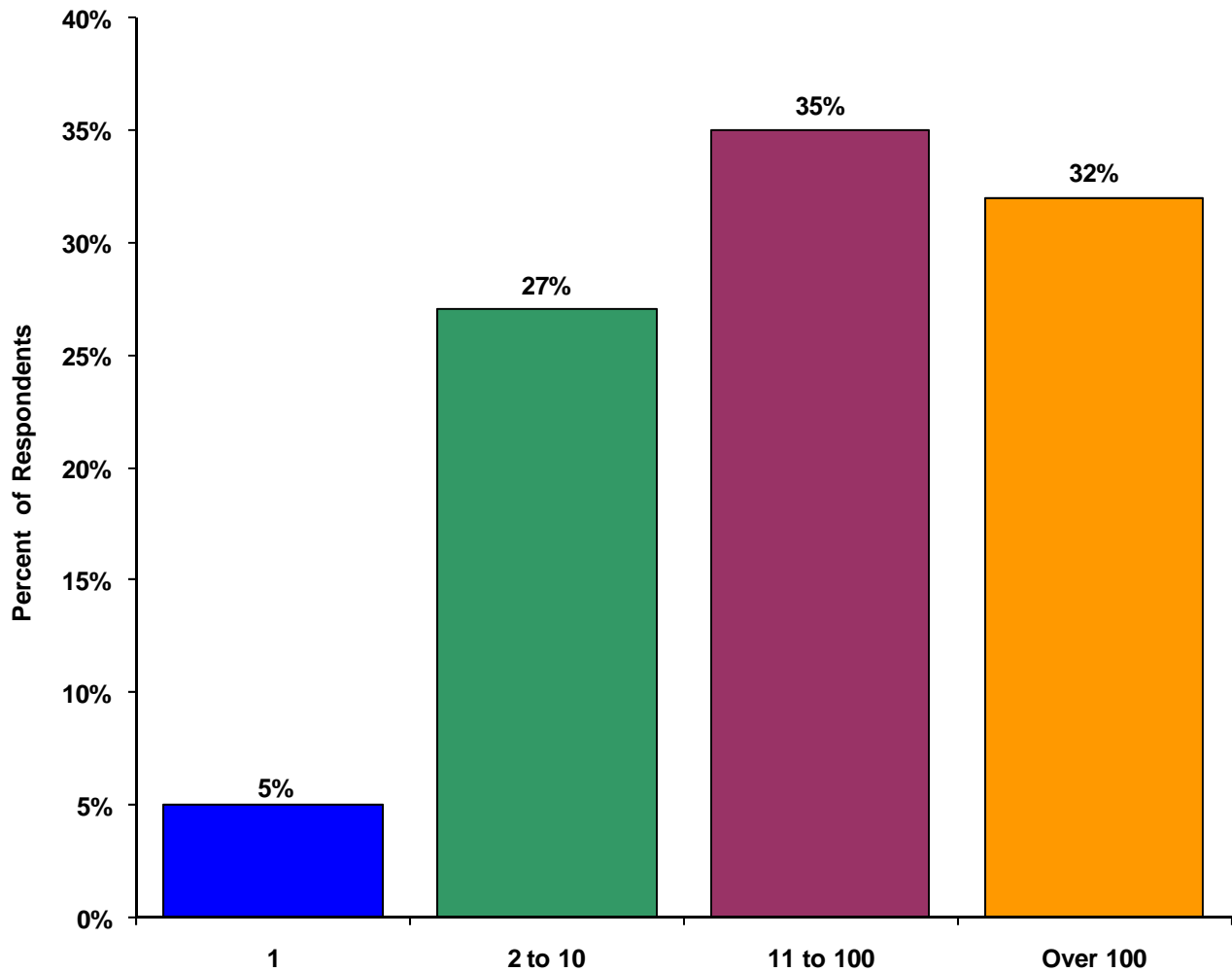
|                | Responses | Percent |
|----------------|-----------|---------|
| California     | 241       | 15.6%   |
| Florida        | 132       | 8.5%    |
| Texas          | 85        | 5.5%    |
| Arizona        | 76        | 4.9%    |
| Tennessee      | 64        | 4.1%    |
| North Carolina | 59        | 3.8%    |
| Illinois       | 51        | 3.3%    |
| New York       | 49        | 3.2%    |
| Wisconsin      | 48        | 3.1%    |
| Georgia        | 44        | 2.8%    |
| Ohio           | 42        | 2.7%    |
| South Carolina | 40        | 2.6%    |
| Oregon         | 37        | 2.4%    |
| Pennsylvania   | 37        | 2.4%    |
| Michigan       | 37        | 2.4%    |
| Virginia       | 36        | 2.3%    |
| Colorado       | 35        | 2.3%    |
| Missouri       | 33        | 2.1%    |
| Minnesota      | 32        | 2.1%    |
| Washington     | 30        | 1.9%    |
| New Jersey     | 26        | 1.7%    |
| Nevada         | 25        | 1.6%    |
| Indiana        | 22        | 1.4%    |
| Maryland       | 22        | 1.4%    |
| Connecticut    | 21        | 1.4%    |
| Utah           | 20        | 1.3%    |
| Massachusetts  | 16        | 1.0%    |
| Hawaii         | 16        | 1.0%    |
| Idaho          | 15        | 1.0%    |
| Kentucky       | 15        | 1.0%    |
| Oklahoma       | 15        | 1.0%    |
| New Mexico     | 14        | 0.9%    |
| Kansas         | 14        | 0.9%    |
| Iowa           | 11        | 0.7%    |
| Montana        | 11        | 0.7%    |

## Office Location of Respondents, cont.

|               | Responses | Percent |
|---------------|-----------|---------|
| Alabama       | 10        | 0.6%    |
| Louisiana     | 8         | 0.5%    |
| Maine         | 8         | 0.5%    |
| New Hampshire | 7         | 0.5%    |
| Delaware      | 7         | 0.5%    |
| Arkansas      | 6         | 0.4%    |
| Nebraska      | 5         | 0.3%    |
| Alaska        | 5         | 0.3%    |
| West Virginia | 4         | 0.3%    |
| Puerto Rico   | 4         | 0.3%    |
| South Dakota  | 3         | 0.2%    |
| Rhode Island  | 3         | 0.2%    |
| Wyoming       | 3         | 0.2%    |
| Mississippi   | 3         | 0.2%    |
| North Dakota  | 1         | 0.1%    |
| Vermont       | 1         | 0.1%    |
| Total         | 1,549     | 100.0%  |

## Company Information

### Agents in Respondent Firm



We asked, “Approximately how many agents does your firm have?” A plurality of respondents, 35%, works at firms with 11 to 100 employees. Larger firms with over 100 employees are also well-represented in the respondent base. Only 5% of respondents work at one-person firms.

## Affiliation of Respondent's Firm

| <b><u>Name of Affiliate</u></b> | <b><u>Responses</u></b> | <b><u>Share of Responses</u></b> |
|---------------------------------|-------------------------|----------------------------------|
| N/A—no affiliation              | 510                     | 35%                              |
| Other                           | 245                     | 17%                              |
| Coldwell Banker                 | 185                     | 13%                              |
| RE/MAX                          | 163                     | 11%                              |
| Prudential                      | 95                      | 6%                               |
| Century 21                      | 80                      | 5%                               |
| Keller Williams                 | 67                      | 5%                               |
| ERA                             | 32                      | 2%                               |
| Home Services of America        | 27                      | 2%                               |
| GMAC                            | 16                      | 1%                               |
| Long & Foster                   | 13                      | 1%                               |
| Realty Executive                | 12                      | 1%                               |
| Crye-Leike                      | 9                       | 1%                               |
| Weichert                        | 8                       | 1%                               |
| Howard Hanna                    | 8                       | 1%                               |
| Real Living                     | 1                       | 0.1%                             |
| Total                           | 1,471                   | 100%                             |

We asked, "What is your firm's affiliation, if any?" Among named realty firms, Coldwell Banker and RE/MAX were most represented.



## Definitions

We asked respondents to keep in mind these definitions as they completed the survey:

- “Property” or “home” refers to residential real estate, including single family homes, multifamily homes up to 4 units, condos, and/or cooperatives
- “Damaged REO” refers to Real Estate Owned properties that cannot be inhabited without extensive renovation and/or replacement of fixtures and appliances
- “Move-in ready REO” refers to properties that can be immediately inhabited, including properties needing cosmetic repairs
- “Short sales” refers to properties that would be sold for less than the mortgage amount outstanding
- “Non-distressed properties” refers to any property that is not an REO or short sale
- “First-time homebuyer” is a buyer that would qualify for the first-time homebuyer tax credit (not a homeowner for three or more years)
- “Current homeowner” is one or more persons principally residing in a property they own
- “Investor” is an individual, partnership, or corporation that will not principally reside in a property to be purchased; this includes purchasers of second homes or vacation homes

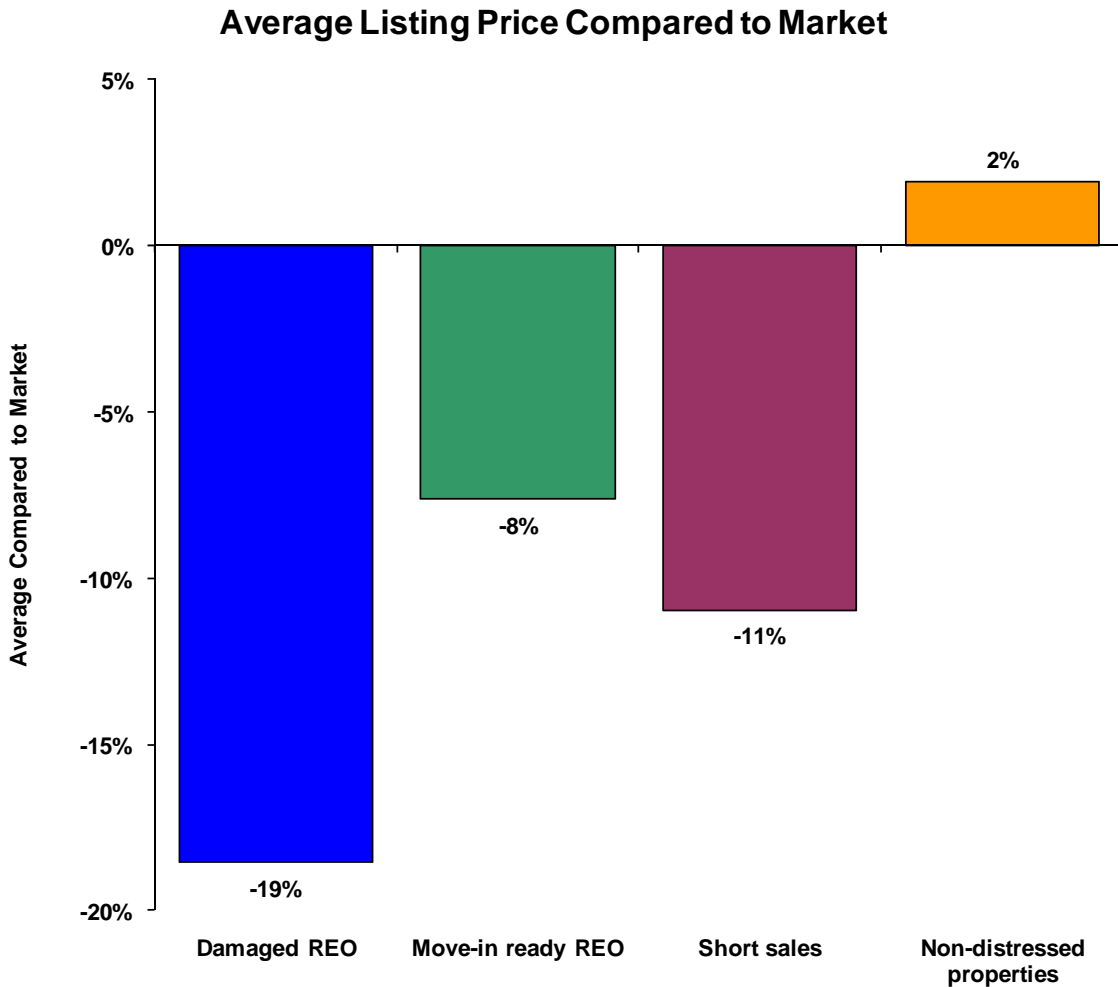
## Real Estate Market Conditions

### *Survey Statistics*

We asked, “Using your experience as a real estate agent, please characterize typical conditions in your local real estate market during the months of April, May and June 2009. Feel free to skip any market segments where you do not have sufficient knowledge to answer.” Respondents characterized the damaged REO, move-in ready REO, short sale, and non-distressed segments of the market by listing price compared to market, sale price compared to listing price, number of offers, and time on market.

| Market Segment            | Listing Price | Sale Price | Number of Offers | Time on Market |
|---------------------------|---------------|------------|------------------|----------------|
| Damaged REO               | Select        | Select     | Select           | Select         |
| Move-in ready REO         | Select        | Select     | Select           | Select         |
| Short sales               | Select        | Select     | Select           | Select         |
| Non-distressed properties | Select        | Select     | Select           | Select         |

*Below are sample statistics for this survey question. Additional statistical results for this survey question are included in the complete survey report.*



By computing an average of responses, we found that damaged REO and short sales are listed substantially below market. Non-distressed properties are listed slightly above market.

## **Comments Regarding Conditions in Real Estate Markets**

Respondent comments regarding conditions in local real estate markets are presented below, organized by property category and market perceptions.

### **Damaged REO**

*"The damaged REO properties are for sure priced the cheapest and then everything else goes up from there. The damaged REO seems to get the most activity due to the low pricing. Sometimes the listing agent creates an auction environment by doing very low pricing. Then get multiple buyers on the hook and jacking up the pricing."*

*"Sometimes damaged REOs start out undamaged. During the initial marketing time the home is damaged, then relisted with a new price dramatically under market regardless of what the realtor price opinion is. This causes frenzy—10 to 40 offers."*

*"My team and I have Listed/sold 25+ REOs this year. The out-of-state management companies do a very poor job taking care of these assets. When the REO is damaged, the asset sits and drops in value. If the REO is Clean and Move-in ready, 3-6 offers and sell for top dollar. If the asset looks like crap, we get crap offers (if any at all)"*

*"We do not see 'damaged REO' in our market. Even those that are damaged, we're able to get the asset management people to fix or provide for fixing. Agents spend probably 50% of their time showing buyers REO and Short sale properties; yet probably 75% of their sales come from non-distressed properties. "Everyone wants a deal--and they've heard all about these 'foreclosure homes.'"*

*"Damaged REOs below \$10,000 will be gone immediately. If you go above \$20,000, they will take longer to sell, depending on the area, schools, etc. Move-in ready REO will sell quickly below \$50,000 in better areas, and under \$25,000 in less desirable areas. Short sales take longer and unless you list them aggressively will not sell, and because of delays the buyer will often leave waiting to hear back from the negotiator, or to be assigned to a negotiator. Non-distressed properties even priced aggressively are having difficulty with the appraisal process, especially in condo developments, because the most recent solds are distressed sales. Re-sales are taking a hit, because buyers want a bargain, and new construction has ground to a halt, because of new regulations for 'R' factors, and financing a project or financing a buyer is almost impossible unless you are over 51% completed."*

*"Inventory is extremely low--banks have not released the inventory they already have. Properties are sitting vacant for months unlisted, some being vandalized. Buyers are putting in multiple offers and not getting anything accepted. Most buyers are FHA and many banks are accepting only cash or conventional loans."*

*"Conditions are very important, if a property is severely damaged, most likely the price will be much lower and possibly substantially lower than list."*

*"Most damaged REO's will not qualify for first time homebuyers"*

## **Move-In Ready REO**

*"Clean, move-in ready, well priced homes are being sold very quickly in this market. We are seeing many investors buying at trustee sales and then flipping the properties. REO, Short Sales and other distressed properties make up 80%+ in our market currently."*

*"Move-in ready REO's are flying off the shelves, while Damaged REO's are not as desirable, as First Time Home Buyers are not willing to put in much work. A lot of people are trying to stay away from short sales, as they take a long time and there are no guarantees they will be approved. Non-distressed properties seem to have unrealistic prices often, and they seem to just remain stagnant, unless priced to sell."*

*"15-20 offers on move in ready REO's. Winning offers are almost always cash or conventional 20% down loans. FHA's not competitive."*

*"Typical buyers are either first-time or investors. Most often purchase is move-in ready REO—although short sales are beginning to become more desirable for first time home buyers."*

*"Move-in Ready REO has a shorter market time because they are move-in-ready. Non-distressed properties are generally selling for an average of 98% of list."*

*"Move-in ready REO properties are attracting multiple offers. Many buyers are offering more than list price for these REO properties. Non-distressed properties are sitting on the market unless the seller is willing to price his home aggressively."*

*"The damaged and move-in ready REO properties are attracting a significant following, and the prices are being bid up. The pressure for move-in ready REO properties is forcing the bid value upward. Short sales are a tough sell more to the bank that has to pass judgment. The non-distressed properties are all trying to capture the perceived market value as seen by the seller, and are staying on the market longer than need be."*

*"Multiple offers compete for the Move-in Ready properties mostly from investors and home buyers are finding it very difficult to get their offers accepted. Many non-distressed properties are not counseled properly and don't price homes competitively. As a result the homes linger on the market and become tainted inventory. Many agents will steer buyers away from short sales due to the long and laborious process with no assurance that the bank will not cut their commission. Damaged REO's are often not priced accordingly. The BPO (Broker Price Opinion) don't disclose the true extent of*

*repair needed to bring property up to livable condition. Most agents don't have the knowledge to inspect and assess these costs. In the meantime, banks are losing more time as the property sink deeper into disrepair. All around, in my opinion the system needs to be more streamlined."*

*"I've not seen "move-in ready" REO's. Most are significantly damaged, usually by the inattention of the lender servicer and willful destruction by the debtor."*

## **Unspecified Condition REO**

*"All REO's are priced under what market should be, some lenders are not taking agents advice and listing 20-50% under market to get interest in houses. They usually will sell for what agent suggested where they should list them. Short Sales are still not closing or are on there 2nd or 3rd set of buyers! No guarantees they will close. Lenders seem to be at least entertaining Short Sales now versus last year. Short supply of Normal Sales, some increase."*

*"I am not sure how to answer your questions above. The market I serve is directly affected by the Chrysler & GM crisis. Executive homes are selling approximately 60% less than they were purchased for within the last 4 years. The REO homes are typically in need of major amount of work. They are selling at a major discount rate. The short sale seems to be the best opportunity for the seller and the buyer. The seller can usually save their credit rating even though they receive no money at closing. This allows the home to be purchased without going through the foreclosure proceedings causing animosity on the seller side. The cost of the foreclosure and the delay of ownership does cause major problems for the banks and the marketability of the recovered property."*

*"The Metro Phoenix market is divided into areas that are distressed and non-distressed. The sales price is a moving target as the market is in a downward trend. We are saturated with REO properties and each bank is doing what is necessary to find a buyer and turn a liability into a performing asset. The hope of finding a buyer that qualifies for a loan and uses the seller as the lender is the goal. However this paradigm is a tough sell as each buyer and buyer's agent want to use 'their lender'."*

*"Currently have a very low inventory causing multiple offers on most properties. Some areas have less than one month's inventory. Most financing is FHA so the Damaged REOs are mainly going to cash buyers."*

*"Homes priced correctly are selling within a week or so. Banks that allow us to REALLY clean the house vs. broom clean are getting higher prices and faster sales."*

*"60-70% of Sales are distressed properties."*

*"VERY HIGH REO INVENTORY BRINGING OUR VALUES WAY DOWN."*

*"Our market hasn't been hit as most markets because we haven't had any major appreciation since 9/11/01. Most buyers are scared of what they may find with an REO property and make offers to cover whatever surprises they encounter."*

*"Most of we have been selling for the past 10 months are REO's at \$60,000 or much less. Had one sale for \$9,900...."*

*"Reo sellers have started to respond in a timely manner and I believe the sales of all distressed properties will improve baring a steep IR jump. Market pricing is even more important than in the past."*

*"All properties are currently being listed below any appraised or CMA value to create a bid war. The banks are not helping the matter. They are creating the war and many of the homes will not appraise for what the bids are coming in at."*

*"HUD properties are selling at an average of 105% of list price. Bank Owned homes account for about 30-50% of the total sales volume. Short sales are taking an average 6 months to negotiate and successfully close, if they do. Normal Sellers that are under \$300,000 are selling in a matter of weeks, but still getting beaten up on price. The average Buyer's Agent is writing a minimum of 3 offers for their buyers. The average Listing Agent is getting sometimes 3 offers before the property successfully closes."*

*"Too many of the REO and short sale listings are being handled by a small number of agents who don't seem to have the time to properly research and service those listings. We are also seeing banks disregarding the terms of the contracts they have signed and demanding things that they are not entitled to."*

*"Legitimate REO properties are selling well. Short sales have clogged up the market place."*

*"Of the new listings, it seems as if more than half are bank-owned or short sale properties."*

*"Foreclosure market is strong in this area with both investors and owner occupants searching for the REO properties. This is generated by pricing and the opportunity of buying at a below market price."*

*"Certain price ranges in our area are 50-75% REO properties most homes over \$100k are owner occupied and are not selling"*

*"Most REO's are managed well by qualified Representatives which helps in sales and negotiations"*

*"Seasonally adjusted inventories continue to decrease. The number of available REO properties have decreased significantly. There are fewer choices for entry level Buyers."*

*"I don't do as many REO properties as I did 12-13 years ago. They take a lot of time."*

*"REO's are about 40% of mkt. Buyers are discounting everything"*

*"Well-priced REO's and short sales are getting multiple offers. Our number of sales is up because of distressed properties but home values haven't started going up yet. Values are either holding steady or perhaps going down slightly (in these 3 months)."*

*"Market is now REO driven."*

*"REO's show most activity when the price is at about 50% below market. Non distressed properties have negligible activity since they are at market value for a longer time. Short sales are receiving offers at about 30-40% below market but take a longer time to close due to lenders delay in approval and closing."*

*"Market is constantly changing with banks controlling release of REO properties so as to artificially inflate sale prices...time on market is typically 1-2 days with multiple offers regularly received on properties when released to the marketplace."*

*"We have a strong REO market. Many investors and first time buyers are jumping into the market. Interest rates have been affecting first time home buyers. Most REO properties that are distressed are being purchased by all cash investors."*

*"We have so many REO and short sale options in the community that there are virtually zero sales at what SHOULD be market value. The only exception would be the few who are able to get what they want where they want."*

*"Half of all transactions are REO's or short sales"*

*"Foreclosure driven market. May of 08 we had a median sales price of \$164,000. May of 2009 our median sales price (is) \$115,000. Market is being flooded with homes that did not sell last year and are now hitting the market with unrealistic prices and agents who seem to not be participating in this market downturn. These shall continue to sit!"*

*"The REO listings are pricing many of the properties at well below market to create an "auction" effect and generating many offers that go well over the ridiculously low list price."*

*"More buyers than inventory. Buyers wanting "deals" with REO properties so when a new one hits the market, multiple offers each time. Just had 53 (offers) on one property in less than 5 days on market. (I work with two agents who get REO listings...I work their files for a referral fee -not a commission)"*

*"Lower priced REO's are hot!"*



*"REO and short sale properties dominating market, condos are selling well in the \$25,000-\$65,000 range all cash. Inventory levels are in the 9 month range in Central Fl. the market seems to be stabilizing. Sale prices reflect from 40-70% declines in value from 2005 levels."*

## **Short Sales**

*"The short sale process is more like a LONG sale. They take forever and require a lot of hoop jumping to make them work."*

*"Banks are STILL being painfully uncooperative with realtors regarding time taken and responding to offers when short sales are being transacted. Consequently my buyers have retracted their offers on short sale properties after 3 or more months of waiting for the banks to consider the offers and bought and closed escrow on UNDISTRESSED properties in 21 days! Despite reading articles about Wells Fargo and Bank of America addressing their staff shortages and resolutions to move quicker (than a snail in a straight jacket!) on these short sale offers, we are still seeing little to no change in the banks' attitudes."*

*"Right now are seeing short sales and REO's having multiple offers and moving pretty quickly (in Silicon Valley). We're also seeing fewer listings and pending sales are up by at least 20% in April from March's data."*

*"Listing agents are now listing properties at way below value in order to create multiple offers, bidding wars, and movement from the bank on short sales. This has been very frustrating to buyers although it does help properties from sitting on the market."*

*"Short sales and bank owned are a major factor in some local areas. Others have few REO's and short sale. The areas with a lot of new homes sold over the past 4 years are hit the hardest with home owners having little to no equity."*

*"About 70 of the properties that are selling are short sales. In the under 300k market about 95%."*

*"Over all this county has dropped from 4.5% to 15% depending on the location. Regarding short sale, I wish these lenders would have a guide line process that all lender use -vs. - not knowing what the other hand is doing. Get a much faster response from the lender. Average time is 3 to 4 weeks just to get any response from them."*

*"Short sales are taking too long due to bank response time. REO properties are not being maintained by the agents and show horribly. Agents refuse to turn on utilities for inspections and pass this onto the buyer. Listing agents will not bring homes up to FHA standards so most of the homes sell for less to investors with cash."*

*"Half of our real estate market for the past four months have been stressed sales, (short sales & REO's)"*

*"When properties are priced well offers are received fairly quickly, sometimes multiple offers. Short Sales are the majority of the market followed by foreclosures/REO. Short Sale time on market is largely in part because it takes the third party (lien holder) so long to approve the short sale."*

*"The short sales and REO properties in my market are setting the market price. Many have drive by appraisals and are not taking condition into consideration. Just price per square footage. Other factors are banks taking months to work through their process and thus effecting price because contract to close the price had adjusted and will in many cases no longer appraise. Buyers are starting to look at more non REO's and short sales and focusing on non distressed properties due to the time factor and condition."*

*"REO's are just now beginning to be marked down to realistic price reductions to move the properties. Many buyers do not want to even look at short sales because of the uncertainty and the length of time it takes the bank to get an answer on the offer. Some take 2 months and then reject offers wasting much time. Non-distressed properties are having difficulty appraising for their true market value because many appraisers are using the sale of distressed properties when looking at comparables. The market is firmly still in favor of the buyer at this time. Although, the slowing of new home construction has allowed many new homes to be absorbed and that sector should improve if the employment condition improves."*

*"There are several Buyers for all Properties. Discounted prices are available on all properties. Distressed properties and lesser areas sell at deep discounts. Short Sales take longer (2Mon to 6Mon); REO's are difficult because the Agents are not very responsive."*

*"Short sales would have shorter market time if the banks would respond faster to offers."*

*"In our local market short sales tend to be on the market for a longer period as buyers are leery of the entire short sale process and the length of time it typically takes to reach an agreement and closing."*

*"Large disparity between traditional sellers and REO market which makes up for more than 65% of the sales. Many agents listing Short Sales have not initiated the proper pre-lender approval paperwork documentation to push offers through in a reasonable time frame. Short sales have a tainted image."*

*"Most agents/buyers still do not wish to be involved with a short sale because of the time it takes for the banks to respond to offers. Average I am seeing is still 3+ months."*

*"Most people listing Short Sales know nothing about what they're doing. They have not contacted the bank for approval of the SS."*

*"Short sales are difficult to sell in this area because banks take too long to respond causing potential buyers to get discouraged with the process. As for Realtors, there is no commission structure in place for short sales. The Agent does not know what the commission will be until the day of closing, and then it's an often very low and disappointing percentage of the sale."*

*"Short Sales on the Market so long due to Lender negotiations."*

*"Short sales would sell but there is so much red tape that the buyer usually moves to another home due to the length of time to close on the home. Short sales are the worst to work with. I hate showing them. They hurt neighborhoods."*

*"I stay away from short sales. They are not realistic. Usually in crappy condition"*

*"Short sales are a very small part of our market. Most properties that are in the non-distressed category and are well maintained and priced at or near market have sold very well."*

*"There are many more buyers out there this year compared to last year at this time. The majority of homes I have shown this year are foreclosures. I have been hesitant to show short sales because from my experience and other agents I have talked to, the lenders are not organized in facilitating anything even close to a reasonable close time. I am in a short sale situation right now with one of my sellers and there is now an accepted offer. We will see if the process is better than past experiences. I believe that if the short sale process was more streamlined, lenders would a much better sales price than waiting for a full foreclosure. I have seen properties that sit vacant so long, have much damage as a result of vandals & weather conditions. Hopefully this can be corrected with short sales not getting to the foreclosure stage."*

*"Short sales are a waste of time and expense for the owners (SELLERS), the listing Realtors, the selling realtors and the potential buyers plus mortgage people. The lenders who need to approve short sales take 3 or more months to respond to offers. Buyers need better service to buy. Who wants and can afford to wait 3 or more months? It's no wonder these lenders are going broke- they deserve to. I say fire everyone that's been handling short sales at the lender level all the way to the top and start over, can't be worse. Then these properties have a chance."*

*"Shorts, particularly lower end for Maui (\$150k to \$400k) are starting to move. 5 to 15% below market. Seeing some distress at the high end as well. Some million dollar foreclosures and shorts. Banks still exhibiting very inconsistent behavior with respect to deals and negotiations."*

*"There are many offers on short sales however the bank does not respond in a timely fashion and the buyers withdraw and you have to start over. Some buyers won't even look at short sales anymore."*

*"Short sales are priced at random with no guidance as to real market value just a price some agent put on it. Many investors buy and flip the next day banks are losing out, sellers and investors are winning while home owners who try to sell correctly are losing value day by day. Reo Properties are priced competitive and selling due to values based on condition and values. Short sales are overpowering the market and driving values down at the expense of the bank and the homeowner. So investors who drove the price up 3 years ago can make a killing again."*

*"It really all depends on the agent, and how they market the house. Short sales always take much longer due to bank approval, at which point you have to hope that the buyer still wants to buy. The banks also play a big role on the sale of REO, and short sales, because they aren't as familiar with the local market conditions as the local real estate agents are. The banks should also start looking for realtors who are working in the area of the REO's and Short Sales, so that the realtors can better guide the banks on the local market conditions."*

*"Short Sales still clogging the market and causing undue downward price pressure on non-distressed properties."*

*"Short sales are ridiculous and REO are ridiculous. They put them on the market and continue forever to take offers and never record them as under contract. Pretty sleazy marketplace. None of the honest realtors are getting any of those listings because we don't have time or inclination to cheat people the way that they are being cheated today by banks and RE agents. I am sorry to be part of this group at the present time."*

*"Shortage of inventory, market is REO and Short sale driven."*

*"We are seeing lots of short sales with very low list prices. Agents are regularly dropping the prices until they get an offer to take to the lien holder(s). The lien holder(s) are coming back with prices of around \$25,000 more than the offer price."*

*"Short sales are taking forever because the banks are not processing fast enough, therefore giving time to buyers to walk away or find other homes that are not short sales."*

*"We have an over abundance of short sales and foreclosures. These properties have brought our housing prices down significantly."*

*"There is so much inventory that when a good deal comes on the market, it's gone the 1st 10 days or less listed. Short Sales are huge, but the listing agents aren't re-prepping the Short Sale Packets which bring on huge response delays! When listing a Short Sale, I feel that Short Sale Packet should be completed at the appt and submitted to the*

*owner's lender from the beginning to be prepared for the sale, make the lender aware of the situation and save time. Especially, when it comes to working with 1st time buyers! This should be a great positive experience for them and delay's make it tough to keep 1st time homebuyers' excited about the whole experience! Communication is huge! And, becoming very touch to do when the chain of communication is broke! I have been waiting for a response from the listing agent on 2 transactions for over 2 month's now. Crazy..."*

*"Short sales and REO's making up about 50% of active listings"*

*"Short sales are almost impossible here. US Bank told one of my clients to just let them foreclose on the property. The short sale will be less than \$10,000. How appalling. I will no longer work with short sales or close to foreclosure properties. REO properties will only bring 40 - 60 cents on the dollar. I will not use Wells Fargo or US Bank or CitiFinancial, as it appears that the left hand does not know what the right hand is doing. Every closing with them has been a total nightmare."*

*"Many of my listings have been short sales this year. I have had several close with little or no headaches. 2 are still contingent on Bank approval for short sale, CitiMortgage and Countrywide are the worst to do business with. My one offer has been at Citi since February, and still no answer."*

*"About 90 % of all listings in our market area are either short sales or REO listings. The lower priced listings are selling within 30 days or less. Normal listings are taking 60 to 90 days if they are priced closer to the distressed properties pricing. Prices over \$500K are hardly moving, probably due to little or no financing available."*

*"More and more agents are staying completely away from listings that deal with a bank. Most especially short sales (Long sales). Agents are listing them way below market to draw multiple offers than you wait for weeks to hear anything. When the bank does finally respond the typical response is "Now give us your highest and best offer". The list price does not mean a thing. A lot of the listing agents lack experience and almost all of them have forgotten professional courtesy when dealing with their peers. I realize they represent a large share of the market but quite frankly are not worth the aggravation."*

*"We work resort property, mostly waterfront condos. We don't see many damaged REO's. It is difficult to tell exactly where "Market" price is because the short sales list as low as they want, without regard for what they can actually sell for. Naturally that makes everything else in the complex look too high. The result is, buyers aren't sure what property is worth so they either wait to see what will happen or make low offers that are rejected. We are working with buyers for 18 months to 2 years before they finally feel confident to make an offer. Short sales are KILLING our market."*

*"A good 50% of sales in our market are short sales. Values in Loudoun County have gone down considerably and short sales and foreclosures continue to put downward pressure on prices. The market under \$400,000 is doing well. If homes are in good*

*condition, they get under contract within a week. Anything under 350K in good condition receives multiple offers, even if not all desirable. The questions above are too simplistic to answer accurately."*

*"Even when listed market short sales take forever to be sold because of the lenders slow and long reaction time."*

*"Too Many Short Sales"*

*"Due to short sales , prices are dropping like a rock....."*

*"REO's are killing value. Short sale lenders are STUPID. Lack of timely response is keeping real buyers from making offer. Concentrating REO listing in 10 - 20 agents in a 1500 agent market is bad for everyone. REO listing agents do not respond to queries and selling agents refuse to show or offer on REO and Short sale properties. Agents claim to be Short Sale Specialists and don't know their business at all."*

*"Too many short sales with offers pending and no or slow response from lenders are taking good buyers and wasting them. Agents are stressed from wasting time on short sales. Buyers have unrealistic ideas of what homes should sell for due to short sales being priced with no reasonable foundation for the asking price and no reason to believe the lenders will accept even a full price offer. What is needed is for lenders to move forward by letting us know what they will accept before the properties are put on the market. We are seeing a large increase in buyer inquiries and in investors coming from out of the area to take advantage of the bargains."*

*"It's amazing how the banks pass up the opportunity with short sales only to have the majority of them go into foreclosures and the banks then sell for considerably less than the same property as a short sale plus the banks have the cost of maintaining the property until it sells."*

*"The close in Northern Virginia market is experiencing lower supply and higher demand in the affordable price ranges. In many cases there are multiple offers on affordable properties, whether they are REO or normal. I don't work short sales although have heard they are also receiving good traffic and multiple offers."*

*"Short Sales & Foreclosures are very difficult since Banks do not honor the terms of the Offer to Purchase - especially Time is of the Essence."*

*"Short Sale listings vary greatly from grossly underpriced to overpriced. Some Realtors have connected with investors and collaborate to make short sale purchases at steep discounts providing borderline fraudulent information to the lien holder. These properties are not openly marketed as an asset should be."*

*"SHORT SALES KILL THE MARKET. SOME LENDERS/INSTITUTIONAL OWNED PROPERTIES ARE LISTED BELOW MARKET ON PURPOSE TO ENCOURAGE*

*BIDDING/MULTIPLE OFFERS FOR HIGHEST AND BEST. SEVERAL HOMES ARE SOLD IN BULK TO INVESTOR POOLS FOR PENNIES ON THE DOLLAR AND ARE IMMEDIATELY PUT BACK ON THE MARKET FOR WHOLESALERS, ALSO DRIVING DOWN THE MARKET. THIS IS LIKE THE FOX THAT RAN THE HEN HOUSE."*

*"More properties going into foreclosure and short sales"*

*"Many agents want quick commissions. They avoid if possible short sales due to time for loss mit dept to make quick decisions. Due to that reason they will rather offer on REO's or Standard non-distressed home."*

*"Foreclosures and short sales are collapsing the traditional market. What we really have in this area is NO market caused by the short sales."*

*"I have not sold anything that was not a short sale or foreclosure."*

*"Buyers are doing their homework. Qualified buyers cannot get loans or lenders with REOs and Short sales take too long to process the paperwork and buyers are walking. Sellers of non distressed properties do not want to accept the realities of the market."*

*"Most agents are clueless about how to market and handle a short sale. Some are not even aware their client is in a short sale situation, especially in the high-end price range."*

*"Short sales and REO's are driving our market down. The agents working them are inexperienced and should find other employment. They don't return phone calls even when you submit and offer. They are playing with fire and a lot of them will end up getting sued."*

*"On short sale and REO's, banks not responding timely...taking anywhere from 30 - 90 days to even start negotiating! Many of the multiple offer potential buyers withdraw, so they lose the bidding war that they could have taken advantage of if the bank would respond quickly. Seller-owned properties, if priced realistically with current market pricing and 'staged' properly to attract buyer tours, will sell quicker and we have seen some go under contract very quickly. This is partly due to pricing and condition, but also to location and the biggest reason right now is lack of new listings to go tour. So many sellers are holding off selling until the 'market comes back'..."*

*"Within the last three weeks, there have been 10 to 15 offers on short sales and REO's in Area 1 of the MLS Listings. We have gone from a Buyer's market to a seller's market. The buyers are JUMPING OFF the fence thinking they have missed the market. It will be interesting to see what happens by September 2009, knowing that there is another bubble of foreclosures, i.e., will the interest rate go down a bit again, will the dynamics stay the same as it is currently or will we be sent a whole new set of dynamics."*

*"We specialize in short sales and the problem is that most agents don't know how to list or what the process is to get a short sale thru and most of the times you see it on the market for over 200 days with no offer and none of the paper work submitted at all. So the short sale time frame is more in line what we do pertaining to our response"*

*"Banks are not willing to work with the homeowner's agents or lawyers on short sales; they are a hit and miss right now. Homeowners are not smart about the marketing or conditions of the market and are not willing to work with realtors who tell them the truth. Most of my business is REO and if priced at market pricing sells quickly. Also repairs, right now, are making a huge difference"*

*"Banks make it very difficult to do business. My belief is that the banks need to ramp up on manpower and get the work load of REO's, Short Sales, and loan modifications up to speed. They need to handle the short sales quicker. This would help the market place because the majority of inventory right now is short sales. Many buyers shy away from these. With the new requirement that the owners be given an opportunity to modify their loans has slowed the process down. I have been waiting five months for a home just to have an asset manager assigned to it. My client (buyer) is getting upset and I do not blame him."*

*"Short sales are the segment that are the most difficult to see to closing."*

## **Distressed Properties**

*"Distress properties below market are dominating the prices in some neighborhoods driving prices down"*

*"My expertise is in distressed properties. I have seen a sharp decline in the "fix and flip" market for these homes in distressed neighborhoods. More rentals than ever. I am now doing some property management and general contracting to repair homes for resale."*

## **Non-Distressed Properties**

*"Duel Market: One is non-distressed homes with willing sellers and buyers looking for "move-in" condition. The other is short sales, REO's and HUDS. Prices all over the place! Both Markets are very subject to neighborhood, location and Buyer type. Buyers are strong when motivated by relocation and want "move-in" condition. Buyers from local demand will look at "deals" to better their living quarters and are slow to move forward. Investors are wise and looking for value and long term return."*

*"Many owners and listing agents still over pricing properties. Several properties on the market over one year without selling."*

*"Houses in great neighborhoods and in great condition are sold for market value. They are still considered valuable opportunities for buyers. Homes that are in disrepair and*



*have deferred maintenance sell well below market value. Sellers who bought homes before 2003 can get a good price for their home and have not ATM'ed their home. Those people who bought after that time. We see many accounts of fraud and questionable refis. Those are the homes being Short Saled and going into REO status. These were not legitimate sales for the most part in the Miami area. In fact, any knowledgeable realtor can spot the homes that have been used as a bank. There are many buyers out there.... and they just want to feel they are making a good investment that won't depreciate after they close."*

*"The well-priced and fully staged homes sell very quickly. The ones that are not priced or staged correctly can stay on the market 90 days or longer."*

*"Short term inventory is extremely low due to Foreclosure Moratorium which recently ended. The moratorium caused a seller's market to evolve on most anything decent. Well priced homes get multiple offers immediately and often sell for well above asking price. Market price is a somewhat arbitrary term. Appraisers are at times refusing to allow the market to adjust up despite multiple buyers wishing to purchase at a level."*

*"A lot of first time buyers, and people who seem to sense that it is the time to buy, but most still unsure and reluctant to make a commitment. Everyone, buyers and sellers expecting a 'deal'."*

*"Fear of losing jobs has placed people on "hold" for buying a home. Difficult for buyers to obtain financing."*

*"Buyers in this area are looking for the best deals and making low offers on any of these types of properties."*

*"There is more housing on the market. There are more distressed properties competing with non- distressed. When new construction is added to this, the existing homes take longer to market and more is expected such as closing cost, updating and amenities such as window treatments, furniture and lawn equipment included. New homes are sometimes marketed with big screen TV or a trip included if the sale is at or near list price."*

*"REO properties and short sales are the primary properties selling. Non-distressed properties are selling slow if not priced at market."*

*"Seller's continue to price their properties above market value. They think they should get a price we were able to get 2-3 ago, thus we have inventory for over 1.5 years in the future."*

*"Non distressed properties are way over priced."*

*"Houses properly priced that show well are selling in 30-45 days."*

*"Qualified buyers are still very uneasy about the economic condition of the country."*

*"PROPERTIES THAT HAVE SIGNIFICANT SUCCESS AT CLOSING ARE THOSE THAT ARE BETWEEN 30-50% BELOW MARKET. NON DISTRESSED PROPERTIES ARE LISTED AT A HIGHER VALUE AND SIT N THE MARKET."*

*"Most of our sales are REO or Short Sale. If a non-distressed property is priced below market and is in good condition and location it will generally sell within 5 months."*

*"Only non-distressed properties being sold now were purchased prior to 2002. Short sales time on market is very dependent on the lender contingency time to approve. REOs and short sale properties can have 5+ offers within 2 weeks of being placed on the MLS. Short sale properties will have at least 50% of the offers drop off. Prices in the <\$100k market have firmed up and houses are having contract offers very quickly. Prices in \$100k to \$150K are beginning to firm up and are having multiple offers within 3 weeks of listing. Offers for houses listed \$150K to \$300K are still less than list. Houses over \$300k are not selling very well. Over \$500k is rare."*

*"This area is one which has very few Damaged REO, Move-in-ready REO, or Short sales. Non-distressed properties are our primary market. Property price has dropped over the past two years about 10%. Over all our area has slowed and we are firmly in a Buyer's market. Most homes are listed for 6 plus months."*

*"If properties are priced correctly they sell. As always condition and location are key factors many properties are being bought by investors or FIRST time homebuyers. 203K loans or Cash are what is getting most of my business"*

*"Huge number of listings in most categories on market. Non-distressed homes languishing on market in excess of 6 months."*

*"Non distressed properties priced slightly below perceived market are selling in 60 days or less. There are more houses up for short sale but fewer buyers"*

*"The majority of our market is non distressed properties."*

*"If they are priced right, they sell. Everything else sits and sits."*

## **Upper-End**

*"Real Estate over \$400,000 is very difficult to sell right now. A lot of inventory for sale."*

*"Our market is extremely high end; however, sales that are occurring are deeply discounted. We have years of supply as we had not a single closing in January and February in my primary market."*

*"Asking if upper or lower end properties are priced above or below market is a rather weird way of looking at them. In this market, if it's priced above what the market will bear, it doesn't move. Right now, we are 6 months into the year and not a single \$600,000+ home has sold. Are they priced above what the market will bear? Who knows? Very few try to under-price and the rare ones that do sell very quickly. By and large, we try to gauge the market and sell at that price with the idea to lower every 30 - 45 days until it moves, and sometimes for less than it should. But, that's what you have to do to move the home."*

*"Very price specific. Homes over \$1M are not yet being impacted by Foreclosure, but they will be."*

*"...From \$800,000 to 2M, no one can get loans and very few people here have 20% or more to put down so we don't know (what) the market is in that price range. Over \$2M has movement if priced well."*

*"My impression is that the number of buyers on market goes down progressively with increase in price. Hence more buyers under \$200k. Very few above \$800k."*

## **Lower-End**

*"REO's and resale housing below the 250K list price are selling as fast as they can come on the market. If move in condition at least 10 offers first couple of days and usually 10% or above asking with many times 20%. FHA and VA first time home buyers are finding it difficult to purchase a home in the lower end. Investors have come back in with cash. FHA and VA buyers are on the lower end of the totem pole. Cash then conventional loans are first if the offers are within 5-10% of each other. When FHA or VA do win, then the appraisal becomes an obstacle."*

*"Under \$300,000 good REO's in demand very limited availability. Properties requiring jumbo money slow but would pick up substantially if jumbo money loosened up."*

*"In the low end (sub 500k) price range, the market is red hot. There are multiple offers on many of the REO properties (damage or not). But 500k- 1 M the market is quiet different. This shows an active first time home buyer and investor market. But not a move-up or second home buyer."*

*"The market under \$500K has gotten incredibly hot over the last 3 months. In regards to pricing, short sales are typically listed below market value to draw out offers quickly so they can begin negotiating the discounted payoff with the lender. Market times also depend on pricing, but right now well priced foreclosures, regular sales and approved short sales will have multiple offers (above market) in less than a week. A regular sale may take a bit longer, depending on pricing, because sellers may be unrealistic with their valuation."*

*"Market under \$300,000 is VERY brisk. Above \$300,000, sales are slower, down from last year, longer DOM"*

*"Foreclosed multifamily in good condition at low prices are selling quickly. Homes priced under \$180000 are in multiple offers, foreclosed in good condition are seeing up to 15 offers. Listing agents are more difficult to contact."*

*"Multiple offers in under \$400k price range. Slower market over \$400k but still multiple offers on REOs and Short Sales due to pricing under market. Bidding brings price back to market. Don't see prices going down any longer but stabilizing and even going up in under \$300k range."*

*"Fairly active for single family detached homes below \$300k. Higher price points are slow. Homes have to be in top condition to sell."*

*"These responses are more applicable on properties with a market value under \$250,000. Homes in the higher price ranges represent a different, much slower market."*

*"The market in this area in the price range of 135K and under is very hot right now due to the number of first time homebuyers that are out there looking. In the past week I have written 4 accepted offers. The most I have ever written up in one week that were accepted."*

*"UNDER \$200,000 IS VERY BRISK WITH MULTIPLE OFFERS ON NEWLY LISTED REO'S, SHORT SALES TOO. HIGH END MARKET IS HURTING WITH 8 YEAR INVENTORIES IN SOME SOMMUNITIES"*

*"Under 400K market has very low inventory levels and the competition is fierce as the buyers outnumber the available inventory."*

*"The area my market is in is fairly affluent, so we are not experiencing some of the difficulties that others are. April and May saw predominately homes under \$200k moving, due to the first-time homebuyers credit. In June, the other price points have started to move. We are optimistic for a strong summer season."*

*"Each house is a different case. Most houses below the \$200,000 market value on a move-in condition are sold fast. Any REO condo sold under \$80,000 market price can be sold in a week. Of course location is the best attraction especially of investors that are purchasing property with cash follow by first time home buyers. It is becoming difficult for first time buyers to compete with investors that are offering more than listing price with no help on closing cost."*

*"Homes in my market that are priced under 500K are selling quickly and with multiple offers. Higher priced homes (especially those over 1.0) in the most popular and desirable areas that are well priced and well presented (staged for example) will sell quickly and with multiple offers. Any home that needs any type of work (even cosmetic)*

*may have a longer market time. Condos under 500K is selling well while condos over 500K have a longer market time. REOs and short sales are not as common in our market as in other markets."*

*"I have not seen more than 1 or 2 severely trashed foreclosures or REOs in the last year. Nor do we seem to have many REOs. Mostly pre-foreclosures and short sales. Our market is very sluggish above the FHA limit but beginning to revive below that level. Properties in reasonable condition below \$350K are tending to sell in 60 days or less. The overall market is closer to 160 days."*

*"Only homes under \$100K is selling."*

*"Homes under \$250,000 are selling quickly with multiple offers because of \$8,000 tax incentive."*

*"The at or below present market priced homes are selling, particularly if they are under \$250,000 in this area. REO's are selling if they are considered a bargain by the buyers - Bargain being the optimum word. If they are damaged or need considerable updating - they have to be a real bargain or they will sit."*

*"Low end in decent neighborhoods selling rapidly."*

*"Right now, under \$200,000 are moving well and the \$300,000 - \$400,000 range is picking up. Most of the homes sold so far this year have been mid - lower end priced."*

*"We are at a point where we do not have enough inventory under 300k. Many of us will have 5-8 active buyers who are unable to get a contract accepted in their price range. The reo are trickling to market at a pace to slow to make a difference. Listing agents need to be smart and start raising the prices of the homes. This is important because the only way to get move-up sellers to place their home on the market thus increasing supply. They need to see prices coming up and then many maybe able to get out without a short sale."*

*"Only one segment of the market is currently moving: the entry level home that can be purchased by a first-time buyer or investor."*

*"Within in the last 60 days the local market conditions have changed as we see inventory drop to a 3 month supply or less. Now more buyers than inventory in certain price ranges and subdivisions."*

*"Properties below \$150,000 are selling at a much faster than those above \$150,000. Properties above \$150,000 are averaging 220 days on market, and typically sell for less than 90% of list price."*

*"Builders are selling more because \$10,000 from State and \$ 8,000 from Federal for first time and new home buyers. Last month 600 closed transactions between 4000 Agents."*

*"Most of today's Buyers are young people who are renting but can get financing with government assistance of some kind, and can buy with payments less than they are paying now for rent. The ONLY people buying non-distressed properties are growing families NEEDING more room, or because of job related relocation."*

*"Most current sales on Cape Cod have been at the low end, \$225-275K. Many have been distressed properties. All sales that I have been aware of have sold approx. \$25K or more under asking price."*

*"Fair to Good on properties under \$175,000. Slow in properties over \$250,000. Slower in properties over \$350,000. Slower in properties over \$450,000"*

*"Properties listed at or below \$550K and between 1500-1800 sq. ft that are desirable homes in Tahoe Donner receive multiple offers and are under contract within 5-7 days. Condo's in good locations. Less than five years old and priced under \$350K also sell quickly 2-3 weeks. Homes over \$650K have to offer excellent value to sell and the market over \$800K is stagnant (unless it is a 3000+ sq. ft home, new construction with custom features in a highly desirable area and was listed over 1 million previously."*

*"Below \$400,000 moving very fast with little room to negotiate."*

*"We are seeing movement at the low end of the market and will be reducing the inventory; still a long way to go as we move up the chain. What I note that is most disheartening is that the new foreclosed properties have a higher debt value than the price of the property when purchased within the previous 3 years which of course is still greater than the current market value. Shame on all lenders who loaned in excess of the property value. Shame on all those lenders who did not use local appraisers in making such a transaction. They charged an appraisal fee, but they did not use a real appraiser."*

## **Market Is Stabilizing**

*"Market condition appears to have stabilized at the present time but we are seeing lower listing prices and the market as a whole is down about 26% from 18 months ago. The buyers are still out there looking for bargains."*

*"Market condition improving low end. Mortgages and difficult to obtain credit score average to high, should be 620-700. Short sales are taking too long and market changes by time you get an answer."*

*"I specialize in listing REO's in this market area. I keep hearing about all the foreclosures out there but I am not seeing them here. No more than normal. The number has actually fallen off in the last two years."*

*"Good market. Not as bad as national"*

*"Our market is starting to rebound. We still have a lot of REO or foreclosed properties. We also have more people trying to buy. Interest rates are still good and the \$8000 stimulus package is still a big factor. I feel that homes will start to move in this area. Unemployment is low here."*

*"Currently we have only 4 months worth of listing inventory on the market and are having many multiple offer situations."*

*"Jan-March very slow. April started picking up and has continued to improve every month and prices are beginning to stabilize."*

*"Market appears to be improving"*

*"Market price has bottomed out for most of the market as areas start to experience increase value as well as investor monies and buyer activity on the increase."*

*"Improving conditions as the interest rate moving up."*

*"Very slow but within the last 2 weeks appears to be recuperating"*

*"Our market has picked up in the last month or so with showings. Offers are coming in slow but are starting to come in!"*

*"Since the \$8,000 first buyer credit came into effect, the market has begun to see more buyers looking at houses. The lower mortgage rates have also helped. I had a short-sale that finally closed after more than a year because the banks kept selling it to each other as investments. (Four banks were involved.)"*

*"A little slow first three months of 2009 and then it started to pop wide open when weather got better. People watch what the economy is doing and some were afraid of their jobs. We have been very very lucky in our area to not have had the major slow down as many other areas have had. We are still a growing town and very blessed. Most of my business comes from past referrals."*

*"The market is good especially first time homebuyers with the price being from \$175,000 to \$250,000"*

*"Our market is slow, but starting to turn around"*

*"Market not real bad here."*

*"The market has a lot of for sale signs out. The market is showing some increase in activity, more showings and more offers. Still have the investors and buyers that are looking for the steal and deal. On some listings getting really low ball offers."*

*"Market appears to have stabilized in the last 3 months but the inventory is still very high. At the present time there is about a 4 month supply of homes in the \$100K to \$150K price range. There are some first time homebuyers coming into the market place but (it) is very slow in the \$200K and above; only 7 sales in the last 3 months."*

*"Market has shown signs of improving because of lack of non-distressed properties and bank owned. High inventory of short sales on the market."*

*"There is business here that is beginning to move again after many months of extremely slow market conditions. Business is here--but much harder to get and to finance. We do not have the large numbers of foreclosures here like other parts of the country. Thank goodness!! I look forward to the results of this survey."*

*"The market has picked up and the houses are selling close to the asking price, if in good condition."*

*"Steady. Good properties go fast with multiple offers. If house is overpriced, adjustments are made quickly for sale."*

*"We appear to be recovering"*

*"The market is rebounding. Lenders are very cautious lending for trashed REOs. Short sales and REOs are still very high in this area. This survey was very long but highly effective. If individuals were honest in their replies. It should assist the receiver with some good information for analysis"*

*"There has been some pick up in the market; however, the increase has come in the troubled properties largely."*

*"Sales are increasing. The market is bringing out bargain hunters and investors. More buyers will participate as the lenders have a plan."*

## **Market Is Depressed**

*"I feel we have at least another 2 years before things even start to get back to normal. In our area we have at least 2-3 years of inventory. We have so much new development in our county which is severe competition for the resales. Also we have quite a few large builders going bankrupt. This throws all their new product out there at wholesale prices. This is a nightmare that is not going to end soon. The buyers and sellers are frightened. Many of the more affluent owners have lost at least 40% of the value of their*



*investments and are not willing to make a move or are downsizing. I could go on and on, but I think you get the message."*

*"Until the market absorbs all the foreclosures from 2009-1st Quarter, the pricing will continue to remain lower than what we have experienced in the last few years. The last couple of months my business has increased substantially. While I have only had one closing in the past 12 months, my clients remain loyal. I currently have two unsold listings, five pending listings, 3 will close by the end of this month and two will close in July. It is important for my clients to feel financially comfortable with their purchase. Timing is everything."*

*"Depressed due to economy and unrealistic values by Sellers"*

*"Still declining markets, but seeing bidding wars on reo properties"*

*"Property values have declined by 30% in the last 6 months. 70% of market is short sales."*

*"Plenty of homes on the market. Buyers or potential buyers are afraid to make a move due to current economy."*

*"Market is spotty, still light activity. Buyers waiting for better economic conditions."*

*"We are suffering now for lack of inventory; in many ways government is now the cause of price stabilization and increases due to frenzy buying. Interest rate hikes have slowed sales. Couple that with lack of inventory and it is a double nightmare"*

*"Pockets of our market have suffered dramatically in loss of market value due to the exceptionally large number of homes within those pockets that went through a foreclosure process without any prior intervention. Other segments of the market have experienced a slight decline in value, but not dramatic. Well-priced properties, whether distressed or not, sell quickly, even with multiple offers. Sometimes they sell over list or without buyer closing assistance."*

*"Property values continue (to) decline monthly. REO and short sale driven market."*

*"Market is still slow, foreclosures are still hot, and investors are scooping up bargains and almost nothing else."*

*"We are still in a declining market. May's sales were almost 30% below May of 2008. Unemployment is almost 10%."*

*"Depressed and very competitive."*

*"SLOW....."*

*"I am waiting to see an improvement in market conditions. The rise in mortgage rates is a strong deterrent to sales. The high unemployment rate in Georgia is a huge factor in the depressed market. With an abundance of foreclosures you do not see much going on in new home construction."*

*"Market is very slow. People are still too scared to make a commitment. Personally I believe the more the government gets involved the more problems we will have."*

*"Market slow. Few properties on the market at this time - rural area, not distressed."  
"Our market has slowed over the past year and continues. This has had a huge effect in select areas in our market. Making it easier and quicker to talk to the bank about short sale offers and educating our clients would make a huge difference in the amount REO properties. The quicker we can help home owners in trouble would help decrease REO's and investor loss."*

*"Every real estate market is different. Homes for sale on short sales probably outnumber houses that are REO or owned by individuals is probably 10 to 1."*

*"Market conditions have only improved slightly and many agents are doing other types of work to supplement income. Mortgage and appraisal process is long and doesn't make sense in some instances. Short sales and REO sales require more work and then you get hit with lower commission. The games that are played by those involved in short sales and REO sales make the industry look bad and consumers think that their agent is just incompetent even though the agent is doing everything in their power to make the transaction work. These sales are a blight on our industry."*

## **Local Market Anecdotes**

*"Still a declining market, with some zip codes designated extreme declining and requiring significant down payment 30%+ in order to secure jumbo financing. Those areas that experienced extreme growth in new housing in 2005-2007 are the hardest hit with massive numbers of short sales and foreclosures. Towns hardest hit include Avondale, Litchfield Park, Surprise, Queen Creek, Maricopa."*

*"In Los Gatos, there are almost NO REOs or short sales. In neighboring San Jose, though, there are plenty of them. Short sales are USUALLY dirty (but improved, later "let go"). REOs usually disgusting. Non-distressed vary from clean to fully remodeled."*

*"The Bay Area has a wide range in different locations. Some sell no matter because of their location like Los Gatos and some have a lot of foreclosures, REO's and short sales like Hayward."*

*"I work the Eastern Prince William County VA area. It is disheartening to see REO homes being listed so drastically low as we continue to get multiple offers. The saddest part is the multiple offer situations is not resulting in escalated prices, homes continue to*

see at list or below even with multiple offers, APPRAISALS rule the roost at the moment. Short Sales continue to rule our market. Just look at [http://www.\[redacted\].com](http://www.[redacted].com) --search in spread sheet mode, everything with a \* is a short sale. UGHH. Banks continue to take forever."

"Our market has not been affected nearly as much as most of the country. We are 49th in the nation for foreclosures. That being said, we are still affected considerably compared to what we are used to. Lincoln has about 16 different zip codes. There is no one zip code that represents a preponderance of business consistently. We work the entire city and within about 30 miles surrounding the area. We experience foreclosures all across the price spectrum. Our unemployment is about 1/2 of the national averages and the economy over all is pretty strong. Our biggest enemy is the national media preaching gloom and doom, and telling people that houses are selling for 1/2 price, which scares buyers and sets them up for false expectations."

"Overall, LaPorte County did not experience the huge market fluctuations seen in some parts of the US. Are largest market, which was peaking 1-2 years ago, is the "beach" area, mostly comprised of 2nd homes and purchased by persons from the Chicago, IL area (we're only about 60 miles east of Chicago on Lake Michigan). Currently in our MLS, 238 homes in the "beach" area are for sale; 193 in Michigan City Limits, and about 135 in the county/country area on the outskirts of town. Damaged REO's are mostly purchased by contractors with a line of credit or cash because they can't be loaned on and many people do not want to wait forever for an FHA 203K to close. I have done about 1 short sale a year, but they are less common in our market."

"The market is changing all the time. But recently listings in Irvine do not stay in the market for more than a week."

"We have had an increase in inventory and are starting to see some REO and Short Sales. Given that we have a large 2nd home market (approx. 40%) we have been experiencing less in the way of REO's and Short Sales in the past year or so. In Zip Code 93923 there are 39 pre-foreclosures (NOD file in past 120 days), 14 scheduled for trustee sale and 11 bank owned properties. Total active single family residential units is 192."

"East San Diego County. Many multiple offers on low-end distressed properties. Bargain hunters out in force. REO's list cheap to create bidding war. Most Short Sales still very difficult to get through - very long waits and poor communication with Bank negotiators."

"I did not answer the zip code question because I sell in a number of zip codes in Greenville, SC. The bulk of the sales in our market is non-distressed. Our market dropped in value over the last year approx. 11%. Sales have been down 34% with an increase in inventory of 20+%. The new homes have hurt the resale values because of the builder's incentives trying to unload properties as well as some short sales and foreclosures. Compared to a lot of the country we have been more stable and traffic is picking up in all price ranges, although the highest percentage of business has been in

*the lower ends with the 1st X buyers. This has been difficult for me personally as I am more of a mid to upper bracket agent, so my pipeline for the lower end is not as extensive."*

*"I work in 2 different markets, SC and NC. North Carolina, Charlotte area is hit harder by the decline in market. SC has less property tax and is more attractive to investors and home buyers. Fort Mill, SC is hit less hard due to our popular school system."*

*"7.7 months supply in Minnesota we are at the bottom or have passed the bottom. Properties moving faster priced under \$250,000 some with multiple offers"*

*"We are very fortunate locally to enjoy a more stable market than I see on the news every night. We have Eastern Illinois University, and that school provides stability to our market."*

*"This is a resort market and had seen rapid appreciation and even more rapid depreciation. Most of the properties are being listed well above a potential sale price, which is 25-30% less than the county assessment which was done in 2005. The real estate agents in this area seem to be more interested in their name on a sign rather than actually moving the property. We are seeing some signs however that this may be changing but changing very slowly"*

*"582 foreclosures sold in our Ocala Florida Market within the last year. Those that sold were mainly homes priced under \$100,000. I would say half of our foreclosures take up to 6 months to sell and the other half under 60 days. Most of our foreclosures are listed by only two agents in our area. One of who I will not show his properties anymore because of his rank attitude."*

*"Our region did not experience the rapid escalation of pricing but we are suffering from high unemployment (in the 15% range)"*

*"Dayton area didn't skyrocket up so didn't fall as much. However, job losses are creating a glut of housing units available."*

*"I work the Southeast Valley of the greater Phoenix area, and we are loaded with short sales and REO properties. The short sales are taking so long. I've had several that have taken more than 6 months. Very frustrating for everyone."*

*"Discretionary income allows second home owners in the Hamptons to hold prices above what the market will bear. When coupled with sellers that actually have a need to sell, brings a confused market, one in which a buyer finds themselves not sure of value."*

*"Minot North Dakota with the Bakken Oil Development in Western ND and the 1090 families coming to the MAFB (Minot Air Force Base) with a new (2nd) Bomb Wing of B 52' we have had an exceptional market. In the past 5 years we were lowest sales price*

*in the nation two (2) of Three (3) years and Second Lowest the Third (3rd) year. 2008 and 2009 have been entirely different, but we had a long ways to catch up from being the lowest. Our Median Residential Sales price is \$154,000 rising from 138,000 in 2007. We still are a very good buy."*

*"It's a tough market here in W Michigan for sellers. Property values are at about 1996 levels. First time homebuyers are my main buyers. REO's dominate the sales as they are priced below market. Short sales here are a joke. 1 out of 10 purchase offers sell."*

*"Although Dallas' RE market is healthier than most in the nation at this time, we still have a glut of unsalable REO's and SS's that aren't selling due to condition, time on market, and most of all, slowness of banks to respond and negotiate. The banks could recoup millions or billions on REO and lost revenue on SS's if they would just simply get these things negotiated and closed. We agents must work now for weeks or months just to get one of these REO's or SS's closed--and at the very last moment before walking into a closing, find out the bank has decided to cut your commission to the bare bone. It is very disheartening."*

*"The banks in Puerto Rico seem to price their REO's by the amount they invested and lost and not by the market value. Therefore we only represent Fannie Mae, Freddie Mac, Citifinancial and other REO companies."*

*"In Minneapolis there is vacant building fee assessed to the property when the city has to take responsibility for shoveling snow and other necessary maintenance issues. This fee and other fees are often passed on to the buyer since the banks will not pay them. Buyers who are planning to rehab the properties cannot afford these additional maintenance costs which should have been the bank's responsibility. Banks should not hurry to impose foreclosure unless they are ready to take over the care of the property while it is under their ownership. It is causing problems for whole communities as well as buyers who would like to come in and restore the properties."*

*"Buyers seem to be more level-headed when it comes to purchase price. We have seen quite a few multiple offers on properties in North Seattle but buyers aren't being ridiculous. Often times the offers may be below asking. Or if they go above they seem to be below a market value cap formulated from prior nearby sales."*

## Buy-Side Transactions

We asked, “Have you closed any buy-side transactions during the months of April, May or June 2009?” Seventy-three percent of respondents had closed buy-side transactions during the months of April, May or June 2009; these respondents qualified for the survey questions regarding “Homebuyer Demand for Properties.”

## Homebuyer Demand for Properties

### *Survey Statistics*

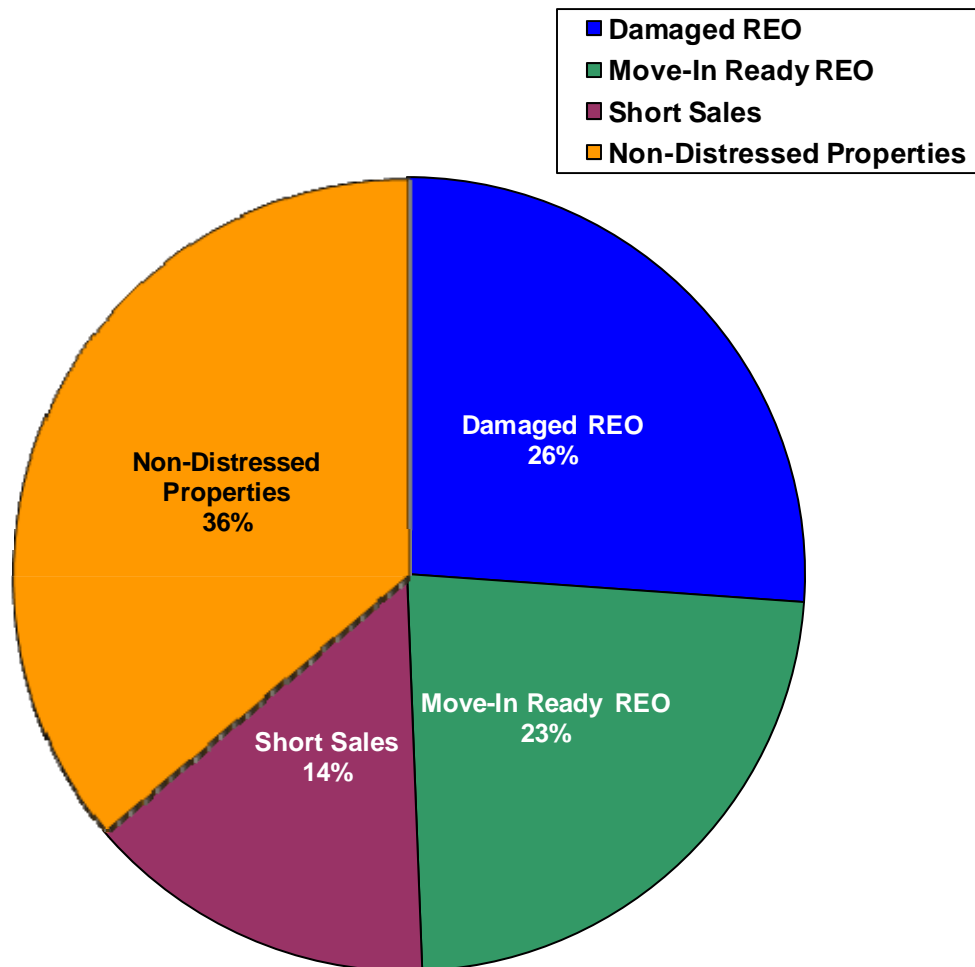
We told respondents, “Please take a moment to consider the homebuyer—first-time homebuyers, current homeowners, and/or investors—that you have represented as a buy-side agent during the months of April, May and June 2009. Then record your number of closed transactions for each type of homebuyer by the category of property that they purchased. Please skip any type of homebuyer or category of property for which you did not complete any transactions.”

| Homebuyer Type        | Damaged REO | Move-in ready REO | Short Sales | Non-distressed properties |
|-----------------------|-------------|-------------------|-------------|---------------------------|
| First-time homebuyers | Select      | Select            | Select      | Select                    |
| Current homeowners    | Select      | Select            | Select      | Select                    |
| Investors             | Select      | Select            | Select      | Select                    |

We totaled the reported transactions for each homebuyer type and property category and used the aggregations to produce statistics on segments of the home purchase market.

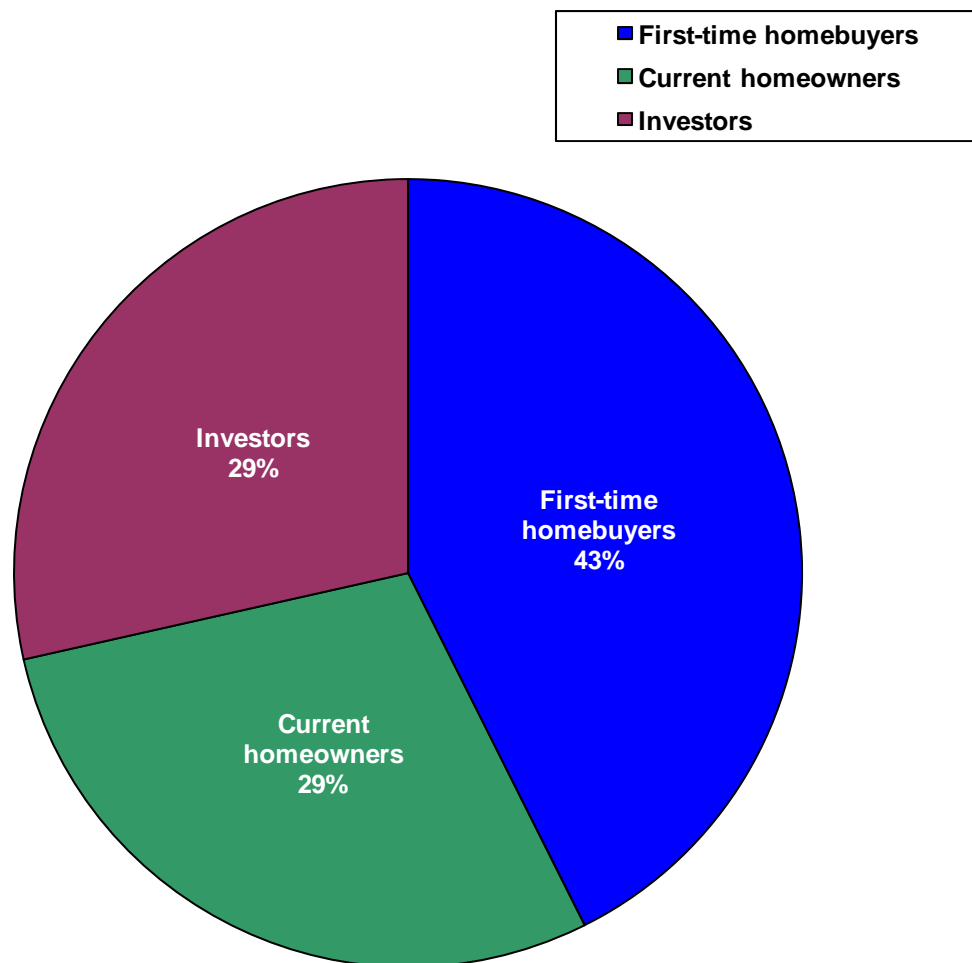
*Below are sample statistics for this survey question. Additional statistical results for this survey question are included in the complete survey report.*

## Home Purchase Market by Property Category



We tabulated reported transactions by property category and we found that damaged REO and move-in REO account for approximately one-quarter each of the home purchase market, with short sales representing another 14%. Non-distressed properties account for slightly more than one-third of the market.

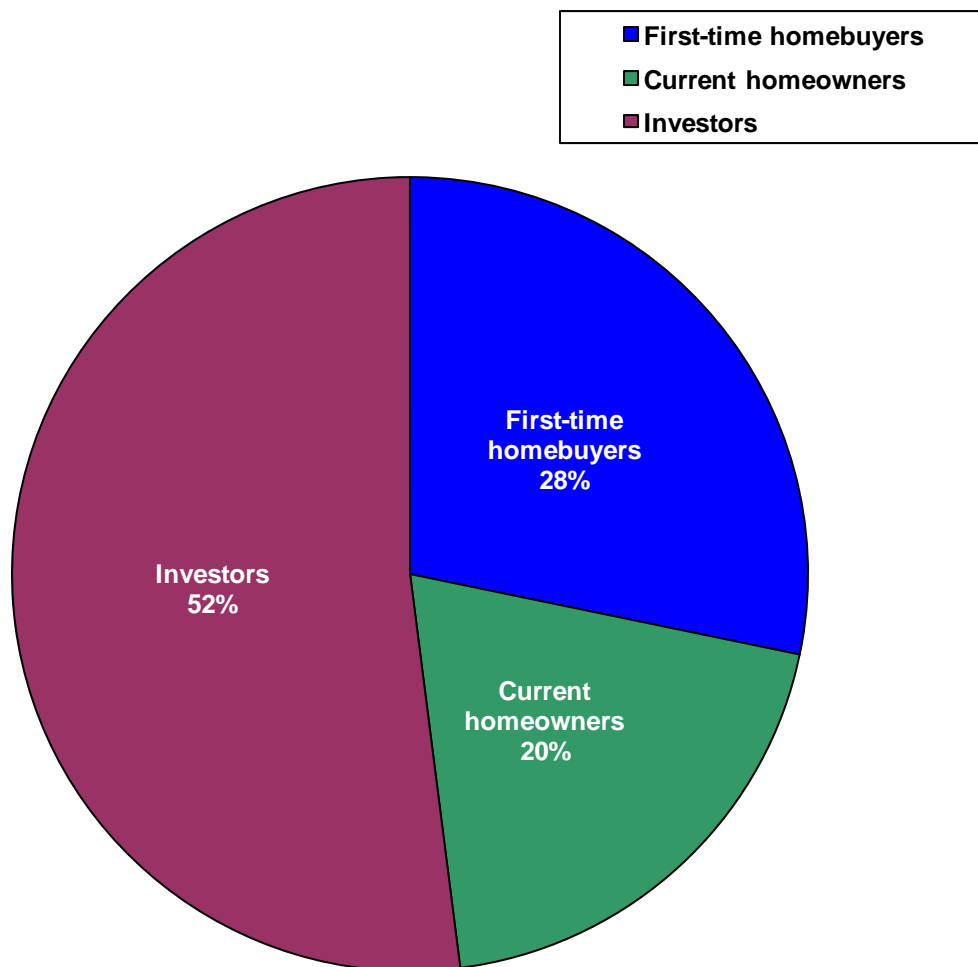
## Home Purchase Market by Homebuyer Type



We tabulated reported transactions by homebuyer type and we found first-time homebuyers represent 43% of the market, with current homeowners and investors representing 29% each.

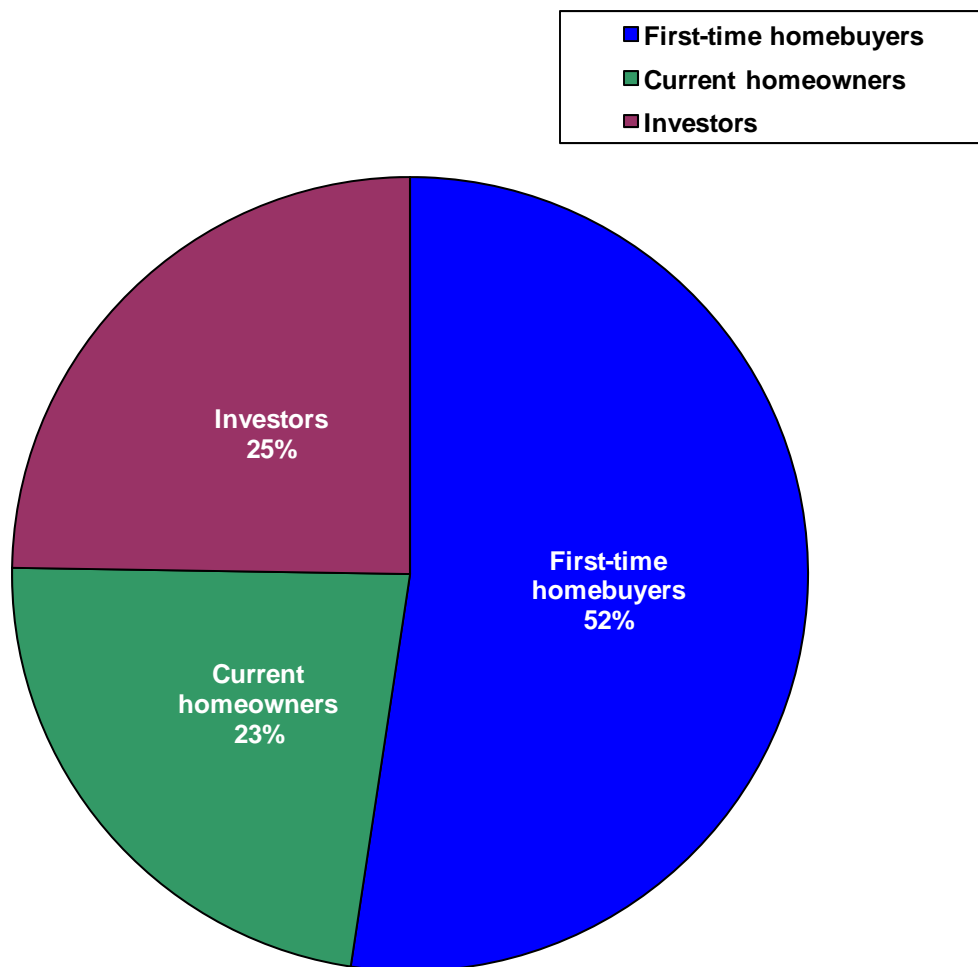


## Homebuyer Demand for Damaged REO



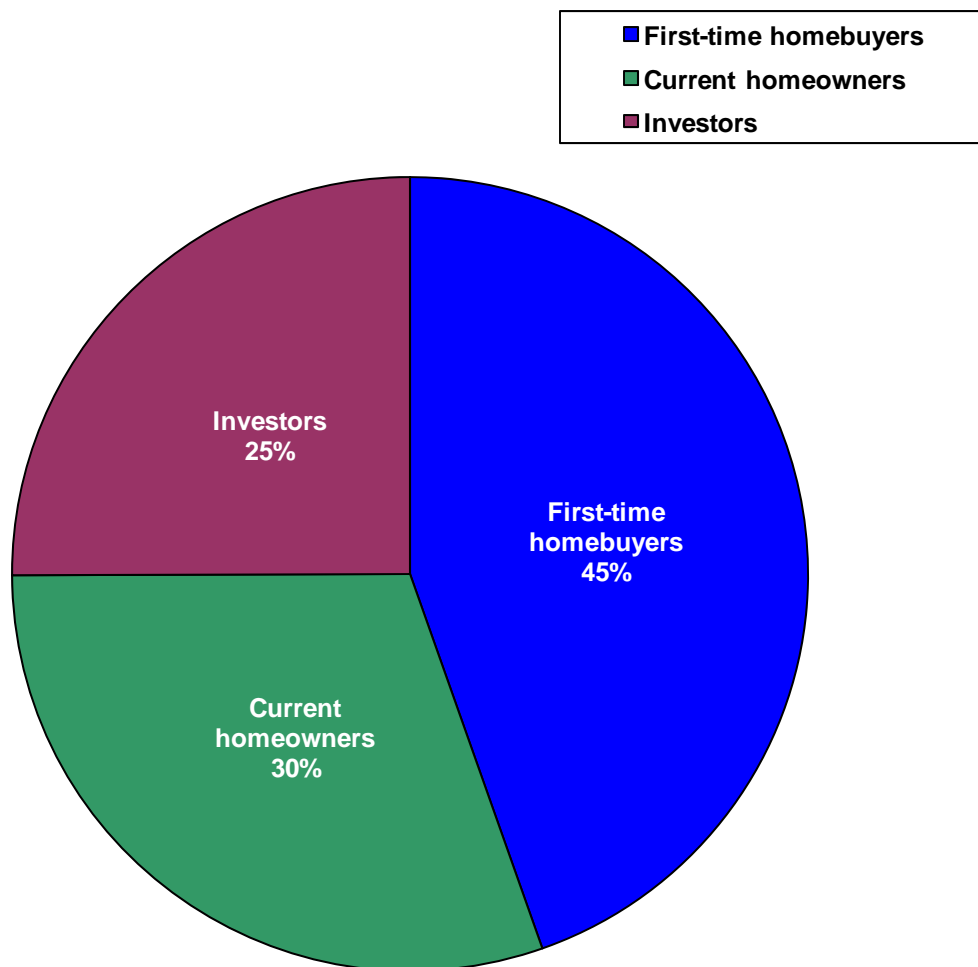
We calculated the proportion of homebuyers purchasing damaged REO and found that investors make up the majority of this market segment. Relatively few current homeowners buy damaged REO.

## Homebuyer Demand for Move-In Ready REO



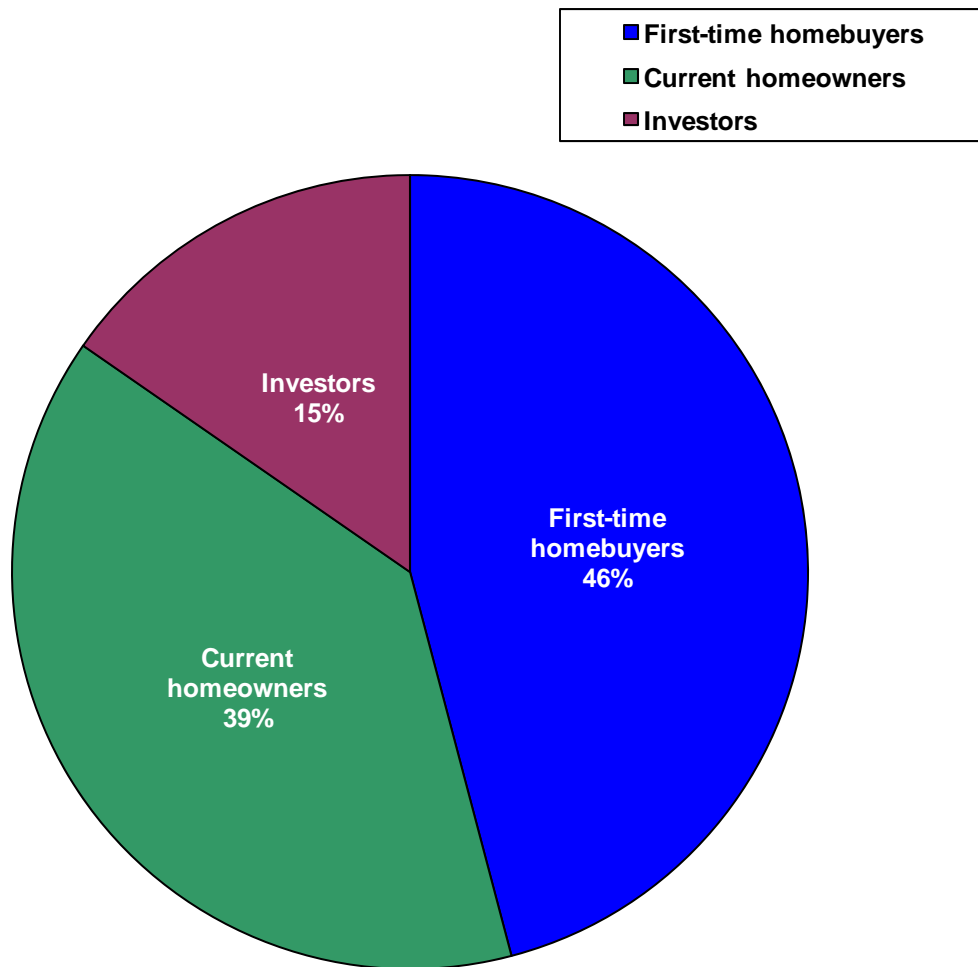
We calculated the proportion of homebuyers purchasing move-in ready REO and found that first-time homebuyers make up the majority of this market segment. Relatively few current homeowners buy damaged REO.

## Homebuyer Demand for Short Sales



We calculated the proportion of homebuyers purchasing short sales and found that first-time homebuyers, combined with current homeowners, make up the majority of this market segment. Relatively few investors buy short sales.

## Homebuyer Demand for Non-Distressed Property



We calculated the proportion of homebuyers purchasing non-distressed property and found that first-time homebuyers and current homeowners make up the vast majority of this market segment. Few investors buy non-distressed property.

## **Comments Regarding Impediments to Purchasing Homes**

Respondent comments regarding impediments to purchasing homes are presented below, organized by impediment.

### **Appraisal Issues**

*"I've written 24 offers in the last eight weeks. Lost all of them, some due to appraisals coming in much lower than offer price, lost some to cash buyers and other's to banks rejecting the offers. Currently have another four out waiting for approval."*

*"The selection process for appraisers is based on turnaround time and fee. The result has been just terrible appraisals!"*

*"Some appraisers are still searching for comps to meet the sales price instead of most comparable to the subject. More BPO reviews by experienced local real estate agent would help stop this problem."*

*"Foreclosures are adversely affecting home values; and the appraisers who use REOs/foreclosures as comps are doing a disservice to the home seller who has paid his mortgage and wants to move to some other area, or just move up. The rotating pool of appraisers who don't know the local conditions aren't helping!"*

*"In my opinion, the market, and the number of REO and short sales is going to get worse before it gets better. The new appraisal requirements by Fannie for AMC's are raising costs for buyers, lowering appraisal values artificially, and lengthening closing times. This does not help the market."*

*"I believe the next big challenge will be to re-establish some common sense in the appraisal process. How does a declining market ever turn around if an appraiser is not allowed some latitude in calculating the value of a home? Absent fraud, an 'arms length agreement between a seller and a buyer' should go a long way in setting the property's value in the marketplace. True competition exists in our market. You can't sell a home for an inflated, fraudulent price unless all parties involved agree to do so. You will never return to an appreciating market until the shackles are taken off the appraisers, and the appraisers are required to know the areas in which they conduct their business."*

*"Local lenders using a pool of appraisers is terrible. Appraisers not familiar with an area. Appraisers making derogatory comments on condition where they should be asking for repairs..."*

*"We feel we simply 'can't win' these days! The banks (who got us into this mess loaning to anyone who breathed) aren't leading us out. They are ULTRA slow to respond and seem not to care - especially our "too big to fail" banks we keep shoveling*

money at! And, appraisers are horrible right now - they appraise too high for REO valuation and WAY LOW for the buyer's loan! It's ridiculous."

"Get rid of the appraisal management companies who are making a mess out of the entire process. They are often out of area and use comps that are not appropriate. I do not have as much of an issue about the agents having a lot of REO properties, but get rid of the ones who are so inept that they do not even return phone calls much less respond to offers."

"I work for a builder so all of my listings are new construction. My builder has not been affected but there are new homes that fall into the Short Sale category that are affecting my sales in my neighborhood. We need to have these homes sold for everyone's benefit. Appraisals of these properties and sales of these properties are affecting all sales in my community and the area."

"As manager of large office, I do not sell. I need to add though, that the appraisal process has been the most trying. Under-appraising is happening more and more because of the fear of God put in the appraisers by the lenders and the over-stringent requirements to consider 'solds' (for comparisons) under 3 months old. If the 'solds' not locally available, the appraisers go to areas farther away and then seem to make very conservative adjustments. The next reason for concern is the inordinate amount of extra time the third party institutions are taking to 'approve' contracts submitted. (Months!...not weeks)"

"FHA Appraisals are getting extremely difficult to get values. The comps are not there for the non-distressed homes and the appraisers are using the distressed for comps. I have a deal that we are \$20,000 low on the appraisal because the FHA guidelines of within 1/2 mile, and no older than 6 months for comps is not realistic to get the best matches. The bank is reviewing the appraisal and comps that I submitted for consideration -FOR 3 WEEKS!!No answer, no idea if my buyers will have a loan, rate lock will die with the house, loan commitment can only be on hold for so long before the seller backs out!!!"

"Early in May every appraisal came in extremely low. \$70K, \$25K, \$29K \$15K, \$10K it was a living nightmare. So far "one transaction past away, one is on life support and one is in intensive care and we closed two after serious negotiations with "REGULAR SELLERS.""

"The real value vs. appraisers' value is abysmal. Banks appear to be influencing real value. And appraisers are falling in the trap in order to get more business."

"Here's something that we're seeing more of: Keep in mind there are a lot of VA buyers in San Diego. That being said, with sale prices routinely being 10 to 20% over list price, sellers are getting worried that the appraisals won't come back with the needed value. So they're asking VA buyers to waive the VA appraisal contingency (which can't happen, it's mandated by the VA, and then have cash on hand to cover the difference.)

*For example: a house lists at \$270K, then the agreed upon sales price is \$320K. They'll ask the buyer to have the \$50K difference in liquid assets. It's a shame that this is happening to our service members, but nobody wants to report the sellers to the VA out of fear of ruffling feathers and hurting their chances of getting listings."*

*"The new appraisal procedures, with the 'management middleman' are causing undue hardship on parties of a transaction. It serves no productive purpose and stymies the potential for a smooth transaction. Banks & lenders, for the most part, are having to deal with the mass confusion and complicated approval and funding processes of new mortgages have created road blocks to healing the hurting housing industry."*

*"Appraisal 18% below contract which was 15% below list price."*

*"As of now I have good strong solid contracts in place. I have been selling for 16 years; I make sure my buyers are qualified to buy. There is one that has come in well below the appraisal, the seller is trying to dispute, my buyer is ready to cancel and move on to another house."*

*"Appraisals have been getting worse instead of keeping up with the market. Last month we were \$685 short on an appraisal, then \$3,000 short. This month we were \$25,000 short. Appraisers are making sure the bad market continues....."*

*"Our deals are pretty solid when they go into contract. Appraisal's can be a problem; we do not take contingency deals."*

*"The appraisal came in above sales price, however, the underwriter didn't like the homes bedroom situation (master on 1st floor and 3 bedrooms in daylight basement - the second floor was framed for 3 more bedrooms but unfinished). Buyers had reserves and 720+ credit score but couldn't get a loan on this particular property."*

*"Even though all of mine have or will close, the appraisal situation is starting to become a factor. It almost caused one of mine to cancel. The 2 biggest issues with them for me is that they are unwilling to change the value of the properties, and that they are getting later and later in getting done, causing the buyer and seller to have to renegotiate after negotiating on inspection items."*

*"Appraisal values are lower than contracted sales price."*

*"Appraisals are ridiculous. People who have put a lot of money into their property, have 5 buyers for full price and can't get a decent appraisal because of market comps on junkie condition props."*

*"Buyer was doing a 203K and the appraisal came back with issues regarding passing FHA Guidelines. Ended up the buyer could not get an insured loan and items would have to be fixed by seller prior to closing. Lender owned home... deal went down."*

*"Buyers are not coming in with enough money and the FHA programs are all multiple offers, so there is no negotiation power as they have gone as high as they can! Buyers just need to be educated and more patient! It is tough for them. Now that they have some purchasing power, so do many more buyers and it has created a bidding war and only one can win. Then the property does not appraise and it goes back on the market and the cycle starts all over again."*

*"I sure hope that these problems will not affect my current transactions, but all of these could potentially be a real hazard. Appraisals have become a bigger concern, and mortgage rates could be changing and already have taken a hit. I tend to require the buyers to be pre-approved by known lenders if their chosen lender is not familiar-this helps in avoiding invalid pre-approvals or rate locks that are not honored also."*

*"The current appraisal system is terrible."*

*"Appraisals are coming in 10% low. Home inspections are calling every little thing they can, exhaust fan cover missing nail holes from pictures, south side of home MAY need paint, cut back plants from the home (been vacant 3 Or more months) switch cover missing. Lenders want everything fixed not only major things but little things."*

*"Appraisers not finding enough comps."*

*"Appraisals are becoming an issue. Appraisers don't seem to have simple logic in their arsenal of reasoning. Incorrect foreclosure processes have caused two of my 'sold' properties to be pulled in the 'eleventh hour'. Final title search exposes some deficiency in the foreclosure process (missed IRS lien)."*

*"Our office has lost a couple from late/low appraisals. My problems have been with underwriters. I nearly lost a deal because the property had two parcels and the bank didn't want to loan on the raw land parcel because it had a wetland."*

*"Appraisals are taking 3 weeks to get completed from time of application. This is a problem. Underwriting is taking 3 times as long. This pushes out the loan process to 6 weeks or more."*

*"Appraisal not coming in on a property except for first appraisal who was Listing Agent's appraiser and who "reached" for the value. FHA loan underwriter kicked it out and has asked for 2nd appraisal even though we had enough down to not automatically require the 2nd appraisal. Two appraisers have since DECLINED to do the appraisal saying they can't even get near the purchase price offered. So, if the appraisal doesn't come within \$50,000 of the first appraisal, I doubt that I will be able to negotiate the difference. However, we MIGHT offer more in a down payment to get the property because the comps are not available and the market in my zip code has turned around and increased in price and sales."*



*"In our relatively small market, the effect of short sales and REO sales is beginning to have a major downward influence on market comps, thus pulling pricing down closer to the 'underwater point' for many homeowners, particularly those who have done refi more than once. I expect another round of short sale listings popping up within next 60 days, particularly if mortgage rates inch up making it harder for buyers to acquire existing properties."*

*"The government needs to re-evaluate the appraisal management company requirement. This is having a significant negative impact on a very high percentage of sales. Lenders should not be allowed to base funding decisions on professional inspections completed by the Buyer from a subjective inspector. Lenders are paying appraisers to professionally evaluate a property. The professional opinion of the onsite appraiser should be paramount to "quality assurance" review by appraisal management companies who have never seen the property or condition of the property. If appraisal management companies (AMC) are to remain in our industry, it should be illegal for any lender or mortgage banker to have any affiliation with the AMC. The AMCs are not currently regulated. It is a bad decision if the AMC is taking money out of the appraiser's pockets."*

*"Appraisers are using comparables that are in different communities. Also distressed properties should not be used as a comparable to existing homes because the properties in distress usually need repair work...the prices are usually lower because the owner of those distress properties want to get rid of them quickly instead of holding them on their books."*

*"Implementation of these programs could not come fast enough! Appraisals need to be separate for REO's and Non Distressed homes. Prosecuting those who strip their homes then let go to foreclosure will help deter those who think about it. Plus it is in our agreement with the banks that we will maintain the home's condition and maintain insurance. People need to be able to work with their lender to get through the tough time without taking advantage of the banks and the situation. If we give incentives to people to buy short sales on top of the already reduced pricing this will put non distressed properties out of the range for buyers and more homes will be short sales and foreclosures."*

*"If we didn't include REOs in our local appraisals, there would be few, if any comparables in many cases. The REOs play a MAJOR role in affecting local property values in areas where they constitute a high concentration of transactions. The idea of prosecuting vandals and conducting PR campaigns against the practice is ludicrous. Our law enforcement people have their hands full chasing down murderers and felons. Trying to catch a bunch of copper thieves or illegal antique dealers makes for good political grandstanding, but lacks any real credibility."*

*"What is killing our communities is appraisers using the comps of a damaged REO property in the comps!!!!"*

## Condo Financing Issues

*"Condos are becoming a major problem because they cannot meet lender's overly high owner-occupancy or HOA budget requirements. Thus, a qualified buyer's loan will be denied. The overly prudent requirements do not allow qualified buyers to replace delinquent homeowners. The only people who will be able to buy condos are all cash investors. This will change condo tracts to apartment-like owned complexes. The first time buyer is the one that suffers this market the most."*

*"The FHA guidelines have changed from a 25% owner occupancy to 70% for Condos. My customers had a credit rating of 820. It is totally absurd that they can't go secondary market!"*

*"Two unfixed problems will delay recovery. Both are closing the doors after the horse has escaped fixes that demonstrate how little our regulators know about the market place. 1. FNMA guidelines for condo health have virtually shut down the sale of condos for anything but cash. This will devalue condos by another huge percent to get to prices cash buyers can pay. 2. Lender banks are not lending to normal people no matter what they claim. The first home, no money, no brains, buyers still get 100% financing on cheap houses, and the wealth buy with cash or credit, but the honest, average employed family with equity and good credit can't refinance or buy new because they are treated like they caused this economic crunch."*

## Increase in Mortgage Rates

*"The historic low interest rates are about all that is keeping the market hanging on. Raising rates at this time is counter-productive, just like the yanking of DPA was. I think too loose standards, which caused this mess, are bad; but tightening them to the point that most are unable to qualify aren't getting us out of it."*

*"To spur the housing recovery, the interest rate needs to remain below 6% or buyers will not get out and look at homes. They are completely spoiled to the low rates and most can't close on higher payments than these rates allow."*

*"Low mortgage rates are the major buyer incentive. This is also major incentive to current home owner to stay put by refi if possible."*

*"It will shut down the market once again. It will take many of the 1st time home buyers out of the market due to qualifying requirements at higher rates. It takes away the incentive to move away from current homeowners. Investors are already out of the market unless they are all cash. Others don't have the larger down payments required and they are charged higher rates and fees for their loans."*

*"It would be a disaster in the recovery of the market."*

*"Rates are increasing during the long short sale process"*

*"I have 2 deals that have canceled that had offers since March. 2 more that want to cancel which are again short sales, one of which will now not qualify for the purchase since the rates have gone up."*

*"DISASTEROUS! Our local market area is so hard hit by the financial crisis that they are looking for reasons to not do anything; one point on a \$1 million dollar mortgage is a lot of money!"*

*"It's too soon to increase the rate. Currently it is 6% +1 and has jumped 3/4% in the last 2 months. Which has slowed down the buyers coming in."*

*"Higher the rates (and real estate taxes) = less affordability = even lower home sale values"*

*"A 1% increase in the mortgage rates may not affect a buyer with a significant down payment; however as rates rise, that prices more and buyers out of the market. The current practices of Lenders in SHORT SALE process who are ignoring RATIFIED contracts and changing terms at will, is causing undue stress and hardship for buyers. If first time buyers need to pay 3.5% down, and need closing costs as well to afford the home. Lender should not strip the closing costs away because I quote" the bank is losing lots of money by accepting a short sale, the buyer is getting a \$8000 credit, so we will not pay closing costs" Deal begins to fall apart after waiting months. This SUCKS! Today I closed a \$510,000 FHA Transaction. The buyer was charged for three appraisals \$500, \$425 and \$369! Because no one on the lending end had a handle on the appraisal fiasco. Buyers will just stop buying."*

*"With lower rates and the incentives, first time home buyers are trying to get credit in shape to make the purchase. An increase in rates prior to their completion of the purchase will kill most deals with or without the incentive. The biggest impediment to current home buyers who want to move up or move down is the sale of their existing property. Oversupply in our market place at all levels; only the lowest levels are moving at this time."*

*"Every time something causes the price/payment to go up, it pushes some people off the ladder. Our mortgage rates are near all time lows, so we have attractive rates, but any increase will force some people out of the market."*

*"Difficulty in qualifying will increase as well as some are uncomfortable in what new payments will be. First time homebuyers will wait to see if the rates will return to lower levels"*

*"Interest rates are still good. The discount points and origination that are beginning to show up are going to affect the market very negatively!! I have seen them in years past and seen what it has done to the housing market!!!!"*

*"Some buyers who qualify for a mortgage now would not be able to afford a non distressed property should the rates increase."*

*"Buyer confidence is challenged. Just when they are starting to make a move, their payment will be increasing before they even have selected a property."*

*"Actually all are affected and are now reconsidering purchasing, although the first-time buyers that I am working with have recently been knocked out of the market all together."*

*"All buyers would be hurt by increased interest rates inflationary prices on fuel, food, and everything is eating up incomes where little choice is to be made to do nothing in the housing market"*

*"Higher utility costs (seems like every month or two the power companies or gas utilities are requesting rate increases on their customers) Hours cut at work No pay raises anticipated...some have not had any raises for several years and are not expecting to get any raises for who knows how long With the rise in utility costs, heating expenses, groceries, gasoline prices, etc. customers feel like if they got a raise, the cost of something else would raise, so they can never get ahead enough to save for down payments or closing costs."*

*"The rates have increased; sadly, many buyers of all types were waiting for the interest rate to drop lower. In spite of me telling them that they were going to increase. As of today, the best interest rate is on the ARM, getting a 7 year ARM is good for someone not planning on being in the home long. Good for someone to get to have lower payment right now, can refinance later."*

*"Right now everyone would be affected. First time homebuyers would not be able to make payment and move up buyers who are already scared to make the move because of Job Security and the Economy would not move for fear of inflation. Word is gas is going back up to \$4.00 a gallon, the price of food and clothing has gone up so if rates go up people will say INFLATION is here and what is next? My friends and family are already discussing this as well as parents at the ball field on the weekends and at church. The talk has started."*

*"With any interest rate increase, the buyer's purchasing power declines."*

*"Qualifying buyer at higher rate, less of a house to buy"*

*"Interest rates rising affect most types of buyers and cause many buyers to wait on the sidelines or not qualify as easy. Puts a fear factor in the market"*

*"Everyone in the buying market is impacted by an increase in rates, especially first time homebuyers who are barely qualifying for financing."*

*"I believe a 1% increase in rates will cause substantial pain for everyone...across the board."*

*"Current homeowner or developer will be the most negatively impacted by an increase in mortgage rates, because they would have to sell their home for less. Higher rates will drive down the prices, because there will be fewer homebuyers wanting to purchase at that price the homeowner needs to sell to get a return to go and purchase another home. A developer will not be able to build if interest rates go up, and the cost of construction and the increased costs for "R" factors increases."*

*"A 1% increase will kill the resale marketplace."*

*"First time buyers need the lowest payments possible. Current homeowners would need to see more out of the sale of their current homes and investors are already paying higher rates."*

*"The increase of interest rates is KILLER"*

*"Fewer homebuyers will qualify for mortgages. Credit guidelines are complicated; Credit agencies do not work with consumers to get credit scores up. The system is unfair! To increase the mortgage rates in addition to all of the existing problems will have a severe negative effect on the housing market. Mortgage rates need to average 4.00-4.50, no points until the housing market is healthy and unemployment rates is down. Need Mortgage Loan programs for self-employed Buyers."*

*"If mortgage rates continue to increase, it will have a negative effect on our home sales in the upcoming months. We need to try to work with our Congressmen and Senators and get some assistance with holding the annual percentage rates for home buyers. Also, what would be helpful is some incentive money or State grant funds for first-time home buyers. This would have a positive impact on our future home sales through the end of the year."*

*"If mortgage rates continue to bump up, it will make it even harder for owners who are down close to a potential short sale level to get their home sold. Thus, they will not be in the market to buy. Similar to the credit freeze in the financial markets."*

*"The low(er) interest rates have been a good reason and motivation for buyers to continue purchasing homes. However, the lack of available inventory at good values (REO) is forcing these buyers that were looking for homes back out of the market. With the decrease in inventory and mandatory moratoriums, many of these first time buyers have re-signed leases and will not be purchasing while the tax credit is still an option."*

*"The perception of an increase in interest rates makes buyers and sellers think that the market is not good"*

*"The low rates and the abundance of properties (for first time homebuyers in this area, the price decrease has greatly helped) is what has helped agents begin to sell properties in the last 6 months. If the rates go over 6% - it will no longer seem to be a bargain."*

*"Of course, rate increase will affect everybody, but often current home owners may have means to get a loan anyway, where first time homebuyers may reach their limit much quicker. Some first time buyers are already barely finding a home in their price range, that meets their needs, and with rate increase they may be bumped too low to be satisfied with the homes they are looking to buy. Investors still enjoy the generally lower pricing of homes, and even with rate increase should find that buying an investment is an attractive option."*

*"Low mortgage rate is necessary and critical for this crisis. 1% increase is going to negatively impact entire outcome."*

*"Low interest rates are great incentives for all buyers, specifically new and move up buyers."*

*"If rates were to approach 7% in combination of the \$8000 tax credit expiration we would see further depreciation and a prolonged trough of low values."*

*"The increase in mortgage rates that we've had over the last few weeks has caused some of my buyers to halt their searches."*

*"First time buyers would be affected from an affordability stand point. Current homeowners would simply be affected from a conscience reluctance to buy with rising interest rates, hoping they would fall again at some point."*

*"Media has warped the stance of buyers, they continue to wait for prices to fall more; they do not realize the advantage of low rates."*

*"I don't believe the rates are a problem. It's the lowest I've ever seen and I've been in the business over 20 years. Most of the low income 1st time buyers can't qualify because of credit issues. Others are scared about the economy, losing jobs. There is an excess of boarded up homes in my market area and there should be some type of "work for down" program for credit challenged buyers. These properties are a burden to the neighborhood as they breed all types of social ills."*

*"The government needs to understand it's not the interest rates. Everyone agrees the interest rates are great. It's not being able to get homebuyers qualified due to the credit restrictions (credit score)."*

*"I think that an increase in mortgage rates may very well be offset by lower prices or more closing help from sellers to allow buyers to pay for points to obtain lower rates. A small jump in rates would get buyers off the fence and moving."*

*"A one point increase might actually generate some urgency to buy."*

*"Should be raised now, you won't be able to stop it later."*

*"Actually, this could serve to stimulate the market by getting those prospective buyers that wanted THE BEST DEAL off the fence and in the market for a home."*

*"I think rates are still pretty low."*

*"We all know higher rates are coming. Investors are already out of the market because most property won't cash flow. Many of our buyers are cash buyers who want their money out of the stock market, so loans aren't an issue with them. First-time homebuyers usually just want to know, how much down and how much a month to get me into a home. If the points can be rolled into the loan, they usually go for it."*

*"I remember buying a home with seller financing at 13% when the market rate was 16%. I refinance every time it dropped 2 % and I started buying investment property when the rate was 10%. Current buyers need to get used to higher rates. And the banks need to be happy with a 2-3 point spread between what they pay and what they get. Paying 2% and asking 5.5% is a rip off. BANKS ARE STILL GREEDY. I try to put my borrowers/buyers in Community Reinvestment type loans whenever I can - they tend to be 1% or more below market and do not require MIP. And they have low or no down payment. Sometimes there is closing cost assistance loans and super low rates too."*

## **Inspection Contingencies**

*"My short sales are often cancelled due to 'inspection'. Really it is just because they bought something else in the meantime. I have had a couple of transactions fall apart due to appraisal issues."*

*"The first cure for the economy is to get the real estate market working in balance again. This means that homebuyers who will occupy a home should have first choice in the bank's decision. Also, incentives for taking the risk of buying an REO (i.e. plumbing that is bad but cannot be discovered until someone lives in the home for a month or more). Banks should pay for home warranties. Banks should help homebuyers (not investors) with closing costs, conserving cash for the risks of REO ownership. Banks should insist agent convey any property information they have (i.e. reports). In many cases these reports are trashed and the homebuyer never knows that the agent knew something about the property."*

*"I deal with many REO properties (Fannie Mae, Premiere, Freddie) Price could be higher if some updating was done to property and not as many "As Is" sales. Also, utilities must be turned on in these properties for showings. Many homes in our small rural town are sitting vacant for 1+ yrs prior to bank taking over property and they*

*deteriorate greatly. Appraisals are done "In marketable" condition. No consideration for freeze damage to plumbing is given and other items appraiser assumes will be repaired. Price is then too high for the market as these conditions are not addressed."*

*"Most of my buyers were first time homebuyers. They got cold feet over the economy and \$8,000 or not, wanted to rent and wait to see what's going to happen. One couple after 1 try at an accepted offer decided that the financing stuff was just too much effort. Another, the Inspector found a hole about 3 feet deep under the house and decided not to buy and didn't even want to look at any others. They went back to renting."*

*"The a/c unit was missing and the buyer did not have 5K to buy another one."*

*"Due Diligence- after home inspection- buyers back out."*

*"I spoke with several other agents that had had buyers walk near closing. My buyer walked when the documents and bank were already to close. He decided that he wanted the seller to put a new roof on one section of the house, even though it had been through an inspection and he had accepted the inspection. He basically just quit the transaction."*

*"Inspection no money interest rate or program no longer available no down payment earnest money bounced repairs are too much"*

*"Inspections are getting more difficult daily. Appraisals are much more difficult and I expect them to get worse. We are also having major problems with underwriters out of our area that think they know our area -- based on general info instead of our specific stats."*

*"Point-of-sale inspections strike again - city refused to extend deadline for demolition so that buyer could make necessary repairs after purchasing the property. Buyer didn't want to buy a property he would have to demolish at his expense."*

*"Too much work to do on property. Seller wanting more than appraised amount. Lender denied due to inspection requirements. Buyer concerned about potential costs of repairs needed within the next 2 years. Buyer not willing to do any work. Seller not willing to do all the work from inspection requirements. Unable to agree on price."*

*"Both had negotiated with seller; one cancelled at the last minute due to the Seller removing ALL appliances and cabinets and the other Seller & Lender negotiated the mortgage."*

## **Invalid Mortgage Preapprovals**

*"Have lost two deals this year because banks have changed their guidelines for one reason or another concerning Self Employed Buyers. Extremely frustrating, when client*



*shows one year of losses in three and do not qualify for the purchase of a house, but can turn around and get a loan for a commercial property at three or four times the dollar amount of an owner occupied house! Thanks Well Fargo and B of A."*

*"We consider all transactions involving a loan are very likely to fall out. Most of our closed transactions were 50% to 100% cash purchases or single family homes. The contracts do not fall out because of buyer issues. They fall out because of underwriting issues with the property, condo not adequately insured, condo has too many delinquencies, condo has on-going litigation, too many foreclosures. It is sort of a chicken vs. egg dilemma. Underwriting kills a lot of the contracts we work so hard to put together. When conventional loans aren't available in a complex, the sellers often take less now to get a cash contract. We think we are looking at another 10% to 20% hit on the value because of these lending issues."*

*"Debt to income ratios changing (credit card companies lowering their max.)"*

*"Buyer is self-employed and now can't qualify - would have been a dream client 6 months ago"*

*"Faulty preapproval process is main reason. Home inspections second."*

*"Have not had any cancellations recently. The appraisals are running about 2 to 3 weeks. Lenders in the area are cautious and looking for higher credit scores but for the most part are lending in a timely manner. There have been some cases of invalid mortgage preapproval that other agents in the office have encountered."*

*"Mortgage requirements changed drastically."*

*"Pre-approval letters of no value in most transactions. All my transactions require further pre-approval process with additional letter such as Bank of America/Wells Fargo. Properties also do not qualify for the majority of offers that are submitted. These offers are not processed."*

*"The banks are changing the terms midstream. Credit score requirements are too high. FHA not approved on condos. Never have I lost so many deals to financing issues. Since last summer, probably about 8 altogether... Ridiculous!! How can one make a living working for free like that?"*

*"We, as realtors are having a hard time with mortgage companies promising our clients mortgages, and then at a later date going back on their word."*

## Long Response Time on Short Sales

*"Getting short sales approved is so difficult and slow that I am seeing, and hearing from other agents, that most these listings have to be sold twice before we can get them closed."*

*"The length of time for buyers to get answers from banks is killing the short sale market."*

*"We are currently looking for 5 different clients. Some have been outbid and some are still waiting to hear (short sales). WE have 2 currently under contract and the others are in the "waiting game"."*

*"The biggest problem is length of time to receive acceptance of short sale. If we could get the same response as REO, with current interest rates, this market (Sacramento) would become a buyer's market immediately or the very least equilibrium. The other problem now is FHA and VA buyers are at a disadvantage, as lenders look upon them as a greater risk. They are more than happy to pre-approve them for a loan, but these same lenders won't accept their offer if they should control the property. In addition to that you have the little problem of appraisal and the subjective nature of the appraiser thinking they are home inspectors. Most can't tell the difference between speaker wire and electrical wire."*

*"I am irked to have lost 3 sales in the past year that could have gone thru--if the banks had just given a yes or no answer. Buyers have tons of options right now--they are able to go elsewhere in a heartbeat and find a different property. It's sad though that banks and mortgage companies are not willing to work with the current homeowner to find a feasible way for homeowners to stay in their current home. They are just being ridiculous, most times, and making it difficult for people to get a hold of the right person to help them. It is plain sick!"*

*"Short sale may be cancelled if mortgage holder doesn't respond soon (4 weeks since accepted full price offer by Seller)."*

*"Some short sale banks are shuffling files. We cancelled an offer because we were told that after waiting 8 weeks it would be another 10 weeks for the bank to respond. I counsel my buyers not to consider short sales as they are still almost impossible to negotiate."*

*"Many buyers walk when the short sale takes more than 60-90 days"*

*"Most banks have not streamlined their processes for expediting REO and Short Sale purchases; the time to work through the systems, and the redundancies involved, is*

*incredible! Buyers just get tired of waiting! Not to mention very frustrated with the whole home buying experience."*

*"We get A LOT of short sale offers that cancel because the buyers get tired of waiting"*

*"In regards to short sales---banks taking too long for approval---buyers are walking away from the deals and buying where they don't have to wait 60 days or more for an accepted offer by the bank."*

*"The greatest potential for fall out is with short sales when the bank takes over 4-6 weeks to respond. The 2nd biggest problem is marginally qualified buyers who try to add additional purchasers or co-signers after the transaction is ratified."*

*"The banks are overwhelmed and have a difficult time processing short sales."*

*"Lack of response from lenders in short sale situations have resulted in 6 lost transactions in the last 2 months. Seller disappearing from country resulted on one lost short sale (no money = incentive to be involved). Another short sale seller is not completing the necessary paperwork. A 3rd seller had offer but was hoping to renegotiate loan with lender but was not successful... not is going to foreclosure probably before we can negotiate the short sale"*

*"Short sale approvals taking too long to get approved and buyer walks."*

*"Inexperienced agents give their buyer's false expectations on short sales. Need to tell them "be patient, this is going to take 90 days or more"."*

*"I have 4 short sales pending Lender approval. 2 buy-side (buyers are continuing to look at other homes), and 2 listings (one buyer's agent has just notified me her client may not still be around. It's been over 60 days and the lender has not even assigned a negotiator to the file. The other listing is also over 60 days pending but so far buyer is still in tack)"*

*"We consider all transactions involving a loan are very likely to fall out. Most of our closed transactions were 50% to 100% cash purchases or single family homes. The contracts do not fall out because of buyer issues. They fall out because of underwriting issues with the property, condo not adequately insured, condo has too many delinquencies, condo has on-going litigation, too many foreclosures. It is sort of a chicken vs. egg dilemma. Underwriting kills a lot of the contracts we work so hard to put together. When conventional loans aren't available in a complex, the sellers often take less now to get a cash contract. We think we are looking at another 10% to 20% hit on the value because of these lending issues."*

## Other Home Purchase Impediments

*"We have found Buyers are expecting Sellers to be desperate. They are waiting until the last minute before the closing date and walking away. Expecting the Seller to reduce the price...or just walking away."*

*"Buyers got cold feet."*

*"Buyers are too worried about jobs and the economy"*

*"Buyers seem to cancel easily when in escrow. They get nervous about the economy or job security, etc. They feel really scared and insecure in their decision to purchase."*

*"Lender accepted buyers offer, then just prior to returning signed accepted documents, accepted another offer because it was cash instead of the more than qualified buyer I wrote with because it was a financed offer. It seems lenders are willing to take less for properties simply because the offer is cash. The buyer I worked with did not even have an inspection contingency. Again, a poor move in my opinion, when the losses sustained on these properties is already so much."*

*"Due to FHA requirement of owner holding property for 90 days prior to lending to new buyer two deals fell through."*

*"Bank REO unwillingness to correct section 1 pest work for FHA loans. Trouble getting VA No-No offer accepted because of pest work repair requirements. Challenges when loan calls out for repairs, Bank refuses, buyer is willing but cannot get permission to do the work...."*

*"Two buyers got "cold feet" and two could not come to terms on Contract by a very small amount (\$500 - \$1,000) differential. I believe there is too much misleading information on TV, media and newspapers. What is good in one market certainly may not apply in another, i.e., what transpires in Florida, Chicago, LA and other larger cities would not apply to Lima, Ohio, where I am a licensed real estate agent, however, sellers and buyers rely on what they hear and read and oft times the information does not hold true to our market."*

*"Buyers get tired of waiting for seller to clear the title."*

*"REO properties here do not qualify for the RD or FHA home loans. Most buyers here fit into that category. Buyers are not allowed on the property prior to closing to do repairs needed to meet HUD requirements, therefore, they are unable to obtain financing, therefore, will fall through the cracks. They don't quite understand the process."*

*"Loan approval and underwriting time is taking too long. Lenders are very cautious."*

*"I mostly work with investors and REO properties. Many of these property offers fall apart and start all over with other properties. I make most of my money through the banks and BPO's."*

*"I have had buyers walk from short sales due to the length of time before the bank responds. I have closed a few short sales. Some banks are more organized than others to work with."*

*"Agents need to be updated all the time about current market condition and lending practices and update own screening for clients to work with to minimize fall-outs and increase success rate. LENDERS- please consider NEW, Innovative loans- e.g. for the ethnic market and 1st time buyer market...be more flexible on CREDIT SCORE and MATTRESS money, may be consider allowing SAVINGS (CD/bank accounts/etc)as income consideration and tie in with eligibility."*

*"Lenders sometimes require the seller signing a deficiency judgment for the difference of the loan value vs. sale price. My negotiators have been very successful in negotiating with the lender(s) to allow the short sale without a DJ, however in cases where the lender will not move on this issue, the seller typically does not want to sign this DJ and therefore the sale goes dead. However on a few occasions the properties foreclosed and we sold the property once it was REO."*

*"Banks are making the buyers jump through hoops and then not giving the money out."*

*"Had a good offer on this property with a good qualified buyer, seller pulled condo off the market for 3 to 4 months because of having to undergo surgery."*

*"Took HUD over 1 month to tell us the buyer would not qualify"*

*"There is a land court issue, in Massachusetts, affecting a few reo properties preventing certain closings to take place as scheduled, with the potential of driving buyers away after waiting for too long."*

*"The buyers are getting cold feet, Decide they like something else. So much to choose from, they walk away for the smallest reason."*

*"I have had that a buyer prior to my offer lost because he was unable to obtain a mortgage, but don't know the specifics of it."*

*"I did have one buyer back out of a good deal. His employer got involved and convinced the buyer to cancel the contract and the buyer broker agreement. Not my loss = the property sold almost immediately for more money to a new buyer. If I can't work with the buyer - and trust the buyer, I cut them loose. They are free to work with whomever they choose and I do not charge a fee. No service - no fee, that way they can't come back on me and I'm free to work with new people."*

*"Any and all problems I have had to date with either short sale or foreclosure properties have been caused by the lenders, intermediate organizations such as REO Trans, and/or some of the attorneys who are suppose to be handling the closings. The mistakes and delays encountered have been absolutely absurd. If any of these individuals worked for me I would absolutely "fire them in a heartbeat"."*

*"Buyers are on the edge and have very little money to put down. Rural Development programs locally are the best deal around."*

*"Foreclosures have to be regulated. Banks are not dealing honestly; however, several of our fellow Realtors representing them are dishonest and unresponsive. I wrote an offer last Friday and can't even get an acknowledgement from the listing agent that they have received it. I've e-mailed, voice mailed and delivered the contract. It's now Wednesday. This is just one current example."*

*"Very hard to predict 'Likely to Be Cancelled.' We successfully work through most problems, but more and more are beyond our ability to resolve the issue - given new requirements and obstacles such as Third Party Appraisals."*

*"I have had two short sale listings that withdrew/cancelled while trying for a loan modification. One worked, the other is still trying and I doubt it will be modified so will be put back on market for short sale."*

*"The biggest issue is the time frame for lenders to process the loan instead of the normal 30 days we have been running into 45 to 60 days due to the backup of the refi's."*

*"Buyers seem to have a tough time getting qualified. Shorts sales are dragging on and buyers get frustrated & tired of waiting."*

## **Comments Regarding Impediments to Selling Homes**

Respondent comments regarding impediments to selling homes are presented below, organized by impediment.

### **Competition with Listings of Distressed Properties**

*"Some feel there are too many homes on the market, they don't think they can get what they think they want or need. They may feel they can't qualify for a loan. They are scared and uncertain about the economic climate and so don't want to do anything. The media has scared them and in many cases they have inaccurate information about the market. I have sold some houses recently for full price in short periods of time. The market in general is not that bad here at all."*

*"Competition with distressed properties that make it impossible to appraise an updated home."*

*"There are a lot of competitive properties on the market and the upper price ranges are not selling. The move-up market has not caught up. We are seeing sales in the \$100, \$200, \$300 range and just a few over \$400 and higher. \$600K and up are sitting on the market."*

*"Currently in our market 80% of the sales are at sale prices under \$400,000 and represent 70% REO and 10% Short sales. Non distressed properties represent 50% of the active listings and less than 20% of the sales. Properties listed above \$400,000 account for less than 5% of the sales. Further market condition impacts include the statistic that a year ago the median sale price in metro Phoenix was \$235,000 and currently the median sale price has increased to \$125,000 (significant change year over year). Some estimates indicate a 53% drop in home values."*

*"Too much inventory on the market."*

*"It's a buyers' market - too much competition."*

*"Waiting for foreclosures to move off market."*

*"Cannot compete with REO home prices. I have seen homes in like new condition compared to a home with NO KITCHEN and they were considered comparables on an appraisal. This killed my sale and my buyer went to another home."*

*"Can't compete with foreclosures too many on the market"*

*"As above they can't compete with short sales"*

*"Too much inventory not enough sales. Competition is fierce. Only homeowners who have to sell are selling. Homeowners who do not need to sell are waiting for the market to normalize."*

*"There is so much competition between foreclosures, short sales & auctions the private home owners don't stand much of a chance."*

## **Economic Uncertainty or Fear of Job Loss**

*"What I've experienced is concern over job loss. One said if they were sure they were going to still have their jobs they would go ahead and relist, but didn't want to sell and then lose their job and not be able to buy another or be in the middle of buying & then lose their job. Said they'd better stay in their house until the economy stabilizes."*

*"The real estate market will improve when job stability and opportunity expands not just through government intervention Jobs are what is keeping many buyers from buying homes in Michigan."*

*"The uncertainty in people's jobs make the slow turnaround of the real estate market. The financial incentives that the government is giving future home buyers will definitely help. Keep the interest rates under 5% (4.5%) for conventional, 30 yr. loans, and for jumbo loans 1 to 2% higher. Hire REO agents that are 15 to 20 mile radius from the subject property and require them to fill in the remark space of the MLS and as much as possible fill in the space in the MLS that is provided by the title companies or county recorder office. (They usually leave too many things blank) All of "US" that are involved in this business called real estate will succeed as long as we are professional and honest!"*

*"In my opinion, the market, and the number of REO and short sales is going to get worse before it gets better. The new appraisal requirements by Fannie for AMC's are raising costs for buyers, lowering appraisal values artificially, and lengthening closing times. This does not help the market."*

*"Sitting on the side until economy turns around"*

*"Staying put until they see turn in economy"*

*"I am finding more folks with job uncertainty or job lost than underwater with existing mortgage issues. Large partly due to fear of economic factors. They hear too much "CNN", constant negative news."*

*"Uncertainty of the economy, job security, no loans for self-employed for a new purchase"*



*"Due to fear of job loss and economic conditions, homeowners are just not ready to make any moves."*

*"Employment and lack of income is a real problem!!!"*

*"Economic and Job uncertainty is # 1, appraisal of properties and decrease value of property is the other."*

*"Uncertainty in the financial world, not just real estate related."*

*"Fear of loss of equity, and increased homeowner's taxes."*

*"Biggest issue in my opinion is the economic environment."*

*"I think most of the potential listings that I had and the owner changed their minds, was what they read in the news and hear on the news, rather than real Austin market facts."*

*"They want to wait for the market to turn around."*

*"The economic status is risky"*

*"Fear of loss of employment."*

*"General fear of economic conditions."*

*"Scared of overall economy. Can buyers qualify?"*

## **Falling Property Prices**

*"The market is too bad and they will not be able to sell for what they have invested in their property."*

*"I have two people who are holding off selling due to the market conditions even though they may be forced to with a job relocation sooner rather than later."*

*"Seller perception is that the market is bad and it is not the time to sell. The ability to educate the consumer and provide the necessary data as to the reality of the market for this area assures the Seller with market confidence and the opportunities at hand."*

*"Non-distressed sellers think the market will improve within next 12 months. Distressed sellers are in denial of the inevitable."*

*"The market is bad. Many homeowners owe more than their homes are worth."*

*"They can't get what they want for their homes or they will not appraise even if they find a buyer."*

*"Prices are down."*

*"Our market value has dropped 40-50% since the peak. Without REO properties and short sales there would be nothing to sell."*

*"Many people are 'hunkering down' to ride out the depression (so-called recession). They believe that prices will go up and are willing to wait."*

*"They just don't see how they would be able to make any money on the deal. Smarter to stay put."*

*"They only see the lost value in what they would have sold for and not necessarily committed to what they can upgrade to with a distressed home purchase. They are not comfortable listing their current non-distressed home at a lower market value."*

*"Values have fallen, upside down"*

*"Prices are too low for just now. I would sell a non short sale or reo if sellers would accept lower price or carry a second."*

*"Falling property values. Longer period of marketing. Very little or no equity in their homes. Market prices are below what they purchased their homes for. Selling at this time means too much competition with distressed, REO's and short sales. Most rent their properties and move to a rental that offers similar luxuries but lower mortgage."."*

*"Many homeowners have experienced a 25-30% decrease in value. Even when they are not upside down, psychologically, they see the loss as too great and want to recoup some of that lost value. Also, the costs associated with buying and selling are a deterrent in a time when people are being very conservative with expenditures."*

*"The homes that are selling are primarily in the lower ranges. Homes in the higher price ranges are not selling. Those buyers typically have to sell a home to buy a home. Buyers are making low offers and expecting sellers to pay their closing costs."*

*"Bad time to sell"*

*"Decrease in sale price! Time on the market to sell."*

*"Market weakness; owe more than the current value."*

*"Prices, prices, prices - if they purchased in the last 3 years in particular - they will not get their money back."*

*"No one wants to sell at the bottom of the market."*

*"If they don't have to sell, this is a terrible market to try to sell."*

*"Current home sales prices are at or near the same as they were three years ago. Therefore anyone selling unforced or optional home listing at this time will lose money in their eyes. Simply due to the fact they will receive at or below what they paid for their home at time of purchase."*

*"Many owners think that the market is depressed, although our local Northern Virginia market being close to Washington, DC, has good employment and demand from buyers."*

*"Not a good time to sell."*

*"Many cannot and/or will not accept the reality that their home is no longer worth what they paid for it."*

*"They can but are not willing to bring money to the table and the fact that buyers of their house qualify for the tax credit but they won't. They feel that the price of their house is \$8,000 less or they will be paying \$8,000 more for their new house."*

*"They want to wait and see what the economy does and/or they are concerned their house won't sell or won't sell high enough"*

*"Price devaluation and instability in the economy keeps people from selling unless they have a necessity for moving."*

*"Fear of low price received for home."*

## **Unable to Qualify for Mortgage on New Property**

*"It is very difficult to qualify for a new purchase when you cannot count the rent on your existing residence for qualify for the loan. If you owe more than 85% of the value of your existing home, we have to qualify the buyer using their existing house payment and their new payment without crediting rent of their existing."*

*"Low property values in Phoenix, down 32%. Folks need equity out of homes to buy a new house. A lot of folks are OK with first mortgage but they go underwater with a HELOC or second mortgage."*

*"Homeowners feel that the market will correct over the next 2-3 years and that the equity that has been lost in the last 12-15 months might increase to acceptable"*

*standards. Also, some cannot qualify at the present time due to job changes with some salary reductions."*

*"Unable to purchase based on affordability and upside down in their mortgage."*

*"No more stated income loans available."*

## **Underwater on Existing Mortgages**

*"Prince William County VA home values are so low, even sellers who have owned since the late 90's can barely break even. Most homeowners are underwater."*

*"Some over extended when purchased home and received 100% financing so now homes have lost value and they have to wait out the recession and hope that home prices improve."*

*"They owe more than what home is worth."*

*"They are upside down on the mortgage loan. They want more than their home is valued at. There are so many homes on the market."*

*"Homeowners are still suffering with the expectation of value. Even though many have used the equity for other investment they are expecting the home to have accrued value in the past two to three years. Townhomes are showing little appreciation over the past 4 years, and homeowners are upside down."*

*"Unless it is a short sale or relo there is no way for the homeowner to recoup their mortgage value."*

## **Miscellaneous Impediments**

*"Too much gloom and doom in the media."*

*"Many people in our area opt to rent their homes if they are only here part time. Many who have moved hope to move back here to retire."*

*"As explained above, a lot of homeowners are worried that they won't be able to get what they want for their current house, and if they did get an offer, they wouldn't be able to find something that is compatible."*

*"What they perceive the value and what the value right now is of the subject property are off by 10-30%"*

*"They have unrealistic expectations about pricing."*

*"With so many short sales on the market, resale homes are being affected by the drop in the average home sale pricing. Most sellers are holding until the market improves."*

*"Some homeowners are in foreclosure and are still not getting their properties listed--- denial issues and sometimes they are trying to work with some kind of company to try to save their home."*

*"I have intentionally not taken listings because the sellers would not benefit in any way trying to sell their properties in the current market. I am trying to work with qualified buyers as much as possible. Trying to market a property that will not sell at the listed price is a waste of time and money for agents."*

*"Most people here are retired. They do not want to live in crowded cities. They do not have to sell. Summer climate is cool. Most sales here are because older people need to be closer to larger medical facilities or one has passed on and the other needs to live with children or assisted living home."*

*"Many homeowners are in DENIAL or UNINFORMED."*

*"The market here has flat-lined. Sellers who don't HAVE to move are staying put rather than take significant losses on their homes, even if not underwater."*

*"First time homebuyers are out in force. In our market that price is \$175k and down. We're not seeing the move up buyers yet. Way too much inventory in the \$225k+ price ranges. You will need to see at least a 15% property price increase to spur that market."*

*"They do not want to accept the appraised value of the properties."*

*"We are encouraging them to list so that their properties will be there when the tide turns; we are also counseling them about current market conditions and the fact that there are so many distressed properties selling for 50% less than what SHOULD be market value that they will have to be patient."*

*"There is sooooo much negative news that most home owners can only focus on what they hear, My experience is that the more you as an agent can explain or educate your clients the better chance there is that you will close the transaction."*

*"Sellers still have unrealistic home value expectations. Others owe more than what the property current value may be. In our community, the average home value is \$119,000 for approximately 1400+/- SF of living. It's a retirement community, that borders the Gulf of Mexico and offers some grand waterfront residences...higher end homes priced \$200K and up, are taking over a year to sell and continue to decline in value."*

*"They want to STEAL an owner's equity and make low ball offers that get countered by the sellers. The buyers agents have a gun slinger mentality and over promise and under*

*deliver to their buyer. Sellers also see many homes in their neighborhoods sitting for about a year and will ride it out before they lose on their home."*

*"If owners don't have a pressing need to sell now, they are waiting for better market times."*

*"Why would this change anything? Negatively publicity. no one really informing first time buyers that it is the best time to buy...rates, prices and \$8,000"*

*"We've seen a drop in our inventory here since Dec. 2008 until now --went from 10 months worth of inventory down to about 4 months worth of inventory. Many sellers still have unrealistic ideas of the "value" of their home."*

*"People compare what homes sell for today with several years ago and figure they will wait until the market swings around"*

## **Comments Regarding Effect on Listings of 5% Increase in Home Prices**

Respondent comments regarding any increase in listings if home prices were to increase 5% are presented below.

*"Depending when the owners purchased their homes would determine the percentage. Most of what we that are selling in this market are people that have purchased their homes in the height of the market and the 5% increase would not help them."*

*"Small change if any. It is not about the listing price it is about the selling price and the concessions. The more the mortgage company allows the seller the pay, the more offers that we (Realtors and Mortgage Brokers) will close."*

*"5% wouldn't make much of a bump in our market. Average home sale for County is about \$100,000."*

*"Most regular homeowners who aren't behind on payments, but have purchased in the last 4 years are still upside down. A 5% increase isn't going to help them. People either sell currently because of financial stress caused by job loss, divorce, etc. -OR- they have sufficient equity in the house. We are seeing some people dump vacation properties along the coast as well, but those are 2nd and 3rd homes."*

*"The economic picture has to change to motivate sellers to move up in the market. Right now they are staying put unless they have to move. They are afraid of what the economic future will be and so they "freeze" and do nothing. We will need more than a 5% increase to put those upside down owners in a position to consider moving and qualify for a new loan."*

*"Values need to come back by 15% to see much change toward a normal market for non REO properties"*

*"I don't think 5% will make that much difference because home values have dropped so low."*

*"There would have to be a solid upward trend and stabilization of the economy to encourage home owners in our area to move."*

*"It would have to go up 20% to break even on many sellers"*

*"If prices were to rise, sellers and buyers alike would have more optimism."*

*"If the 'sold' prices increased by 5%, I believe many sellers would become overly enthusiastic and assume the market would bounce back up overnight. Some would ask to re-list their properties at the market value when we were at the top of the market."*

*That's the price most of them are waiting for. Those who understand that isn't going to happen have already sold and moved on."*

*"5% would keep them from bringing money to the table in most cases."*

*"5% is still significantly lower than most homes sold for in the last 2 years. Too much inventory of new construction with bonus, and other incentives."*

*"With area down in some parts to 40%... 5% would do nothing"*

*"Believe we need a total 50% price change to start to effect optional home listings."*

*"In our area property prices would have to go up significantly to help many homeowners. The average amount my sellers are upside down is about \$100,000."*



## Comments Regarding Recommending Mortgage Providers

Respondent comments regarding mortgage recommendations are presented below.

### Agents Who Do Not Recommend Mortgage Providers

*"Most current homeowners and all investors have relationship with lender prior to contacting broker"*

*"Many buyers have established working relationships with a mortgage company before coming to see me about buying a property."*

*"Typically, investors have their financing in place prior to making offers on property. First time homebuyers need the expert advice of a good mortgage lender to help guide them toward the price range they should be considering. Previous homeowners typically have a mortgage lender they have used in the past and usually return to them for a second loan."*

*"I don't recommend specific mortgage providers. We help Buyers find the very best rates and terms available with the best service possible. They make the selection. If they ask for advice I try to help."*

*"Investors usually have their own mortgage people."*

*"Many investors and current homeowners already have relationships with lenders. I do shop for them and if I can save them money, they will change if it is substantial."*

*"Most investors are paying cash most first time home buyers are listening to broker recommendations"*

*"Current homebuyers and investors sometimes have their own preferred lenders."*

*"Many of the first time homebuyers are using County Down Payment Assistance Program which requires a lender that has completed a course with the Down Payment Assistance Administration. These Buyers can only use Lenders who have completed the course. Down Payment Assistance will not use Correspondence Lenders. Investors pay cash. Current homeowners usually already have a relationship with a Lender they have done business with before, and they stay with that Lender."*

*"Usually all the buyers have had some type of relationship with some lender"*

*"Most current buyers have a history with their previous mortgagors, so they go there. Investors generally have a mortgage person they often use. I can generally be sure first time buyers use one of my recommendations."*

*"Buyers and sellers often come to us with their own referrals from friends and family."*

*"Most investors have cash or get equity loans. They select their own mortgage companies from past experience."*

*"First time homebuyers seem to have a relative, friend, or someone their family recommends. The current homeowner is looking for the best deal, or already has an established relationship. Investors have a bank or lenders they prefer to work with, unless they are a first time investor. Unless you have a screaming good deal, buyers will usually go with their preferred provider."*

*"Most first-time homebuyers rely heavily on recommendations. I provide a list of all home buying type vendors that have been used by previous clients who would recommend or use these vendors again. Most Current homebuyers and Investors have their own experience and relationships; they tend to not even ask for that information, although the "Vendors" list is given to everyone to do with it what they will."*

*"Most investors already have their financing lined up. Most of my current homeowners have spoken to a lender before putting their house on the mkt."*

*"Most current homeowners/investors have a relationship with a mortgage broker so one of my recommendations to these buyers is to choose a lender they have a relationship and like the service that lender has/is provided/providing. Also many investors in my market are paying cash. Many of the first time homebuyers I am/have worked with are referrals from SOI and already have a pre-approval from a lender prior to viewing properties with me."*

*"Some buyers would have already worked with their own Lenders, so that is the Lender they will use for their financing."*

*"I do not make recommendations. I offer a list of brokers who have satisfied previous clients. I believe a Broker to having a partnership or ownership relationship with a lender or title company they use, tends to promote to improper and possibly illegal activity. I would like to see the law changed to protect the public from those relationships."*

*"Most of my investors have a good strong relationship with their bank before they come to me. (Working mostly in REO)"*

*"Most of my current homeowners who bought another house used the lender that worked with them on the purchase of their current home."*

*"Investors usually have lenders they have a relationship with."*

*"Most quality investors already have a relationship with a mortgage lender. I have four lenders who are tops in their field and have the highest integrity. They treat all of my*

*clients quite favorably with superior customer service. It is important that my clients know I get nothing for a referral to a mortgage lender. They know I refer all of my go -to lenders because they are honest and provide quality service."*

*"Most of my clients have already made a decision about a mortgage lender."*

*"I do not recommend loan officers or mortgage companies. On my REOs that require a pre-qual from the bank's mortgage company, I tell buyers and agents to contact any of the bank's retail branches."*

*"I don't recommend lender to my clients. I give them several suggestions if they ask, but I do not recommend anyone in particular."*

*"In my experience, all categories of buyers usually have already selected or have a bank/mortgage company they are happy with. I always suggest that they comparison shop!"*

*"I do not recommend anyone that I do not trust or have had numerous bad reviews from other agents I trust."*

## **Number of Mortgage Provider Recommendations**

*"I tell first time home buyers and current homeowners to start with who they bank with and then give them two other lenders to contact based on their needs."*

*"I make three recommendations because the rates are very similar with those I recommend as is the customer service. I expect to be kept in the loop throughout the transaction. The reason I make three recommendations is because I want to client to select the best mortgage person to work with that fits the clients' personality. Everything is not 1-2-3."*

*"Don't deal with Investors. Have three designated lenders. Local, Regional and National if one used \$8,000 in closing costs paid."*

*"I provide a list of 5 good lenders. My criteria are as follows: 1. Truthful / Ethical. 2. Responsive. 3. Track record of delivering on time. 4. Fair rates."*

*"I always try to give the home buyer or investor at least three mortgage lenders in the area that will give them the best rates. Once they go through the pre-approval process, I always recommend that the buyer request at least two good faith estimates from the lenders they feel comfortable using so they can see the actual costs incurred at closing."*

*"If any of my buyers have been working with a lender who they don't have a strong relationship with, I may recommend that they at least compare with another lender, and*

*provide them with a couple of names to good lenders who I have had good experiences with. Often they have been happier to go with one of my recommendations, and in some cases that they have used their own lender, I have found out that they would have benefited from going with my lenders. Often a "friend" or a "relative" is not their best choice, and they may charge higher fees, but I try not to create hard feelings by pushing another lender too hard if buyers seem to be emotional about their selected lender. However, whenever it seems important or possible, I do insist on getting a second approval letter from a lender who I recognize and respect."*

*"Not all lenders qualify to work with the Virginia Housing Development association (VHDA) programs and the various county programs. This limits the number of lenders I can recommend to first-time buyers. It is also very important that the lender will meet with the buyer in my office if necessary. One lender I work with a lot is with a local bank that has an excellent reputation in the area and"*

*"I give my clients a choice of a number of good people that we work with and let them choose if they do not have a mortgage company/person they are already working with."*

*"The word strong recommendations is a little much. I offer the names of three mortgage providers who have worked well for my buyers in the past and are currently beating the competitors in our market place. Personal relationship or company association has little to do with my recommendation."*

*"It is not legal for an agent to strongly recommend a specific mortgage provider. It is my practice to provide the names of three Lenders of good reputation to a prospective buyer."*

*"We do not recommend, we provide 3 lenders that we all know are good and reliable and provide real qualifications and will close the escrow. Many of my lenders on REO listings require a qualification thru their bank even though Buyer can choose what lender they want to use. This also gives us an additional ability to determine buyers' qualifications and ability to actually get the loan and close. Buyer is able to choose lender of their choice"*

*"I give my customer 3 or 4 places to check with for their loan."*

*"(Clients) seem to be taking my referrals less often than in the past. Used to be buyers had no idea how to begin the process, and leaned heavily on my advice. Now, they are more educated and rarely ask my opinion. Internet????"*

## **Reasons for Recommending a Mortgage Provider**

*"Low rates based on income requirements and credit scores are preferred for first time buyers. Move up or current homeowners either use FHA or Conventional loans because they don't qualify for low income loans. Investors I work with either pay cash or tend to*

*have other sources of financing. Investors will check out my recommendations but use their own sources because they are less expensive. Cost of money is always the driving factor."*

*"This is a low-income area and most of my clients are in this category. I try to recommend the most reliable and low-interest rates available in this area, such as Rural Development. This is all most can afford or be approved by. There are exceptions, of course."*

*"Having the right loan product available for the client's needs and goals. Like a FHA 203k for first time REO buyer. Or Jumbo loans or 1st time home buyer specialist familiar with grant programs"*

*"I use only lenders with in-house underwriting abilities."*

*"We value the relationship, because if we can trust the person, everything follows."*

*"First timers are more likely to be listening to everyone and often come with a mortgage approval in hand. Current home buyers take my advice nearly 100% except in the case of the wealthier people who have their own network of financial people. Same goes for any experienced investor."*

*"Investors have their own lenders often, as well as many current homeowners have a past lender they like. They will use a name I give them if they can move fast, can give a good rate, or if there are more competitive with choices. First time buyers generally will take the lender from me because they are often FHA now, so need someone that can move fast and not give surprises or delays."*

*""My mortgage person must verify income and assets before providing a pre-approval."*

*"None of the suggestions I make for mortgage sources would be considered a "strong" recommendation. If a buyer is feeling pushed toward a certain lender they may question, at least in their own mind, if there is another reason (such as an illegal kick back)."*

*"Government type loans recommended because of rates/reliability/terms/down payment/closing costs"*

*"I am an experienced top producer. My clients trust my knowledge and my recommendations almost 100% of the time. I have strong knowledge of a good mortgage broker once I speak with them, and do homework on the company..."*

*"A mortgage lender's ability to interface with the client, answer their questions and provide quality service ON Time are the key factors! I have over 25 years in the business and my choice of referral to lenders is based on their ability to work with my*

*clients, provide the service and be on time with closings. I only refer direct lenders as mortgage brokers are not reliable in this area at this time."*

*"A good mortgage originator will check the buyers credit first and make sure they can qualify for a mortgage. I know that if this is done then the credit aspect of the purchase is going to be a success."*

*"I like to use a lender that can offer the most programs so they can help with all my clients needs, whether first time or move up buyers."*

*"I like to work with lenders who are willing to go the extra mile with my clients. Once they prove they are willing to work with them and make them feel comfortable they win my approval."*

*"Honesty, integrity, efficiency, communication, experience are all very important factors when working with a lender."*

*"As of recently, I'm recommending FHA and USDA rather than Freddie/Fannie style loans."*

*"It is very important to keep the real estate agent involved so that we can coach our people so they know what to expect and how much money they need to come up with beforehand."*

*"I WILL NOT RECOMMEND ANY MORTGAGE BROKER/BANK. THAT JUST GETS A REALTOR INTO A SITUATION THAT SHOULD BE AVOIDED"*

*"FTH & CH run to two extremes, either consulting with too many mortgage providers or only making one call. Investors typically come to market with financing in place."*

*"Most buyers follow my recommendations, unless they have already had a mortgage affiliation. I refuse to work with buyer using internet lenders, or out of town lenders unless it's a nationally recognized bank or mortgage company. This stance is due to numerous closings failing, or lenders changing terms just before closing."*

*"Loan Reps have to be smarter and have to work harder today to make deals work and not all of them make the grade. I recommend the ones that do."*

*"A good working relationship with a reputable lender is key to getting transactions closed during these times when we are facing underwriting challenges, appraisal challenges, and FHA appraisal guideline issues about property conditions. A knowledgeable loan officer will be able to deal with these issues more effectively."*

*"Right at this time I really don't see any viable lenders. They have gone from loaning anybody for anything to loaning only high 700's and still make stupid demands."*

*"Honesty, reliability and ability to communicate with the buyers. We prefer direct lenders for the higher ability to close. Strong recommendations include REO requiring the buyer pre=approval through their bank."*

*"Good communications with agent/buyers throughout process and keeping to time frames is the most important. However, I think every lender should run credit prior to writing a pre-approval letter and banks (REO properties) should not require another pre-approval letter to make an offer on the listed property. While I understand they want the loan, I have buyers with 5 different lender pre-qual letters and they still get beat out by cash investor. One client has an 810 credit score, usually offers at least \$10k over asking price and still loses out. He's ready to give up. (And he's a current home owner looking to buy up and rent his current home)"*

*"It is vital to me that the mortgage provider communicates with me and with my client. Service and experience is at the top of the list of "musts". There are so many things that change almost daily that I have to be able to rely on someone that is VERY full time and communicates all along the way. The more heads that are in the game, the easier it is to solve any problems that arise or deal with the myriad of issues that can arise."*

*"With first time homebuyers it is important that they are working with someone who is willing to explain the process to them and answer all their questions as well as treat them fairly and honestly. Honesty is most important when working with lenders in my eyes."*

*"This is pretty simple, someone who will do what they say they will do!"*

## **Preference for Local Mortgage Providers**

*"I request buyers use a local mortgage company so they can have someone to talk to across a desk and not someone on the phone miles away. I have had bad experience with lenders through internet or by phone in another location not always doing what they tell the clients they will do per phone. I always request clients to get a "Good Faith Est." so they will have it in writing."*

*"I definitely push for stick and bricks lenders. Most buyers are understanding of the current finance industry and want the security of sticks and bricks lenders. I may decline to work with buyers who want to use mortgage brokers."*

*"I will not recommend a mortgage company that does not have local underwriting and loan processors. If something goes wrong with a transaction, I want face time not phone time."*

## **Comments Regarding Availability of Mortgage Financing**

Respondent comments regarding availability of mortgage financing are presented below.

*"Mortgage financing is difficult for a buyer to obtain. The reasons may be because of lack of a down payment or slow credit. With the REO's & short sales that are out there, for the owners of those properties, it will be difficult if not impossible for them to get financing in the next 7 years! The Real Estate market sales have slowed down tremendously over previous years. The sellers that are selling now HAVE to sell & they are losing money on their largest investment. Many sellers are turning to renting their home or offering rent with option to buy. The rates need to stay low, a credit of \$8k needs to be given to every buyer and banks need to start lending."*

*"We are always trying to stay on top of what's out there in the market place as well as what changes are taking place (like the lifting of the foreclosure moratorium). We need more financing programs other than FHA for those that don't have a lot to put down. They of course have to qualify, but something that is realistic would help a lot more people be able to purchase homes. WE have lots of foreclosures, short sales and REO's...just not a lot of buyers with 20% to put down."*

*"Strong buyers market with good opportunity for first time buyers as well as investors. Mortgage financing is available for our first time buyer with FHA being the main staple right now. There is a need for more mortgage programs for other types of buyers. Short sales are hardly moving because of the time frame involved in processing them."*

*"Lenders would be helping themselves if they would truly streamline the process, and actually remove the barriers they throw up for the homeowners. Ask any homeowner who has ever tried to work with their lender and they will all tell you "It is a nightmare!"."*

*"Thank god for the new (or old but reinstated) 203k streamline loan currently issued by Wells Fargo."*

*"Allowing investors to do 203K loans like they did in the 1990s would have the public doing the rehabs making the property marketable for 1st time home buyer financing restrictions. Removing the 120 investor turn over rule so JQ Public contractor/investor could rehab and sell the property to FHA buyers."*

*"The biggest impediment to selling REO properties listed at first-time home-buyer prices is that they are in such bad condition that those buyers can't buy them with FHA or conventional loans. Rehab loans are too expensive for such buyers since they are based on the finished appraised value."*



*"Banks and lenders are just not lending. Bring back down payment assistance program for buyers to use. The program works. Not a single client that went FHA with down payment by using the seller to pay the 3 to 3.5% or just use the \$8000 tax credit. This program worked and not one of my clients has foreclosed as a result of the market. They all have stable good rates for 30 years or less and weathered the storm that we had with the market meltdown on sub-prime loans. They can't sale at this point but they are happy and can manage the mortgage. This was my market and bread. It is a safe way to build home ownership the smart way."*

*"Availability of mortgage money for properties that now do not qualify due to poor condition is one big factor I see."*

## Comments on Rated Lenders

We asked for comments on rated lenders. Comments organized by lender are presented below.

### **Bank of America**

*"Are not flexible on closing times. Must be at least 30 days. Do not work on file immediately. Problems come up late in the process and delay closings."*

*"As an REO Broker I have partnered with this branch office for our retail business. If B of A expands their REO Agent roster the branch is very likely to recommend me to be added for REO listing assignments."*

*"B of A has a very bad record in this area because they are very late, do not communicate, and often cannot give program promised. FHA, they are VERY weak, and I have had them tell me they were doing the borrower a "favor" in giving the loan, when they were 2 weeks late on giving the approval. Waste of time trying to contact them, no respect for agents time, and absolutely no idea of what a contracts legal obligations are. The Foster city branch is an absolute nightmare to work with!"*

*"Bad experience. Unable to close after pre-approval issued."*

*"Bank of America has a very poor customer satisfaction rate in our area. I have experienced firsthand the failure of Bank of America to provide good service to my customers..One was promised to have closing costs paid (the incentive for choosing bank of america) and then the bank gave them a deadline and failed to supply them with the proper forms in order to meet that deadline. Therefore, they did not pay my buyer's closing costs. Another time my client was preapproved, the property was appraised for an amount which far exceeded the mortgage amount yet they would not give a mortgage commitment. We went to another lender and received the mortgage commitment in 2 weeks."*

*"Bank of America has been one of the toughest banks to get approval on a 10% down payment on a property. They asked for 15-20% down on a 720 credit score."*

*"Bank of America has cost me a lot of money. They abuse their power by changing terms in the middle of a deal. This has happened to me on more than one occasion."*

*"Bank of America has several loan offices in the Charleston, SC area and they are always on top of the loan process through to closing. I never have any issues with them that cannot be resolved prior to closing. Plus, they always call my clients as soon as they receive their request for a loan. This has been the biggest factor in getting a loan."*

*Some lenders I have used in the past wait to contact the buyer and by the time they call them, most have already spoken with a lender."*

*"Brand name mortgage brokers do not personally solicit business from me."*

*"Communication is an issue and closing on time is stressful and last minute."*

*"Difficult to get in personal communication with; scattered all over the country; does not handle and process in a timely fashion. The local people are fine; it's the backlines that aren't."*

*"Good results with Bank of America and their honesty."*

*"Has slipped significantly lately - seems like they got a lot worse after the bailout ..."*

*"I do not use the local branch."*

*"I have had some good and some very bad experiences with BOA -- their team in Dallas is a bit shaky and seem to be all newbies running around looking important and doing very little. They lack experience in this area of banking and seem to be better things to do when you call to check regarding a situation."*

*"I have mostly worked with mortgage brokers. Had only one transaction with a lender. It was OK but nothing great."*

*"Also recommend Wells Fargo - if buyer wants to shop - NO BROKERS EVER!!"*

*"I work with many direct lender partners even though I do higher level with Bof A as seller requires a qualification form their bank for any potential buyer for their property. Buyer again is able to choose lender of their choice. This qualification is to determine if these are good qualified buyers who are able to close a loan. I also work this way with other bank owned property which lender requires a qualification for same reasons as noted above. This has resulted in a good situation as we know the buyer is qualified and many times the lender additionally gets the loan due to rates and lesser closing costs. Mortgage brokers are less reliable and most of our issues do not come from direct lender but mortgage brokers."*

*"If Sheila Welsh says it will close, it will close. That is extremely IMPORTANT."*

*"Once a buyer is in escrow, many times they fall out as buyer does not qualify. Rarely meets scheduled COE date!"*

*"Personal service could have been better, but closing fees were good."*

*"The appraisal is too slow, It takes more than a week to get appraiser to go to the property after appraisal ordered."*

*"The new appraisal process was used by BofA and quite frankly was terrible. We could not communicate with the appraiser who did a terrible job. It was obvious to all concerned he did not know what he was doing -- we could not communicate this to him, it nearly blew the transaction."*

*"under staffed"*

*"Very difficult to communicate with - hard to reach as compared to the lender I recommend who answers his phone for me day or night - weekday or weekend."*

*"Very reliable."*

## **Chase Mortgage**

*"After dragging feet on well qualified client, they added a 3-4 week 'quality review' before they would give clear to close. My client started from scratch with a local credit union they had no previous affiliation with and closed 10 days later."*

*"Entirely TOO slow on everything these days----but all the lenders are---cannot meet closing dates -- sellers are being lost because the lender of the buyers are dragging their feet for closing process ENCOURAGE LENDERS TO WORK 7 DAYS A WEEK AND MANY MORE HOURS EVERY DAY TO KEEP UP WITH BUSINESS---- REALTORS CERTAINLY DO!!!!!"*

*"I know Senior Management on a personal basis. And I know the lending officers on a personal basis. They go out of their way to accommodate me and my clients."*

*"Loan officer did not return calls"*

*"NO LOCAL CONTROL."*

*"They cannot get it done...."*

*"This is one of only 3 that I personally recommend."*

## **Countrywide**

*"I think this company is largely responsible for issuing poor loans to people in my market area. The same loan officers who closed the loans were responsible for picking the REO agents to market and sell the foreclosed properties without any standards of qualification. The agents then feed all buyer calls to a Countrywide LO and instruct agents representing buyers they must get qualified with a Countrywide LO before submitting an offer. The LOs are upset because they are doing a bunch of work for no loan because the buyer is just satisfying a listing agent's instruction to get qualified or the offer cannot be accepted. Many of the REO agents are horrible to deal with because they are overwhelmed or are just bad agents. There is no clear system to work through and no way to complain when agents are non responsive and doing a disservice to the client (the bank)."*

*"It's never about the company, it's about the individual loan officer, the commitment to service, honest dealings with the client, and a willingness to say no to someone for whom home buying is not a wise decision at the time."*

*"Lenders do not care. They do not care to meet deadlines. Process stinks."*

*"Never again -- not with a gun to my head!"*

*"Past clients never had an issue with the Countrywide brand, but most WILL NOT work with Bank of America (trust issues)."*

*"I don't understand 'high likelihood of loan approval.' I expect any loan officer I work with to tell the buyers and myself the truth about the buyers ability to get loan approval. 'High likelihood of loan approval' sounds like the lender will commit fraud to get the loan approved."*

*"The worst."*

*"These people are professionals! I work with a good group of people that have high standards and do a great job. As we are aware...we are only as good as the weakest link in the chain."*

*"They are a mess, no one knows where files are or what they are doing with a client's loan."*

## **GMAC**

*"Not cooperative with loan modifications."*

***National City/PNC***

*"Good programs for first-time buyers. Knowledgeable loan officers and staff."*

*"National City has been excellent and the loan officer I work with is one of the best I have every met in 25 years in this business!"*



## **SunTrust Mortgage**

*"Had listings with near full price offers and they decided to go with a bulk sale instead."*

*"I have not been using SunTrust except with a mortgage banker that I trust. They used to be one of the best. They are horrible now. My mortgage banker is moving to Wells Fargo so that's where I'll go."*

*"Needs to get real with appraisal reviews, and draw a harder line with appraisal management companies. Needs to be more in tune to contractual closing dates."*

## **Wells Fargo**

*"Brand name lenders cannot close escrows on time and/or meet contingency timeframes. Files are handed off from one contact to another."*

*"Direct lender's rates, underwriting nightmares and time frames have worsened steadily over the past year."*

*"For awhile, every mortgage broker wound up closing my clients with Wells Fargo. Never had a screwup."*

*"Generally I recommend 2 mortgage brokers, both of whom broker to WF."*

*"Going levels of restrictions and interference with the process is causing Wells Fargo to operate from a point close to paranoia. Loan Officers are far too restricted and threatened by regulations from the government"*

*"Have not worked with any of above recently."*

*"I have dealt with Wells Fargo reps in Minnesota and in the local community and they were equally quick to respond."*

*"I have learned it is not the company, but the loan officer that makes the difference. Having business in two states, I find the Wells Fargo loan officer I've used in Florida almost always closes the transaction, while the one in Hawaii never does. The difference is experience, persistence and the quality of her work."*

*"I have personally used this lender for my own home."*

*"I just feel lenders are getting too nasty with the way some of the restrictions are and also once my homeowners get mortgages and they are in these situations the harassment and disgusting attitudes towards my clients is bad and hurts for me to recommend them later on."*

*"Inexperienced loan agents, don't understand the whole process."*

*"It is not so much the lender as it is the loan officer. We have several loan officers but the one we recommend is extremely reliable, always gets back to the client in person and goes to great lengths to explain everything to the client. Plus she is always available 24/7."*

*"Loan program with Wells Fargo changed several times ultimately leaving the buyer supplementing the property purchase with private financing. Down payment requirement increased, rate increased and loan was late."*

*"Major lenders such as these are falling back into their old tradition of reluctance, arrogance and poor service in the name of caution. When they got into trouble, it was*

*their inability to be nimble and cautious at the same time while attempting to be competitive with the smaller institutions and brokerages. Banks come from a different school that generally ignores customer relationships and service unless it is in their 'personal banking' departments. To my clientele, all banking should be personal banking and the size of the loan or account balance should not relegate a customer to the 'impersonal banking department'. As frustrating as underwriters can be for the mortgage broker's customer and my clientele, I will still recommend a mortgage company subject to an underwriter over a bank subject to a loan committee."*

*"Mortgage loan officers need to get face to face with buyers and collect application fees up front. Establish a strong working relationship as we agents do with Buyer Brokerage Agreements. I work very closely with my loan officers and need to know they have secured the lead I send them."*

*"My mortgage broker recommendations come to where my client is and/or has great communication skills via internet and phone. Their communications are personal and heartfelt."*

*"Only great experiences with Wells Fargo and trust my loan officer. Everything is done up front before we get an approval letter, the way it should be done, so no surprises."*

*"Past experience is better than current experience. I feel that more service is being given to re-fi's than new purchases."*

*"Strong working relationship with Wells Fargo who provide overall experience as well as professional and friendly service to customers and clients, also have capability of getting people approved prior to arriving in new area thereby assisting in the selection of an area and affordability."*

*"They are not as hard working as commission lenders."*

*"They are taking a long time to process their loans."*

*"They do not have too many real knowledgeable pro-active loan officers who make the buyers feel they are really working for them. WF also does not have the very best reputation with many people who claim to have had less than great experiences with them in other areas. They do keep most of their loans which is a plus. They do not seem to be too familiar with USDA-RD. Since the financial crisis, local buyers tend to be more comfortable with Nebraska banks and lenders who did not suffer from all of the negative publicity and who did not participate in the poor quality sub-prime market."*

*"Time lines vary with loan officer. Different every time."*

*"Typically, for the types of properties I sell, mortgage brokers bring better packages to the buyers than the well-known financial institutions."*

*"Very dependable, always returns my calls even after hours and on weekends. She has never failed me in getting someone approved. She does her homework, so we don't run into problems."*

*"Very, very slow in approving mortgages and basically, beat a dead horse to death when it should be a no-brainer."*

*"Wells does a good job. Not enough programs or flexibility, but excellent local loan officer."*

*"Wells Fargo has an efficient system to get buyers pre-approved and close on time. Citibank was the worst processing procedure and I would never suggest them to any buyer. They are a good choice if the buyers have perfect credit and making a 30% down payment -- anything less is not worth considering Citibank."*

*"Wells Fargo is having extensive problems with loans in this area."*

*"Wells Fargo is telling their loan officers to cherry pick. They have good programs, but only work with A credit, and are not upfront with clients. I had one closing where the loan officer tortured the buyer into thinking that we would close on time while he invented excuses for not closing. We switched lenders and closed in a week."*

*"Wells Fargo is very slow for approvals."*

*"Wells is having problems."*

# Comments Regarding Government Actions for the Housing Market

Respondent comments regarding government actions for the housing market are presented below.

## ***Previous Government Actions***

### **Financial Incentives for Short Sales**

*"Government needs to offer programs for those homeowners that complete a short sale instead of a foreclosure especially those that have good credit other than the short sale. Government needs to work with lenders for a short sale process that takes days or weeks instead of months."*

*"What Financial incentives for short sales, I think if the mortgage companies would give some Financial incentives for short sales, more realtors would do them, Fannie Mae gives cash for keys and unfortunately if a tenant buys the property of the homeowner does a buy back there is a 500.00 commission only for the realtor, so not too many of those are happening. I would love to help homeowners with short sales, right now they are too difficult, homeowner don't wish to give out all their financial info to the mortgage companies ( they will use it to collect a debt later) all we end up with is a standoff. I know we could get the whole foreclosure process over with really quickly is the banks would ease up on the paperwork requirement."*

*"I think servicers should be allowed more than \$1,000.00. Currently some are getting 3-5K and even at that they are making it difficult to approval. Most 2nd lien holders do not want to put anything in writing, they verbally state what they want and it gets difficult for the 1st lien holder to approve, the demands of the second lien holder."*

*"Borrowers should still face the consequences of their actions, but the approval process definitely needs to be improved and then more would close in a timely manner. I don't think cash for keys on a short sale is necessary. Sellers are attempting to assist with the sale and typically don't trash the houses. I don't know that \$1000 is enough incentive for a servicer to speed up the process on a short sale. \$1000 to second lien holder would be the minimum, many offer more to the second. Second needs to remind themselves that they would get NOTHING if the property goes to foreclosure. 6% commission on short sales should be standard. These transactions take 100x more effort on the part of the listing agent and 50x more effort from the buyer's agent to get the deals closed. Banks need to remember that they need the REALTORS to assist with these sales."*

*"Make payment to the second or third lien holder reasonable... a \$50K note with a \$1K offer.... usually results in the home going to foreclosure. Make the amount be at least 10%.... we would be able to get more deals completed... if the timing was less and we*

*could standardize the process it would greatly help making the deal happen and there would be less frustration on all areas."*

## **First Time Homebuyer Credit**

*"(1) Do more to help first time home buyers because the current market favors the investor. (2) Strip REO listing agents of their licenses if they are found coercing a buyer to submit an offer through them to get the offer accepted. (3) Remove the HVCC laws because agents need to have direct communication with an appraiser to submit fair market value for a house."*

*"We need actual implementation (a mechanism for) letting buyers use the \$8,000 tax credit for down payment and closing costs. That would make a big difference. I have seen no impact of financial incentives for short sales or for subsidy for loan modifications, I think, because they are so rarely really available."*

*"The State grants funds for first-time home buyers have helped get additional sales, but these funds usually run out before October and there is no guarantee that these funds will be available in the future."*

## **Foreclosure Moratorium**

*"Foreclosure moratorium has caused more problems. There is currently a large amount of REO about to hit the market and further drive down prices. Loan modifications have helped very few home owners, only delayed the foreclosure."*

*"My concern has been the hold back of REO which we know in our market is in the thousands. By holding them back it has caused a false market. When the waves start coming due to the hold back I foresee a destabilization of the market. Concern is potential higher interest rates and higher volume of REO. The hold back of REO should not have taken place it should have just continued so as not to de-stabilize the market. Now if they come out in large waves as we are hearing from lenders starting in the fall and 2010 we may have higher interest rates and larger volume of REO which will potentially create a smaller buying pool"*

*"Quit 'freezing' the Foreclosures. You are only delaying the inevitable. Short sales are an abortion and in my mind that should be illegal. The folks that want to stay in their home should get a streamline Mortgage workout. It is easier to sell foreclosures and avoid the short sales right now. Countrywide/Bank of America are the most horrible firm to work with and this will reflect on sending business that way ever again. Require some down payment on all borrowers."*

*"The most commanding action right now is to allow the REO inventory back into our market area. Buyers of all aspects are waiting for these homes to hit and have no desire to purchase a home from a home-selling at what they feel is more than fair market*

*value. With higher levels of inventory, lower interest rates and the tax credit; the real estate market could potentially be back on track. There are many vacant properties that are foreclosed and not listed. This impacts the neighborhood, increases chances of vandalism, damage, squatters, and increased cost to the banks when they do foreclosure."*

*"Moratorium only prolongs agony. Get on with the foreclosures for the good of the nation. Why do politicians have no problem sending young people to war, but can't foreclose on someone who has not done their homework and paid attention? (There are of course innocent casualties, but that is an actuarial probability in any equation)"*

*"At present there are more short sales in our market 10,418 then REO which is 4140 REO SFR. The REO in our market has diminished due to the hold back of REO and the buyers want REO. Most buyers do not want to make offers on short sales due to long response times and some of these are going out 6 months with no sale. At present loans are very available and are taking at least 45 days due to higher levels of sales. We do not see any change anytime soon as sales up with fewer underwriters and processors. Title is also behind for the same reason"*

*"FNMA does a good job with most of its REOs. It's a shame that there are so many properties that are taking 12 - 18 months to be foreclosed and then put back on the market to be sold "As Is" in badly deteriorated condition. The moratorium on foreclosures was a BAD idea. It let a lot of properties badly deteriorate, plus it convinced a lot of private lenders to stay away from putting money into mortgage funds. The loss of certainty in the security for a real estate loan stopped me from selling one of my investment properties to my tenant with a seller carry back note. I have done that many times in the past, but I now feel that that is too risky a loan for me to make."*

*"In our market the first time home buyers are out in force. I've been doing REO sales for 16 years. My client has turned me into a selling machine in the last 2 years. Currently we have a break due to the moratorium. The inventory will hit again this winter. My hope is that the abundance of buyers losing out on multiples will carry through and still be able to buy this winter. Right now we have a false market due to that fact there is a lot of bank inventory out there we can't market yet. We have a 6 month redemption period in our state that needs to be reduced. Forecasters are saying 4 more years. I hope we can weather the storm."*

## **Loan Modifications**

*"Bank of America has stepped up and has offered help to thousands. Most Pay Option Loans are scheduled to RESET to fully amortized loans and many who are able to afford the Interest Only Payment may be in the homeless lines. Bank of America is now removing the Negative Amortization Feature, 4.5% Interest Rates or lower on Jumbo Loans, No Appraisal, No Fees, Nothing more tacked onto the loan. For those in trouble they can reduce the principal and lower the rate. ALL BANKS NEED TO DO THIS FOR*

*EVERYONE WHO HAS A PAY OPTION LOAN OR PICK A PAY LOAN. Just this alone will save thousands from foreclosure!"*

*"I have only 2 clients out of 30+ that have been able to get a Fannie-Freddie refi closed and only 1 that has been able to get the modification finished."*

*"There is no indication that loan modifications are being implemented to any significant degree. The 3rd party appraisal program is making it more difficult to get timely and accurate appraisals. Everyone in the mortgage business is doing a multi-layer CYA that has gone to the opposite extreme of what got us into this mess."*

*"Some hope for homeowners that have adjustable rate mortgages but and are current on payments but have lost income and need lower payments prior to adjustment timing. They need the help to stay in their homes so they don't have to sell or eventually lose their homes. We need affordable rates for jumbo loans in California and high priced areas to stimulate the higher end of the market. This would be an incentive to the move up buyer, which we really don't have right now."*

*"Keep Interest rates at 5% and below for 2 years. Allow timely refinance of underwater owners. Don't force a late payment before talking to them. If owners have not missed or been late for a payment since beginning of loan, automatically grant refinance at lower rate. No qualifying, no hassle, no paperwork for the consumer. Automatically combine 1st and 2nd loans for the lower rate."*

*"Getting the banks on the same page as all these ideas. None of them are any good if the banks remain the same. They MUST change some of the rules. How can someone refinance if they have fallen behind on their bills and now their credit score is low. Speaking of credit scores. That's a whole other issue. Somebody needs to address that as part of the home buying process!"*

*"Stop the spiral of delinquency by answering homeowners who are current on their mortgages. Homeowners are SO angry because they want to do the right thing and stay in their homes, but the way they are treated by the bank when they call in creates a bigger problem. I cannot count the number of times I have been told that the bank told the homeowner they cannot help them because they are current on their mortgage. Obviously what is the next step for the homeowner? This is still happening despite the new legislation."*

*"We need the banks to be held accountable they loaned money to people who they knew they would fail. Now when you have supposedly programs to help people they are told we can't help you until your behind and once they fall behind they say we can't help because you missed payments. I (have) yet to see any bank help 1 person who was or would be soon in trouble. The only loan mod. I have seen are for the people with great credit and not in the need of help. Then you need to go after Foreclosure lawyers they are more interested in throwing people out of their houses then help the banks get their*



*money or the borrowers keeping their houses just fill their bank accounts and be bastards about it."*

*"Will be glad when the market normalizes. Whatever that means. After 20 years in the business I have seen highs and lows, but this market qualifies as a new low. I think the government let many homeowners down by not insisting on seeing records that banks receiving government funding were ACTUALLY assisting persons in foreclosure and pre-foreclosure predicaments. That was certainly a big disappointment. The banks took the bailout and actually have done NOTHING to help homeowners in distress. I think it's almost criminal."*

*"We must reduce the inventory before any recovery can take place. First time buyers are and always have been the key. Cash incentives, programs to help them purchase along with low or subsidized interest rates will in turn help to move the homes which will domino into the next price range. People that can get help even temporarily to stay in their homes will in turn reduce the foreclosures and bank sales and in the end save these banks money. I have seen many turned down for a modification as they don't have enough income and then the home is foreclosed and resold at less than half of the mortgage amount. You can't tell me the bank would have not been better off to reduce the house payment for the original owner until they are back to work and can start paying again. It is insane!"*

## **Reduced Mortgage Rates**

*"Dropping mandatory mid-scores to +/-600, and giving some leeway to lenders, in the case of situations where there has been no RECENT bad credit would help."*

*"The government should consider interest rate loan modification for those not currently in trouble, who are not late on any payments, as when these 3, 5 or 7 year ALT A loans recast, many more individuals will be in trouble. It is time we reward for good behavior rather than rewarding only for bad behavior."*

*"Have sent emails to President, US Senators, Congress member asking for mandated lower rates for those homeowners in owner occupied properties with higher than the current market interest rate where the property market value is less than the loan value and the homeowner has been making payments, has a good credit score but the lower payment will allow them to take advantage of better interest rates."*

## **Potential Government Actions**

### **\$8,000 Tax Credit for All Homebuyers**

*"The first time home buyer tax credit was great for that small group. If the tax credit would have stayed \$15,000 for anyone buying a primary home that would have helped so much with the low-mid priced properties. We need to lobby our House & Senate to*

*give us a tax credit that will move the low-mid price properties. Our middle class is not getting any help in housing and everything else across the board."*

*"I would help greatly if the tax credit could apply to down payments. I believe buyers should have to use all that they qualify for, toward down payment, at the closing table. This would, in some cases, give buyers more equity in the properties from the start."*

*"Let the \$8,000 tax credit apply to the down payment."*

*"\$8000 tax credit for foreclosures would hurt non-foreclosures from selling and bring the market down further. Appraisals to not include REO comparables would portray a false market. Mandated one-week response time on short sale offers would really help move inventory."*

*"I feel the news media is really scaring buyers to death about the economy. Buyers are afraid to take a chance in purchasing a home. I feel that all homebuyers need the \$8,000 tax credit. That would really inspire some buyers. After all, why are they being penalized? It would be such a boost in home buying if the government would do this. I feel the credit-card companies have sabotaged the credit of many people, showing no mercy. Why not cut off their credit once they are say 2 months late until they can get their bill paid up. That's a win-win situation. Too much greed. Shame on the government for letting this happen. Most people are good to pay their bills, but fall on hardships sometimes like job losses or health issues or even death of a spouse. God help us all."*

## **\$8,000 Tax Credit for Buying REO**

*"Any government action to create a buyer incentive to purchase an REO instead of a non-distressed property is unfair manipulation placing the non-distressed individual property owner at a disadvantage. This type of legislation would be favoritism of the banking institution to the detriment of the individual. I will definitely write my Congressman a letter to oppose that type of legislation and will rally all my fellow Realtors against it also!"*

## **Fraud Investigations**

*"What got the housing market into trouble in the first place is because during Clinton administration, it was like the government wanted everyone to have "home of their own". This was not a good idea. There are those that took advantage of the system. There is and was fraud on all levels. The government should hire appraisers, realtor and mortgage broker teams to investigate all the fraud. As a Real Estate agent in the State of Oregon, we are obligated and mandated to report any fraud. Most real estate agents just let this pass. I for one think if we report fraud, the sooner this will stop on all levels. I'd happily be part of a team."*

## **Higher Jumbo Loan Limit**

*"Raising jumbo limits in California would definitely help the upper end. Standardizing the short sale process and timeframe limits on response are awesome ideas. Local appraisers would be great too."*

*"Higher Jumbo Loan amount has been needed in my market for a few years. This would be great."*

*"Raising jumbo rates just penalize people who can and will support the community with larger tax rates and values that they pay why penalize them? They support many local charities and organizations their tax dollar is supporting."*

## **Mandated One Week Response Time on Short Sale Offers**

*"MANDATORY 1 WEEK RESPONSE ON SHORT SALE OFFERS SHOULD BE ON THE # 1 LIST OF PRIORITIES. LONG WAITING TIME IS CAUSING BUYER CANCELLATIONS AND PLACED ECONOMIC HARDSHIP ON AGENTS. TOO MANY REO'S AND SHORT SALES HAVE CROWDED THE MARKET AND GIVE A FALSE APPRAISAL RESULT IF RELIED ON."*

*"I don't think that a one week short sale approval is realistic. I think limiting the banks to giving an answer in one week may result in fewer short sale approvals."*

*"Are you serious? Mandated one-week response time for short sale offers? I just can't see that fantasy every coming to light. Standardization of the short sale process? Another fantasy!!"*

*"Haven't seen any occurrences of one week response time on short sales or standardization of the process. I have seen companies put all distressed sales on an appointment only basis and then don't answer their phones or return calls/email when trying to schedule a showing."*

*"I am totally against the way transactions take place with all loan transactions regarding short sale and REO. The excessive time taken to respond and get back to Buyers making offers is totally ridiculous. Response time should be 3 to 5 days in all cases. Do the preparation up front for what is needed to approve of the short sale of have the REO in place."*

*"My short sales are taking too long to complete when there is a second mortgage involved. The process should go hand in hand. Not wait for one to approve and then have to go get another approval."*

*"One week response time on Short Sales--we are seeing 2 or 3 months response time. No one is prosecuting people in our area for stripping REO's we do not know about the \$8,000 tax credit for buying REO's"*

*"Sellers and buyers are suffering because of the months of waiting for short sale offers to be looked at."*

*"Short sales are being KILLED by mortgage insurers. They should NOT be allowed to influence the short sale agreements."*

*"If the banks would respond quickly on short sales less would turn into foreclosures. The bank would get a better return, because it is a bank owned most buyers want to offer much less then list price."*

*"The short sale process is the biggest issue that I see in our market today. It takes so long to get a response from the lender as to whether they will approve or disapprove the sale that most of these sellers end up in foreclosure before they can get an answer. The appraisal process is another issue, with the use of the properties that are REO, Short Sales and Foreclosures as comparable sales this is what is distressing our market even more."*

*"Short sales are our biggest thorn on the side!!!"*

*"We certainly need a better and more efficient process for short sales. I have two in contract and the offers were written in March of this year! Still pending on one, Chase just approved the other one 1 week ago."*

*"One week response time on short sale is too short. 30 days would be reasonable. I also believe that a potential short sale should not be listed or advertised until there is a sales price agreed upon by the seller and the lender. This will help establish a bottom to the current market."*

*"We really need help with Standardizing Short Sales, if that is to happen, the market would be much better."*

*"Forcing banks to answer in a few days on short sales and REO's would significantly change the housing market@!"*

*"These banks need to get a better system for working these short sale offers that come into them. Why can't they tell a seller right up front--yes or no--on whether or not they are open to a short sale transaction?? If we could get some of these short sale offers approved in a timely manner, we would have more sales, the inventory would be reduced, and buyer confidence would soar."*

*"Mandating short sale response time or sale process would most likely eliminate short sales from happening as the lenders would just stop doing them. I have heard that congress is talking about raising the tax credit and making it available to all buyers. This would get many current homeowners to do something and make more properties*

*available for the first-time buyers also. The unfortunate part is all tax payers will be footing the bill for this for years to come."*

*"If the government could get the lenders/servicers to get a short sale response in one week it would be a miracle. The lenders/servicers are so understaffed, undertrained, and ill-equipped to deal with the volume of short sales. Wells Fargo is by far the most responsive and quickest in responding. Countrywide is by far the worst."*

## **Mandated Standardization of Short Sale Process**

*"Amongst all the factors, the standardization of short sale processing and quick turnaround time (1 to 2 week) for lender to render the decision is most critical in my opinion"*

*"Standardizing the short sale process would be a great idea. There are many lenders that are terrible at the short sale process. I have had potential clients who would rather let a property go to foreclosure than to continue to deal with the bank on short sale process. It is very rare that you deal with a decision maker. Many of the lenders customer service and response level to realtors and owners is very poor. I believe a standardized short sale program could dramatically reduce the market time."*

*"Recommend the short sale process of BPO, Appraisal & buyer financial analysis is complete prior to listing the property. The Lien holder should provide an approved short sale price and be ready to facilitate the sale."*

*"We really need help with Standardizing Short Sales, If that is to happen, the market would be much better."*

## **Prosecution of Those Damaging REO Properties**

*"The problem is that you can never prove when the home owner "stripped" the property. Did they strip and sell the stove last year or 2 hours after the trustee sale?"*

*"Stipulate that scrap dealers who accept stolen or questionable scrap materials from vacant, foreclosed properties will be penalized, fined or other legal ramifications will incur"*

*"It should be a crime that owners of properties pre-foreclosure get away with trashing their homes before leaving them to the lenders."*

*"On the Stripping issue...I could see someone who had just put in a new majorly upgraded kitchen, and paid for it, wanting to take to appliances. I think people damaging REO properties should be treated like any other case of vandalism."*

*"Many homes are damaged by previous owners and they should be held liable for those damages."*

*"PR campaign – 'Stripping pre-foreclosure properties is illegal.' Don't waste money on what everyone already knows."*

*"It would be too difficult to prove who damaged the REO properties."*

*"Mostly pre-foreclosure homes are missing appliances which most buyers want to replace anyway."*

## **Require Local REO Agents**

*"Properties need to be assigned to a local realtor as soon as possible after foreclosures. Properties that have been sitting vacant for months, loose curb appeal, stripped of property that should have stayed with the foreclosures. In completing cash-for-keys, we have a much faster return on the sales. I have 8 counties of Freddie Mac foreclosures and as soon as we receive notice, we immediately verify occupancy. This makes a contact with the home owner and allows us the ability to help a property from becoming vacant for a long period of time. With a realtor sign, notification we develop a "watch" for the vacant home with neighbors."*

*"Credit has pushed lots of new buyers into market. When a few agents have 150-200 listings this makes it too difficult to get answers on offers, and pushes prices down. First time market has lots of help, but \$750+ is in trouble, there is NO help for these people. Loan Modification is not working with borrowers, too long time, often going into default as a result. Answers are not correct, and often conflicting...this also needs to be worked with!!! There is a whole new 750K+ market that may hit...this is a dead market now and a bomb ready to go off. This is a danger to the now healing market."*

*"Potential Actions: I think it's very important to have local agents listing local properties, it makes for a little easier transaction and doesn't put all the work on the buyer's agent, since both agents are local."*

## **Government Actions Are Ineffective**

*"Government should stay out of housing market. Government is too big - takes money in and spends it extremely poorly."*

*"The government has meddled WAY too much in the housing market! All the moratorium did was delay foreclosures that have now happened anyway. It slowed the market and reduced the number of foreclosures for 2 months but now all those REOs are hitting the market at one time....right now! All my recently listed REOs are going under contract and quickly. Not including REOs as comparables is akin to fraud as in*

*some areas REOs ARE driving the market....let's stop trying to hide the truth/facts and "fluff" appraisals....didn't that get us in this mess to begin with? If a good comp is an REO then it should be used. The government needs to back out of this and let the market correct itself!"*

*"THE GOVT MOVES TOO SLOW ON EVERYTHING--THEY SHOULD HAVE TO WORK ON COMMISSION LIKE REALTORS---THEN THEY WOULD HUSSLE 24/7 LIKE WE DO"*

*"The government needs to get out of our business. We are a for profit business and government is a NOT FOR PROFIT business."*

*"I'm not sure the government should be in control of everything in the housing market. It was through the government we got in the mess we are currently in. I believe less laws and government might give people the freedom and the security to try entrepreneur efforts but with the current direction the government is going I don't know anyone wanting to take a risk on what new laws and controls are next."*

*"Government spending and takeovers of the banking industry, the automobile industry and the trend to socialism cause for a long term negative outlook on the future and buying a home is a long term decision."*

*"Let's see what the private sector can do without central government interference. Give it a chance. It's never been tried."*

*"Government cannot force sellers to lower their prices. Lower prices to reduce the excess supply of properties for sale is the clearest course to returning to a normal, balanced market. Government can make it more difficult for raw land to be converted to new housing. Government can encourage infill development, 'green' renovation and community rehabilitation."*

*"The real estate market is cyclical market it will adjust as needed lower interest rates will help. Higher income will help. The adjustment now is for home price and income levels to adjust accordingly. Over the past few years too much credit was given out too freely. Home prices went up too fast and income did not rise at the same pace. Thus creating a problem. We'll come out of this problem much faster if government stays out of our way. As stated before we are a for profit business and government is a NOT FOR PROFIT business."*

*"The government has no clue what they are doing. They need to have loan professionals with over 10 years experience on a board along with a few real estate brokers who have a clue. Changes can be made to fix this whole problem is the wink of an eye, if done correctly."*

*"Government involvement always means higher costs, more paperwork and less efficiency."*

*"Work with current regulations and modify those that the Market say are not working. Let the Real Estate Industry propose solutions. KEEP THE GOVERNMENT OUT OF THE BUSINESS!! Their job is to enforce the laws and operate within the Constitution."*

*"The more government intrusion we have in this mess, the worse it's going to be. Congress is responsible for this mess. The government is NOT going to make anything better. First, Congress destroys the housing industry in this country, then tries to make political points by putting "lipstick on a corpse." Those fools have never written a regulation they didn't leave on the books for a lifetime. We need less government intervention in this market - not more!"*

*"Markets vary so greatly. Even with today's technology, real estate is still local and that best serves buyers and sellers. Appraisers, listing agents, asset managers and others that are too far removed from the property and the business are often not as responsive in a timely manner and especially and also in matters of market value and knowing comparables (not just distance from property etc). The more the market is manipulated in trying to correct the "mess" we are in, the more potential there is for unintended consequences. Every action requires and causes a reaction and sometimes it is not what was intended."*



## Comments Regarding Short Sale Transactions

Respondent comments short sale transactions are presented below.

### **Response Times**

*"The response time is definitely the key. Banks could get 10% more money if they could respond quickly, as more buyers would make offers on short sales instead of avoiding them. Government should not pay the sellers anything to walk away from their homes. Especially if the sellers ended up in short sale from taking money out by refinancing. Government, if they pay incentives, should pay banks /servicers a fee based on responding quickly and getting quick results."*

*"One of the reasons why I try to avoid short sales is the horror stories I hear about the length of time it takes to close on one if at all. I know an agent that worked for 2 years on a short sale and finally his buyer gave up on wanting to close on the property."*

*"Our largest challenge is keeping the buyer on board while waiting for the responses and in the lien holder being realistic about the lower prices."*

*"If the short sale process was standardized and approvals could be given in a week, then the market would begin to correct. I personally believe that local appraiser needs to be used, appraisals need to be done to confirm Realtors pricing. Then home should be placed on the market FOR SALE as an APPROVED SHORT SALE. Let the bidding go where it will. If someone has confidence a house will close, a buyer may be more willing to use their \$8000 incentive to bid up the price! The market is trying to kick start.... This could add the fuel we need."*

*"Response time is the biggest obstacle to our negotiation. Also, many banks require documents be faxed in instead of scanned and emailed. We have faxed packages over multiple times and verified receipt only to be told the next time we call for an update that the package has not been received. The people working for the bank seem to have zero real estate experience. We had a guy ask for a pre qual on a cash purchase (we included proof of funds) and could not be swayed so we got a prequal and sent it in..."*

*"I currently have 6 short sale transactions. 5 where I represent the seller, and 1 where I represent the buyer. The one for the buyer, we received acceptance 6-2-09 and the purchase contract was written 1-27-09. Two were presented to the bank in Feb. and have no negotiator set yet, one in February and two in May. None have been assigned to the final negotiator and the prices continue to fall, so that the home likely will not appraise for the new buyer even though the short sale appraisals were completed in April."*

*"Sorry. I'd like to have answers in 48 hours. Even a week is too long for most buyers and we lose them to offers on other properties, which are in abundance."*

*"Most Realtors(r) I know all but refuse to deal with short sales, because of the time and frustration involved. When a client insists on viewing a short sale property, I do so, but steer them away because of the length of time usually consumed with WAITING for a response and WAITING for a close! I have heard many co-workers state, "I don't show short sales.""*

*"Getting standardization and consistency in the short sale process would do wonders for the industry as a whole. There are many buyers and agents that simply avoid short sale listings because of the time and agony that it takes to get a response to an offer."*

*"Because it takes so long for responses on the majority of short sale listings/offers, many agents are not showing short sales to prospective home buyers. Also many buyers are wanting to "steer clear" of short sales due to the long response time."*

*"A yes or no response will not just increase CLOSED short sales but bring higher prices because a better quality buyer will consider them. The value of a home in today's market declines significantly in 90 days, which is the average for a lender's response. They are dragging their feet and losing money every week."*

*"Buyers want to move. They will not wait 3 to 5 months to hear a possible answer; it makes them feel powerless and angry. Even investors get frustrated. Agents are spinning wheels, wasting hundreds of hours just trying to nail down a negotiator who is overloaded, and doesn't want to talk to angry agents."*

*"They usually drag out the time, hoping they get a better offer. 5 day response would be excellent!"*  
*Inefficient. We need a process that will make it feasible to close escrow on a short sale within 45 - 60 days of the offer being made."*

*"Most buyers want to move in within 4-6 months and they are unwilling to wait 6-8 weeks to even get a yes or no response. Plus a realtor would rather find a house that can close more quickly and get on with business."*

*"Takes way too long for bank response on offers. I have had clients walk away from purchasing a home due to time they had to wait."*

*"If we could get a yes no in less than 14 days , we would sell more property, reduce the debt to the lender and generate a leveling of our values, property condition and overall market. And stop many homes from going to foreclosure"*

*"It only took 3 weeks for a decision to be reached by the short sale representative, after the house was privately appraised by the bank, which took about 5 months."*

*"I think a 1 week time limit for responses could result in more 'no's'."*

*"Mandatory response times would POTENTIALLY be very helpful. The challenge in doing that is do you back the banks into a corner and have them foreclosing more properties? If they don't have the people/infrastructure to handle the 1 week rule their easiest path is no. If they set a guideline of X% of outstanding loan or no less than 80% of FMV perhaps that would help with that."*

*"Response times taking months to get back to buyers and the short sale process taking 4 months or longer is major factor effecting market today."*

*"Although we tell buyers that the process is long, they never believe it. Many have to give notice in apartments and never have any idea when to do this. May miss a good buy waiting on a short sale response"*

*"Being able to contact a negotiator within a week would make the biggest difference. Recently, with the shift from Countrywide to Band of America, I spent 4 months on a short sale all to have it not close escrow as the sellers and the bank could not agree to terms of the SS."*

*"With a 1 week turn-around, more buyers would be willing to make offers on short sales and far fewer negotiated short sales would fall apart because the bank took too long to respond and the buyer walked away."*

*"Quicker response and closings will generate faster sales and more money in the banks pockets. Less \$\$ on their books, more homebuyers in the homes stabilizing the neighborhoods. Both will be good for the economy and create more confidence in the public."*

*"The eternal waiting time for a response on a sale, when there are so many other obstacles to consider after that-is just not feasible to most buyers. Sales may still not work out, so most buyers are actively looking for other options, and often while waiting for an answer-finding other options. Also, many not so ethical real estate agents deliberately list homes under the price that they could realistically expect to be approved-just so that they can get an offer and start negotiations...and thereby wasting a lot of valuable time for other agents and buyers, AND creating appraisal chaos. Banks should allow negotiations on listing price before there is a valid offer on the table to shorten the time and confusion!"*

*"If the short sale process was quicker that would stabilize the market more than anything else being done. I currently have two that have taken a year and we still don't have final approval and the market continues to decline."*

*"Length of time to process a Short Sale to me is the most troublesome with the bank getting real on what the property is worth running a very close second."*

*"PEOPLE LOSE PATIENCE - REALTORS LOSE PATIENCE. FRUSTRATING WHEN CALLING YOU SPEND 20 MINUTES IDENTIFYING YOURSELF THEN ARE PUT ON HOLD ONLY TO GO THROUGH IT ALL OVER AGAIN WHEN YOU FINALLY TALK TO SOMEONE."*

*"To get these short sales sold is to make them respond within 1-2 weeks, close within 60 days."*

*"I believe that a guaranteed response time would encourage Realtors to make more offers on short sales. When you have a first-time buyer who has to give notice to vacate where they are renting, there is not time to wait around for 3 or 4 months to see whether the offer will be accepted or not. Also, buyer's rate lock may expire while waiting for answer."*

*"One week is not enough to determine market value. There has to be an appraisal or BPO on the property by a non-biased 3rd party and to order and review that information will take the loan servicer more than one week. The listing agent, seller, or negotiator for the seller should not be the one to determine market value of the property. A 30-day turnaround is much more reasonable for all parties."*

*"Every short sale I have been involved in has taken more than 3 months to close. I have lost most of them and closed very few."*

*"The biggest objection to short sales is the response time from the lenders."*

*"I cannot be honest with a buyer about anything being 'fun' in the transaction and I cannot tell them it will be such a deal due to the fact that while you wait out the time it takes to facilitate a response from the lender... The home is probably worth less than the agreed-upon amount on the purchase agreement. They suck!"*

*"These properties are a value for homebuyers. If they could close timely, we {agents} would be much more willing to show these homes, knowing they would really get to a closing. Buyers are hesitant to write offers on these properties as they have deadlines, to be moved from their rentals or their current homes. There are also buyers of those sellers' homes which keep many transactions from closing as a result of the 'Domino effect' is endless. Buyers need to have dates that occur, to be willing to endure this process."*

*"Biggest objection for buyers is unknown timeline and move/close date."*

*"Actually you should be able to give answer in 24 hrs or less. There is no reason if the borrowers have given all the info to the banks and fully cooperated in letting them do a BPO and appraisal ahead of time that the bank should know what its bottom number is. I have no problem with them counter at a price higher than the bottom but don't make people wait weeks for the bank to get other offers in. They should do their job or be shut*

*down and have a new bank take over. Banks take longer than the government to get things done."*

*"Maybe I can actually make a living if the banks will respond more quickly---buyers will then be able to go into a short sale or REO offer knowing that within 7 - 10 days they will either have a contract of sale in place or not. Then they can make plans to move or offer on other properties."*

*"The biggest obstacle is the time it takes the banks to respond. The number of short sale requests appears to be too large to limit 25 properties to a negotiator. I think the mortgagee should supply financial information and the reason they need to sell their home (not always financial) to their lender before even listing the home. With their reason and financial information, the bank should be able to make a decision as to whether or not they would approve a short sale. (Prices are obviously low) If yes, the bank should provide contact information (name, phone, email) of a negotiator, home should be listed with agent of choice, and upon receipt of an offer, the agent will provide to negotiator the contract, CMA and HUD 1 Statement. Negotiator should be able to decide yea or nay...or even a counter offer with that information. There should be a 1-week time frame for response."*

*"Whether there is impact on the potential actions is one question. The consequence of those actions is a whole other set of questions. Speeding up the process with better systems and numbers of experienced people is one issue but making business do things that may not be wise business decisions is another issue entirely."*

*"They should have set response times to follow, like 2 weeks max to assign to a negotiator, 2 weeks to order a BPO, 1 week to counter offers. Paying lenders \$1,000 when they're taking a \$100,000 dollar hit is a joke to them."*

## **Short Sale Process**

*"What in the world causes the response time for short sales and REO's to take so long? There is nothing short about a short sale. When one calls a lender for any type of a call, it is like one is talking to a dumb machine. They ask all the verification info, transfer you to another person who asks the same info, who transfers you again and you get disconnected and have to start all over. No point of contact is given. At times, the person is very courteous and as helpful as they can be. But, there is no verification of acceptance. It takes up to 60 days. We hear this over and over. At times, someone calls for info from us when we are out of the office and says that we will place this transaction into foreclosure if we do not hear anything back in a short time. That is hilarious. They want immediate response. We cannot have any response. What is right in this picture?"*

*"I rank #3 out of our entire MLS for closing short sales. Along with a better system from the banks it would be great if only agents who understood the process would list or help*

*a buyer place offers on short sales. I believe inexperienced agents and shady investors are also muddying up the process/progress of short sales."*

*"I think that there should be a team (say 5 people per team) rather than a single point person. Sometimes the contact person is downright rude and should not have access to telephone or email. More than 40% are rude."*

*"The horror stories in the paper and from people who have gone through a short process is really hurting the short sale business. At Chase I have had three different negotiators and at Citi I have had four different people to negotiate with and another one is on the way."*

*"Long overdue considerations to stream line process. Having a negotiator that can be the decision maker would be wonderful. Having a viable work load for processors is imperative to treat properties as individual and rely on market data and BPOs/inspections as to the true condition of the property and market is very important."*

*"Give us a name, a number and a person with authority to negotiate short sales. Make sure their salary is tied to productivity, with bonus potential for closing on time. How about hiring title companies to handle these...a good closer knows their process and the amount negotiated can be standard."*

*"The lenders are their own worst enemies losing money due to their ridiculously slow process on short sales. By the time you get an approval, the appraisal has to be redone and it comes in low and then it goes back through the approval process and on and on. I have one now that I wrote the offer for in Nov. last year and entered escrow in Feb. We are now on our 3rd appraisal after finally getting approval on the change in price due to the last appraisal coming in low. The seller of this property started this process 1.5 years ago. The price then was \$1.4 million. We are now down to \$990k and hoping the next appraisal hasn't gone down again. They need to get their process improved and hire more help to get it done more timely. They would save themselves tons of money and help the market get rid of the short sales more quickly and efficiently for all."*

*"Agents spend an enormous amount of time trying to close a short sale. I am still experiencing no response to faxed offers; no returned phone calls; voicemails of the servicers being full for weeks on end; being told the faxed offer had been received and then calling back and being told they don't have a file; throwing files with offers away because they say something is missing although I have proof it was in the fax; not finding out for weeks after being told not to call back that they have lost the file AGAIN; being told the file had been tossed because I faxed more than 15 pages at a time even though no one told me of that rule; being told the file was thrown away because my fax was larger than "so many megabytes" as they receive faxes through email and their email server rejects large files (get a grip, get free Gmail), etc, etc, etc"*

*"I submitted an offer 2 months ago for short sale approval; the file has not even been assigned to the negotiator yet. I have lost that offer and then had another offer which*

*was better than the first offer. This file still has not been assigned a negotiator. I have lost this offer. So far as a 1-week response time, I am not sure Countrywide got that message. Because I have lost 2-offers waiting on them."*

*"Have been told by lenders I can be put on hold for 45 min because they don't like working with Realtors. Contact would not provide direct number for contact had to talk to 3 people and numerous hours of run around for no reason."*

*"The biggest hurdle is getting the package checked in, which can take up to two months and numerous transmissions of the package (faxes). This often takes longer than getting a decision after it is assigned to a loss mitigator/negotiator. I have seen no implementation of the incentives with the servicers that I am currently working with. It would be a big help if the servicer would look at the offers on a true net basis, and allow payment of HOA fees and contributions to buyer closing from sales proceeds. Standardization and guaranteed quick turn-around would make a huge difference."*

*"The sellers are having a hard time getting approved for a short sale because of all of the requirements from the banks. Too much required information."*

*"Eliminate the number of people you have to go through before you can talk to the person that is handling the short sale. The out of Country contacts, like India and the other countries, to take a message which is incorrect."*

*"In the short sale process many fail due to the response time from the bank, a mandatory yes or no answer within two weeks would allow us to give that expectation timeframe to our buyers."*

*"Lenders need to be forced to sign the listing agreement as to what price the property should be listed for and what price they would ultimately accept. Without this information, Realtors are being "talked into" taking false, misleading listings where a 100% full price offer may not be accepted. This has broken the Realtors level of trust with the public and has resulted in many members of the public pulling themselves out of the buyer pool."*

*"Lost clients because of process. Never got a response or phone number of an agent on one in over a 4-month period"*

*"Every short sale is different; it seems to depend entirely upon the contact individual at the financial institution. Some are great, some are terrible, some are average."*

*"Hate 'em. Everyone's working for the same goal, but these seem to be the most contentious and adversarial transactions out there. Too many lien holders are simply not objective about the current value of these properties and the appraisals they rely on are so far off as to almost be fraudulent!"*

*"The way they are handled now is a nightmare and many agents don't want to get involved. Foreclosure sales are actually easier."*

*"THEY NEED TO GET ON IT - WE HAVE MANY GOOD OFFERS IN WITH NO RESPONSE - IT IS ABSURD!!!"*

### **Short Sales Sold for Less after Foreclosure**

*"Times are tough. Why is a home foreclosed on? I had an offer for \$137,000 for a property as a short sale and the negotiator would not answer phone calls or respond. They would not assign another negotiator. One of the investors even called me concerning this house. The house was foreclosed on and sold for \$110,000. I do not see the logic to this bank's loss of even more money for not accepting the short sale. It is possible the bank has deep pockets and \$27,000 dollars is pocket change. This happened back in November of 2008."*

*"Some companies are not handling REO and short sales as they should and in a timely manner. I have had offers that were higher before foreclosure that the bank would not accept and then sold for much much less after going through all of the courts system. One property I had went for \$40,000--less than what I had an offer on and the bank person would not listen to me and accept the offer. He treated me like I was the one losing the property and was not very nice to deal with. I still remember his name and will not forget for a long time how he handled the transaction!!!"*

*"Biggest potential for improvement is in the short sale arena. 1) Keep owners out of foreclosure. 2) Minimize losses the banks would take. 3) Short sale homes are in much better condition than most foreclosed properties."*

### **Training**

*"Creating consistency with short sales is the most important thing, so the buyer, buyer's agent, listing agent, and title companies all know how to process the sale. I would say that a short sale will help the lender 100 percent, because even if the home sells for the same amount as an REO they do not have the costs for legal fees, and maintaining the property."*



## Comments Regarding REO Transactions

Respondent comments regarding REO transactions are presented below.

### ***Bulk Transactions***

*"While bulk transactions may get the homes sold more quickly, the banks lose more money than if they listed with agents and sold on the market. I often see listings where someone has bought bulk and resold for \$50,000-\$100,000 without doing any work or upgrading. When the banks lose that type of money on each house, we all pay."*

*"Usually a home is listed for 90-120 days, and then goes to auction. Many times it does not sell at auction, and will be given back to the REO listing agent."*

*"Bulk sales-often the banks will buy the packages from each other. At least 10% due to bank changes, but may be more."*

*"I have heard that some investors are going to the banks and buying in bulk."*

*"I have yet to see any "bulk" deals "close" Everyone says they want a bulk package but bulk is too hard to close.(unless you discount like a mad man)"*

*"After 6 months on the market, list property at average offered price or accept an offer lower than lender's BPO or appraisal. In my farm is a GMAC owned property that has been listed for over a year. They had offers but the house has remained vacant and unsold. Neighbors are hot and bothered by lender's inability or unwillingness to sell. I know they are getting less at bulk sale than the past offers were."*

*"No record of bulk sales easily accessible to evaluate."*

*"Real estate Brokers are never advised of bulk sales. Should be listed in MLS system as bulk sale."*

*"I never dealt with "bulk" and/or "direct to investor" sales."*

*"I HAVE NOT HEARD OF BULK REO SALES IN MY AREA"*

*"If there are bulk transactions, this is not identified. I do have investors that would like to do that, but any of the agents that have hundreds of REO listings won't/don't share that info."*

*"Some of the investors we never know about as they are sold through the bank's asset managers before they are listed or reported available to the real estate community."*

*However, some are sold to pocket investors through the REO offices. Listings should be spread around to local companies in the market, not another city or county!"*

*"The volume of REO properties is massive and in urban locations the bulk and/or direct to investors allow for entire block renovation(s)."*

*"Use Real Estate professionals to negotiate in the banks to help make good decisions based on markets not just a chart of accounts. We need knowledgeable agents/brokers in the banks helping them to unload their inventory and preferably before they have to go to foreclosure. Realtors know real estate. Let them determine the market value. Use local agents/brokers that know the market where the property is located. Just because they have bulk properties does not mean they should treat them as bulk sales. They are individual properties with individual property owners that need our help!"*

*"A few agents control most of these properties and quite frankly have too many properties to handle effectively. Several of the BIGGER REO agents have their own investors who get first choice of the properties, some use contractor lock boxes and cannot be reached in a timely manner causing many properties to not be easily shown especially on weekends, several only work 9 to 5 weekdays."*

### **Commissions on REO Property**

*"Many REO's pay the selling agent more than the listing agent (example Fannie Mae has 5.5% commission, but listing agent only gets 2.5% while selling agent gets 3%) The REO agent does all the work and often has thousands invested in the property for trash out, clean up and repairs. Giving the selling agent more often results in the listing agent holding the listing back for themselves. Selling agencies should also be required to provide proof of E&O insurance. 99% of the problems with an REO sale are caused by the selling agent."*

*"Even if Listing agents are not allowed to collect buy side commissions they will still try to give the buyer to someone in their office/company and collect a referral fee. Limiting the maximum amount of listings an agent can have will have a large impact. It will allow the banks to really evaluate the service of agents. Some agents never say no to an assignment for fear of not getting another one. Local title and escrow companies would be helpful... Fixing cosmetic issues will help the bank achieve a higher price for the home. BTW- some REO agents are submitting invoices higher than what the contracted charged and pocketing the difference."*

*"I do not support legislating the real estate business as it relates to commission. This is a negotiable item. The slow response time from many of these lenders/servicers is unreasonable."*

*"Many of the REO agents are listing too many properties and do not do a good job for their clients because their load is too heavy."*

*"Eliminating the buy side would be a big detriment. With the companies I deal with I am only receiving a 2 to 2 1/2% commission as is with a LOT of paperwork on the listing side. If we couldn't get an occasional "me/me", it wouldn't be worth our time -- especially in the under \$50,000 market. 20 miles might not be enough but at least require listing agents to be members in the primary MLS of the area of the property. I know of an agent in my office who got a SUPER deal for his client because the property was listed in a different MLS and no one knew it was on the market unless they drove by and saw the sign!"*

*"On Ban REO listing agents from collecting Buy-Side commissions, it is the failure to present the offer that is the unethical behavior that is going on. In both recent buy-side transactions, my clients offer was submitted with all the others. My clients' offers were accepted because they were cash (from Investors) and had quick closes and no inspections!! They sold for less than they could have but the Asset Manager wanted the cash and the quick close because he had been "burnt" by a failed transaction with an FHA 20% down loan that fell through 3 days before close of escrow."*

## **Contract Issues with REOs**

*"I would like to see something put in place that would make the lenders more accountable for completing the loan process on time - especially on REO properties because often the buyer is charged \$100/day per-diem if the closing date is missed."*

*As a Buyer side agent selling REO bank owned properties, I have experienced that the "Seller Banks" do not respect contract mandated timelines, Banks do not respect individual state's real estate laws, Banks do not adhere to the Code of Ethics that we Realtors are controlled by. Seller Banks impose on the Listing Brokers situations that the Listing Broker knows are against state real estate law and force the Listing Broker to violate the Realtors Code of Ethics. It's like the GESTAPO forcing the well-meaning individual to do something against their will. Many of us long time Realtors have done business with each other over the years in normal market conditions, and we know that this is not how we usually do business. We look forward to a future when the Banks get out of Real Estate and let us Realtors do our business complying with laws and business ethics as we did before this mess."*

*"Banks shouldn't need a week to decide on REO offers. Banks should provide their contracts and addenda prior to buyers writing offers. Banks should comply with state and local laws."*

## **Inspections**

*"If inspections cannot be performed to meet financing guidelines, properties will sit until the price drops to where cash buyer investors are the primary buyers."*

*"I have had buyers who were completely turned off on a property they liked because of the onerous addendums and difficulty (sometimes including buyer cost) for getting permission to do an inspection and getting utilities turned on."*

*"Having the utilities on or disclosing why they are not is important to most buyers. Having competitive commission so selling agent will push the properties more is also important."*

## **Pricing of REO**

*"Many times REO properties are listed too high! Asset managers need to pay more attention to the listing Broker when it comes to the listing price!...Most agents recommend a price that will bring the best price possible in the shortest time. I have been the listing agent for a number of REO companies in the past and find the normal procedure to obtain at least two BPO's from different Brokers. Many times a new inexperienced agent with none or limited knowledge of the market wind up doing the BPO due to the fact the pay for them is so small. Many times this drives the price up, time is wasted and the property may end up selling for less than it would have in the beginning. If possible the agents selected to do the BPO should be an experienced sales person."*

*"Some REOs are priced to sell, others are priced too high. I have seen both extremes in the same neighborhoods. Of course they are still on the market. The banks want to recover as much money as possible. Perhaps if all the banks would use the same standard or formula, houses would not be on the market for that long. In other words, recover some money from a non-performing loan and put it to work again."*

*"Brokers are required to provide BPOs with the goal of have 90 day cash settlements; that information should be carrying more weight. Many times, it appears the BPO information is not considered when pricing properties. Then after 4 or 5 months, the price is dropped and property gets sold quickly. Time doesn't appear to have value. But in all fairness, in today's economic climate it is simply very difficult to predict when and for how much a property will sell. There is a huge supply and it appears that the "cream of the crop" sell first at the most reduced prices. Also, properties with long-term or original owners have most flexibility in negotiating without being "under water" or needing to bring cash to closing."*

*"REO companies need to list at market or less not what they want to get out of the property. I have had offers in the first couple of weeks of listing a property that were*

*rejected only to have them accept a lower offer 6 months down the road. All of the manpower, maintenance and utility expenses just ended up reducing their return even more!"*

*"It would assist in the sale if appliances were included. First time buyers do not have these items and have to buy them extra"*

*"Some asset managers have allowance for smaller repairs or other maybe larger but necessary repairs. Others will simply not do any repairs. In some cases just by making the home FHA or VA qualified may not cost that much but can open the market to many more buyers. There should be a budget to improve some of the properties that are a good project. Some are simply best sold as-is."*

*"I feel all homes listed should be priced fairly and not fictitiously low to create a bidding war for the buyer."*

*"I am tired of dealing with lying REO listing brokers who add expenses over and above the REO Servicer."*

*"Have seen several REO's that were 'in-house' transactions selling below list price in multiple offer situations. Knew agents that had presented offers significantly above what the properties sold for. Clearly, unethical listing agents who don't present highest and best offers. Frustrating!!!!"*

*"Listing price is usually unreasonably high because they do not know the neighborhood and there were so many bad loans made in previous years."*

## **Property Maintenance**

*"Taking control of properties prior to utility shut off to reduce the damage of these properties in winter. Or the government should require utility companies to continue heating the property at above freezing temp."*

*"I am aware of two properties that were to be torn down and neither of them in my opinion were damaged to that extent."*

*"Tear down is less than 10% in our market and closer to 1%."*

*"Most of the problems we have is being paid for expenses incurred to keep the property in good repair during the time of listing. Fannie Mae is the worst for pay us for expenses for utility bills, snow removal, lawn mowing and general clean up, painting and repair to keep the properties in good condition. Sometimes we have waited up to 90 days from time of billing before bills are paid and can run into thousands of dollars outstanding before money is received."*

*"I don't think the bank should pay for major rehab of REO properties. They should price these properties low, sell "As-Is" (including liens on title and no pest work). And get off their books quickly (plenty of investors are willing) Cosmetic repairs can bring a higher sales price in some cases but not always. If being done, these items should be completed PRIOR to listing the home. More times than not, however, a good cleaning service and yard service will make a big difference in the appearance of an REO home at a minimal cost. (Too many REO properties don't get this service). And without these services, the properties look distressed and are typically vandalized."*

*"Often the best end use buyer for an REO is the person who needs the most help getting into it. The prices REO'S sell for are usually a little better than similar homes. Most first time buyers or marginal buyers usually don't have the fix up money needed to make this property work. If they buy it in poor condition, they end up losing it again because they can't afford to fix it. In more cases investors get the REO's, fix them up and turn them for a profit or rent them. If the bank would have the REO servicing agent make the needed repairs and then put together a good loan package for these buyers, they could make back their money by the yield on the loan. In addition, marketing them, fixed up, and in a traditional manner, would help stop the downward value spiral."*

## **REO Asset Managers**

*"REO outsourcers are increasingly getting in the way of REO transactions and demanding a huge percentage of the agent commission for, in numerous cases, preventing market sales. In our 15 years of REO experience we have watched the costs to the Sellers increase, the net sales prices decrease, and DOM increase in part due to inept middle men taking over "management of these assets" from the direct owners. The over use of internet follow-up systems such as Resnet, Reotrans etc. additionally keeps REO agents out of the field doing what they do best and chains them to a (Desk/computer)system that asks the same questions in triplicate, day after day and generates hate mail for infractions of ridiculous time lines (tasks posted at midnight Friday for info from people who don't work weekends, that are then posted as past due by Monday morning)."*

*"Being an REO listing agent I find the hardest problems are that the negotiator is young, inexperienced and has never had any formal real estate training. Also most of the asset management companies are in Texas, California or India and are not familiar with local real estate and have no idea about weather, winterization etc. Each company should have negotiators in the state the properties are located in and they should have been prior real estate agents, brokers or had real estate training."*

*"Asset managers of REO properties are increasingly finding ways to shift overhead burden to the agents rather than carry it themselves."*

*"REO lenders, through utilizing servicing companies for clean outs and maintenance, are creating greater holding costs than when the real estate agent was responsible for it and properties are not ready to show and are not as clean and yards are not as well maintained. Very poor efficiency in handling REO properties by the lender. Delays on responsiveness on short sales cost the lenders large amounts of dollars because once a short sale is not completed and the property is foreclosed, it generally sells for less than the net on the short sale."*

*"There are many qualified agents/brokers trying to access the REO marketplace and are shut out, unless they have a personal relationship with an Asset Manager. Fannie Mae requires 3 closed REO transactions in the previous 12 months and agents with less than 3 months of actual real estate experience are actually receiving listing on the basis of who they know, not what they know. No consistency in awarding listings and unfair in evaluating true qualifications of the chosen agent/broker."*

*"There are too many REO listings given to just a few agents. It is very hard to work with some of these agents, they do not reply in a timely manner and in most cases because of the over whelming number of listings they have the properties are not over seen by anyone. There are a large number of agents out there; I would think it would be in the best interest of the Lenders to distribute the REO to more agents."*

*"I think the direction of how the changes were made are important, but if they don't do it and tie our hands and our customers, we can't get anything done. I feel some of the bank people think THEY own these properties and get too much authority to throw these and they are HUMANS around. Someone should be seeing what is going here it is disgusting how you are spoken to over the phone. I sincerely feel sorry for anyone in these conditions no wonder our country is the way it is. It is too de-grading as an agent or customer to try and salvage your integrity when they are allowed to treat you like pigs in a pen."*

## **REO Double-Ending**

*"Today I lost a client to an REO listing agent who told my client that he would have to submit an offer through the listing agent to get the house. I feel defeated because I can't report the listing agent to the board because my client will lose the house. At the same time, I've been working with this client everyday for the last 2 months to help him find a house. I feel that all of these housing regulations don't help the small broker or agent. They only benefit the banks, investors and large brokerage firms."*

*"The biggest scam that faces buyers agents in the market are the REO agents that are not supervised and have no accountability for their actions. An example would be a Wells Fargo REO came on the market at 349k, listing agent said there were multiple offers, we also submitted an offer at asking price, property came up sold at 18% less than asking and 18% less than what my buyer offered. My best guess, listing agent double ended it with a friend!"*

## **REO Maintenance**

*"Majority of REO properties will sell more easily if marketed aggressively. Repair of REO properties usually is higher than necessary and most prefer to choose their own colors and styles. Better to market as is unless property is extremely dirty"*

*"I am hoping the process to move these properties become streamlined soon, to remove these houses quickly and return the market conditions to a stable place. Neighborhoods need to be saved from the vacant, vandalized unsafe conditions that the foreclosures bring. Financing needs to be reasonable in their requirements and not punish new buyers for past lender & appraisal wrongdoings."*

## **REO Listing Agents**

*"Keep the interest rates low! The REO's need better communication and quicker response times. Some of the listing agents for REO's have no idea about the neighborhood they are listing properties - they provide incomplete information in the local MLS."*

*"...As a buyer's agent, when trying to get in touch with the REO listing agent, they just don't respond. Then if and when you finally can get them to call you back, it seems there are always multiple offers. I think REO listing agents should be held accountable to do their jobs. Many just give buyers the lockbox code, and allow the buyer to show themselves the property."*

*"... REO Sales should be between the owner of the property and the realtor of their choice. There is no need for additional rules and regulations on realtors in this field. Most of the REO listings agents have worked for years to establish relationships with the lenders they work for."*

*"Reo Sellers need to spread their listings to more agents and have reps in the area evaluating the properties and the agents they have hired. Agents now operate knowing the Bank (Seller) is thousands of miles away and will not know what is being done so they make no effort to market or make the properties saleable knowing that the price reductions will continue until the homes sell. Many of these properties would sell for much more money with little input for cleanup and repair."*

*"There are too many new agents with no experience listing REO's. The majority do not even spend \$100.00 for electronic lock boxes. Code boxes require the buyer's agent to call, leave message and wait for call back for the code to show the house. The option is the listing agent puts the code in the private section of the MLS. Code boxes do not track the showings and encourage vandalism. The agents with just a few REO properties do not have systems and staff in place to work with REO's. These properties are unique and require completely different marketing and staffing than traditional"*



*properties. Strong field staff has virtually stopped vandalism on our properties. Strong internal staff pushes the buyer's agent and lender to perform in a timely manner and eliminates long term fall out. In a nutshell, REO banks should pay stronger attention to the agents they are using."*

*"Short sales are a nightmare to close on. Mortgage companies have to make it easier. Too much paper work, lack of quick response time, lower commissions make it less appealing to sell short sale properties. I want more foreclosures. I use to receive them more from 2 or 3 companies, but 2 of have gone out of business. There are so many agents now that work at getting them. I thought I had to join Res.net to get them and I did \$250. Res.net now asks you to take training from them which cost even more. In the late 90s' and early 2000s' I did more Reo that I do now. It is more difficult to get listings because there are so many agents doing them. Hope that you can pass my name along to companies that need more agents doing foreclosures. I have an assistant and always turn in the BPOs in a timely manner."*

*"I have taken classes, spent monies toward recognition, added extra insurance and do get upset with a 1% commission since I am fronting all expenses, doing all the advertising, doing monthly reports and the buyer's agent who does bring the buyer receives 3% commission. That seems very unfair to me. I am experienced in Reo's for years and am still passed by to inexperienced agents, given less commission, who is the profiting from the sale surely not the listing agent. That really needs to be addressed to be fairer to the person who is doing all the hard work for the banks."*

*"I am an experienced and successful REO agent. I have sold 70+ properties in the past 18 months. The problems in our community ALL stem from agents who are 30, 40 or more miles from the property. They do not have the correct lockboxes. Most of them are too lazy to upload a picture of the property. Most importantly they do NOT maintain their properties so this incites the local communities to crack down on us all. Their negligence further diminishes property values. Agents should be fined for failure to maintain the property and bank should assign the properties to LOCAL agents, not more than 20 miles from the property."*

*"Need buyer agents/brokers to provide feedback to asset managers of REO listing broker's performance during escrow. There are many brokers that need to be removed from the REO listing business."*

*"Biggest thing for REO listings would be to limit the listings to 25 per agent. Also, more experienced agents who have traditionally been "Listing Agents" are better set up to work with REO properties and represent the banks to get the highest price in the shortest amount of time."*

*"We would like to start getting at least some of the REO listings. I feel that the method of giving out REO listings is not according to fair business practices. The listings need to be given out fairly and evenly to all interested brokerages. Short sales are currently a complete waste of time. Lenders need to sign the listing agreements as to asking price and acceptable sales price. Banks need to fast track the current foreclosures to get the*

*nation healthy again and stop punishing those who are paying their mortgages and taxes. Local courts need to fast track the foreclosure filings to get the nation healthy again and stop punishing those who are paying their mortgages and taxes."*

*"Short sales are so slow and difficult that I find very few people who have the personality to put up with the frustration of them. REO sales are bad because the agents who do them are poor communicators and don't really care about getting back to the agents in a timely manner. To get anything from them in the way of information you have to call repeatedly and they don't do anything except their way. Nothing is done in a timely manner. Some are so bad that a lot of agents will not show their listings."*

*"REO properties should only be listed with agents/brokers that are members of multiple MLS services, web site, not a foreclosure web site, a home with other homes. I have come in contact with realtors, or so they like to be called that are not even members of a board of realtors, thus they are "sales associates". Ethics play a large part in the real estate market now and some of the agents have not business selling REO's. I am a past board president, member of several MLS services and I will not "take" a listing if I can not represent the seller to their fullest. I have a team of agents and am one of the lucky broker's that have agents living in surrounding counties; I inspect every REO listing, sales and listings. I am the eyes for a seller in an REO, so we must represent the seller to its fullest."*

*"Equal opportunities for all agents to list REOs. This way, each agent has enough time to care for selling the house at a higher value and to qualified buyers. Listing agent HAS TO send a CONFIRMATION to the selling agent that she/he has received the offer. If for any reason he/she has not submitted the offer, agent should be sued. I have made offers on different properties with the same financing terms as the agent himself made but he never submitted my buyer's offer to double end. My buyer offer was higher and better but never submitted (after I checked the MLS)."*

*"I would like a confirmation from the Owner- Bank, etc. - that they did receive the offer not just an answer from the agent. I feel like I have made offers that have not been communicated due to the immediate reduction in price very close to my offer, whereas, I was told, a simple no. The agent in question was very rude and dismissive about my offers. They need to have the view that they ARE going to get low offers but this helps engage the client in the property and part of their job is to educate the potential buyer on the process. This agent in question would not even return phone calls. I can't imagine how she got the job to list foreclosures, etc."*

*"This is a "good old boy network". Even when REO properties are listed in MLS, the listing agents have their own groups of cronies that have viewed the property prior to listing and the deals are already in the works when they finally hit MLS. The agents are unresponsive, don't answer phone calls, and make it difficult for anyone outside their circle to get a deal accomplished. REO agents in general are crooks!"*

*"Dealing with a terrible REO agent right now who is not in the same county as the house is listed in. Could not get a return phone call to show the house, nor a return call when I called to say I had an offer for four days and wound up e-mailing the offer to her e-mail and a copy to the bank and she then responded spitting venom about procedure. Bad, bad realtor."*

*"REO's seem to be a bit of a scam out here. There are a few agents that have cornered the market. I've seen some pretty shaky stuff going on... There needs to be more open competition for these REO's and banks need to get smarter about choosing their listing agents."*

*"A home with a good agent in good condition should sell without too much difficulty. Many reo agents don't do anything but list the property and wait for other agents to come along. Sometime they might not have seen the property."*

*"Regarding banning buy-side for REO agents: unless they ban an entire company, this does not make sense to me. A REO agent will simply refer the transaction to another agent in his/her firm."*

*"I think all REO properties should be sold through MLS. If people don't know about them they cannot buy them. Banks would make more money as there would be greater potential to be sold for more."*

*"I really think it would be in the best interest of lenders with REO properties to set up a bid system for prequalified agents to use to get REO listings. It should not affect the selling side of the fee but it sure could save the lenders a lot of money on the listing side. Many REO properties are concentrated in a few listing agents. These established agents are getting fat at the lenders expense and there are a lot of really good agents missing out because of this system. The lenders are costing themselves money by relying on existing relationships."*

*"I represented a builder who deeded 11 new homes to the bank; and then the bank had me represent the properties. They asked for a market analysis and based on our recommendations; completed the development, maintained the homes and the yards; and priced right. We have sold 8 of the 11 homes in under 4 months. The bank responds within 24 hours to offers and has completed all inspection requests even though selling "as is". Happy Buyers and Happy Sellers. If banks do not have real estate experience, they should hire real estate personnel to be their asset managers and get the property sold. We have beat the competition because of our clean houses and now reputation for delivering a finished and functioning product."*

*Spread the listings out - too many listings to too few agents creates systems within the normal business practice that fosters non-communication between agents - Some buyers' agents wait weeks to get an answer and even might find the property pending in the MLS without getting a communication back from the listing agent \* REO listing agents must work within the same MLS rules as all agents although they often do not under the guise of seller requirements \* Sometimes the seller (bank) may not be served best when the REO agent also has buyer agents they may favor when the open market might bring a higher sale amount"*

## Comments about This Survey

Respondent comments regarding the survey are presented below.

*"Well done guys! That was a well thought out and easy to take survey!"*

*"Good survey!"*

*"This survey is too long. I like to give my opinion but I have work to do and the length of this one makes me reluctant to do it again."*

*"Thank you for your time and thought for this survey. Looking forward to the results.  
Peggy"*

*"This survey was very good!"*

*"Thank you for very well-thought out options for survey."*

*"I think surveys help. Thank you."*

## Survey Instrument



# Survey of Real Estate Agents on Home Sales and Mortgages—2009

## Respondent Information

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So we can send you the summary survey results, please provide your name and email address. These will be kept confidential—all survey results are reported in aggregate format, without identifying individual respondents.

Your Name\*

email Address\*

\* Confidential but required for return of summary survey results

What is your gender?

☐

Male

☐

Female

What is your position?

If other, please specify:

How long have you been a licensed agent, broker, or broker-owner?

☐

1 year or less

☐

2-4 years

- ☐ 5-10 years
- ☐ More than 10 years

**How many commissioned transactions have you completed in the last 12 months?**

**State where your office is located:**

**Which five-digit postal Zip Code (for example, "90210") accounts for the greatest number of your transactions?**

## Company Information

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Approximately how many agents does your firm have?

- ☐ 1
- ☐ 2 to 10
- ☐ 11 to 100
- ☐ Over 100

What is your firm's affiliation, if any?

- ☐ N/A—no affiliation
- ☐ Century 21
- ☐ Coldwell Banker
- ☐ Crye-Leike
- ☐ ERA
- ☐ GMAC
- ☐ Home Services of America
- ☐ Howard Hanna
- ☐ Keller Williams
- ☐ Long & Foster
- ☐ Prudential
- ☐ Real Living
- ☐ Realty Executive
- ☐ RE/MAX
- ☐ Weichert
- ☐ Other



## Definitions

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Please keep in mind these definitions as you complete the survey

- **“Property” or “home”** refers to residential real estate, including single family homes, multifamily homes up to 4 units, condos, and/or cooperatives
- **“Damaged REO”** refers to Real Estate Owned properties that cannot be inhabited without extensive renovation and/or replacement of fixtures and appliances
- **“Move-in ready REO”** refers to properties that can be immediately inhabited, including properties needing cosmetic repairs
- **“Short sales”** refers to properties that would be sold for less than the mortgage amount outstanding
- **“Non-distressed properties”** refers to any property that is not an REO or short sale
- **“First-time homebuyer”** is a buyer that would qualify for the first-time homebuyer tax credit (not a homeowner for three or more years)
- **“Current homeowner”** is one or more persons principally residing in a property they own
- **“Investor”** is an individual, partnership, or corporation that will not principally reside in a property to be purchased—this includes purchasers of second homes or vacation homes

## Real Estate Market Conditions

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Using your experience as a real estate agent, please characterize typical conditions in your local real estate market during the months of April, May and June 2009. Feel free to skip any market segments where you do not have sufficient knowledge to answer.

| Market Segment                   | Listing Price | Sale Price | Number of Offers | Time on Market |
|----------------------------------|---------------|------------|------------------|----------------|
| <b>Damaged REO</b>               | Select        | Select     | Select           | Select         |
| <b>Move-in ready REO</b>         | Select        | Select     | Select           | Select         |
| <b>Short sales</b>               | Select        | Select     | Select           | Select         |
| <b>Non-distressed properties</b> | Select        | Select     | Select           | Select         |

Optional comments regarding conditions in your local real estate market:

## Buy-Side Transactions

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Have you closed any buy-side transactions during the months of April, May or June 2009?

☐ Yes

☐ No

## Homebuyer Demand for Properties

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Please take a moment to consider the homebuyers—first-time homebuyers, current homeowners, and/or investors—that you have represented as a buy-side agent during the months of April, May and June 2009. Then record your number of closed transactions for each type of homebuyer by the category of property that they purchased. Please skip any type of homebuyer or category of property for which you did not complete any transactions.

### Your Transactions in April, May and June 2009

| Homebuyer Type        | Damaged REO | Move-in ready REO | Short Sales | Non-distressed properties |
|-----------------------|-------------|-------------------|-------------|---------------------------|
| First-time homebuyers | Select      | Select            | Select      | Select                    |
| Current homeowners    | Select      | Select            | Select      | Select                    |
| Investors             | Select      | Select            | Select      | Select                    |

Optional comments on the types of homebuyers in your local market and the category of property that they most often purchase:

## Pending and Cancelled Transactions

---

Please indicate the number of your transactions pending through August 31, 2009 (both buy-side and listing side) with signed Purchase and Sale agreements, by type of homebuyer. You may skip any type of homebuyer where you have no pending transactions:

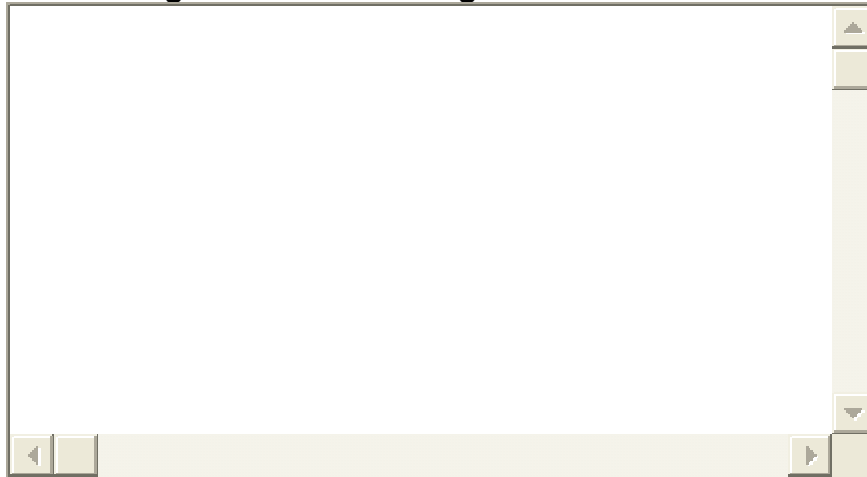
| Type of Homebuyer     | Transactions Pending Through August 31, 2009 |
|-----------------------|--|
| First-time homebuyers | Select <input type="text"/>                  |
| Current homeowners    | Select <input type="text"/>                  |
| Investors             | Select <input type="text"/>                  |

Please indicate the number of your transactions with signed Purchase and Sale agreements (both buy-side and listing side) that have been cancelled or are likely to be cancelled through August 31, 2009, by principal reason for cancellation and time period. If more than one reason applies, please select the single reason that is most important; skip any reason or time period that does not apply.

| Principal Reason for Cancellation                 | Transactions Already Cancelled From April 1, 2009 Through Today | Transactions Likely To Be Cancelled From Today Through August 31, 2009 |
|---|---|--|
| Appraisal issue                                   | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Contingency for sale of current residence         | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Expired or dishonored mortgage rate lock          | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Increase in mortgage rates causes mortgage denial | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Inspection contingency                            | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Invalid mortgage preapproval                      | Select <input type="text"/>                                     | Select <input type="text"/>  |
| Other reasons                                     | Select <input type="text"/>                                     | Select <input type="text"/>  |

If other, please specify:

**Optional comments regarding reasons that transactions with signed Purchase and Sale agreements are being cancelled:**



## Current Real Estate Listings

---

Do you currently have any residential real estate listings for non-REO properties?

☐ Yes

☐ No

## Motivations of Home Sellers

---

Please think of the number of non-REO listings you currently have and then specify the number of home sellers by motivation. If more than one motivation applies, please select the single motivation that is most important; skip any motivation that does not apply.

| Motivation for Listing                   | Number of Current Listings |
|--|----------------------------|
| Divorce or estate sale                   | Select ▼                   |
| Financial stress (including short sales) | Select ▼                   |
| Long-distance relocation                 | Select ▼                   |
| Unforced or optional listings            | Select ▼                   |
| Other home sellers                       | Select ▼                   |

Please select the significant reasons that homeowners are choosing to not list their homes for sale and/or take their homes off the market (select all that apply):

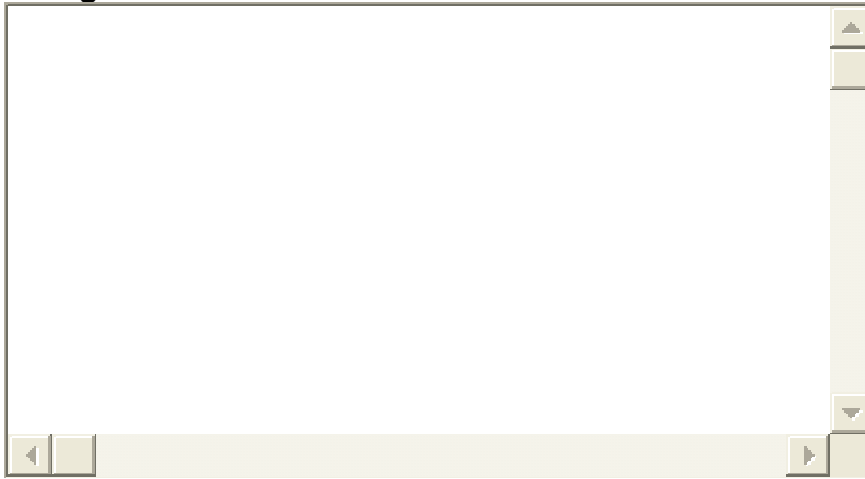
- ☐ Competition with listings of distressed properties
- ☐ Economic uncertainty or fear of job loss
- ☐ Falling property prices (“bad time to sell”)
- ☐ Unable to qualify for mortgage on new property
- ☐ Underwater on existing mortgage
- ☐ Other (please specify)

If property prices were to increase by 5%, please estimate the percentage change in the number of unforced or optional home listings:

 ▼



**Optional comments on why homeowners are or are not currently interested in listing homes for sale:**



## Motivations of Homebuyers

---

Please select the significant motivations of homebuyers (select all that apply):

| Motivation   | First-time Homebuyers    | Current Homebuyers       |
|--|--------------------------|--------------------------|
| Better neighborhood or school district                         | <input type="checkbox"/> | <input type="checkbox"/> |
| Cheaper to own than rent                                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Expectation of future home price appreciation                  | <input type="checkbox"/> | <input type="checkbox"/> |
| Good selection of properties                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government incentives to buy (tax credits, mortgage deduction) | <input type="checkbox"/> | <input type="checkbox"/> |
| Job relocation   | <input type="checkbox"/> | <input type="checkbox"/> |
| Low mortgage rates   | <input type="checkbox"/> | <input type="checkbox"/> |
| Low property prices  | <input type="checkbox"/> | <input type="checkbox"/> |
| Retirement relocation  | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (please specify)   | <input type="checkbox"/> | <input type="checkbox"/> |

If other, please specify:

Please select the significant impediments to first-time homebuyers (select all that apply):

- ☐ Appraisal standards
- ☐ Cannot obtain rehab loan for damaged REO
- ☐ Credit score for mortgage
- ☐ Downpayment for mortgage
- ☐ FHA approval
- ☐ Poor selection of move-in ready properties
- ☐ Private mortgage insurance
- ☐ Qualifying income for mortgage
- ☐ Remaining lease term on rental

- ☐ Slow answers on REO offers
- ☐ Slow answers on short sale offers
- ☐ Uncertainty in finding trustworthy lender
- ☐ Unfamiliarity with home purchase process
- ☐ Other (please specify)

if other, please specify:

**Please select the significant impediments to current homeowners looking to upsize, downsize, or move-over (select all that apply):**

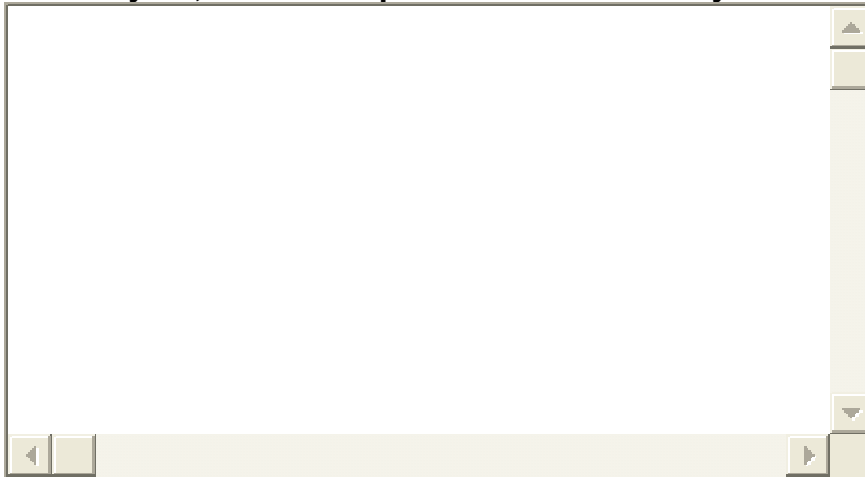
- ☐ Appraisal standards
- ☐ Cannot obtain rehab loan for damaged REO
- ☐ Credit score for mortgage
- ☐ Downpayment for mortgage
- ☐ FHA Approval
- ☐ Poor selection of move-in ready properties
- ☐ Private mortgage insurance
- ☐ Qualifying income for mortgage
- ☐ Sale of current residence
- ☐ Slow answers on REO offers
- ☐ Slow answers on short sale offers
- ☐ Uncertainty in finding trustworthy lender
- ☐ Unfamiliarity with home purchase process
- ☐ Other (please specify)

if other, please specify:

**Which type of homebuyer would be most negatively affected by a 1 percentage point increase in mortgage rates?**

- ☐ All affected equally
- ☐ First-time homebuyer
- ☐ Current homeowner
- ☐ Investor

**Optional comments regarding the effect of increased mortgage rates on homebuyers, or other impediments to homebuyers:**



## Upper-End/Lower-End of Local Real Estate Market

---

We define the “upper-end” of the real estate market as properties listed within the top 25% of prices.

We define the “lower-end” of the real estate market as properties listed within the bottom 25% of prices.

Using your experience as a real estate agent, please characterize typical conditions in upper and lower ends of your local real estate market during the months of April, May and June 2009. Feel free to skip either segment if you do not have sufficient knowledge to answer.

| Market Segment | Listing Price | Sale Price | Number of Offers | Time on Market |
|----------------|---------------|------------|------------------|----------------|
| Upper-End      | Select        | Select     | Select           | Select         |
| Lower-End      | Select        | Select     | Select           | Select         |

Please select the characteristics that strongly apply to the upper and lower ends of your local real estate market (select all that strongly apply):

| Characteristics           | Lower-End of Market      | Upper-End of Market      |
|---------------------------|--------------------------|--------------------------|
| Transactions growing      | <input type="checkbox"/> | <input type="checkbox"/> |
| Prices declining          | <input type="checkbox"/> | <input type="checkbox"/> |
| Damaged REO               | <input type="checkbox"/> | <input type="checkbox"/> |
| Move-in ready REO         | <input type="checkbox"/> | <input type="checkbox"/> |
| Short sales               | <input type="checkbox"/> | <input type="checkbox"/> |
| Non-distressed properties | <input type="checkbox"/> | <input type="checkbox"/> |
| First-time homebuyers     | <input type="checkbox"/> | <input type="checkbox"/> |
| Current homebuyers buying | <input type="checkbox"/> | <input type="checkbox"/> |
| Investors buying          | <input type="checkbox"/> | <input type="checkbox"/> |

| Characteristics      | Lower-End<br>of Market   | Upper-End<br>of Market   |
|----------------------|--------------------------|--------------------------|
| Fannie/Freddie loans | <input type="checkbox"/> | <input type="checkbox"/> |
| FHA loans            | <input type="checkbox"/> | <input type="checkbox"/> |
| Few mortgage options | <input type="checkbox"/> | <input type="checkbox"/> |

## Factors in Mortgage Recommendations

Please rate the importance of the following factors in selecting a mortgage provider to recommend to your clients:

*1=Not Important*

| <u>Factors</u>   | NA                       | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Mortgage rates and closing costs                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal relationship with loan officer                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reliable pre-approval letters                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reliable in meeting scheduled closing date             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mortgage provider has partnership with my firm         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mortgage provider checks homebuyers' credit in advance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| High likelihood of mortgage approval                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Brand name of mortgage provider                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Branch office in local community                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

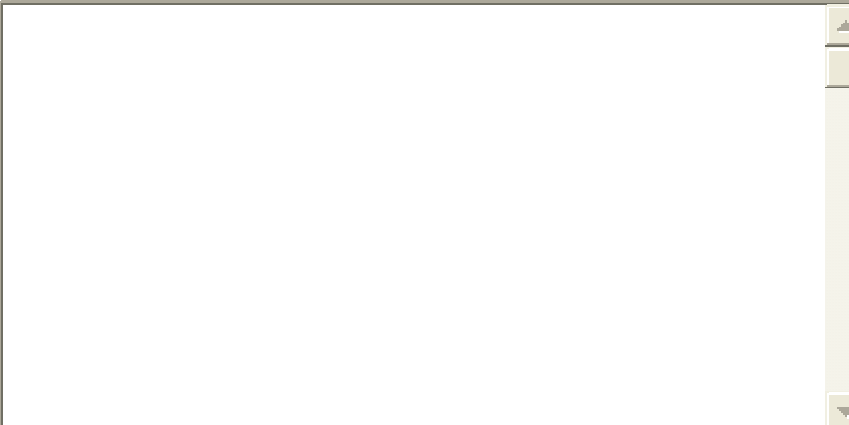
Please select the most important factor in recommending a mortgage provider to your clients, by type of homebuyer (please skip any type that does not apply):

| <u>Type of Homebuyer</u> | <u>Most Important Factor</u>            |
|--------------------------|---|
| First-time homebuyers    | Select <input type="button" value="v"/> |
| Current homeowners       | Select <input type="button" value="v"/> |
| Investors                | Select <input type="button" value="v"/> |

**Please select the typical number of strong recommendations you make for mortgage provider(s) and the percentage of your clients accepting your recommendation by type of homebuyer:**

| Type of Homebuyer     | Number of Strong Recommendations for Mortgage Providers | Percentage of Clients Accepting Your Recommendation |
|-----------------------|---|---|
| First-time homebuyers | <input type="text" value="Select"/>                     | <input type="text" value="Select"/>                 |
| Current homeowners    | <input type="text" value="Select"/>                     | <input type="text" value="Select"/>                 |
| Investors             | <input type="text" value="Select"/>                     | <input type="text" value="Select"/>                 |

**Optional comments on mortgage financing for various types of homebuyers:**





## Rating of Mortgage Lender

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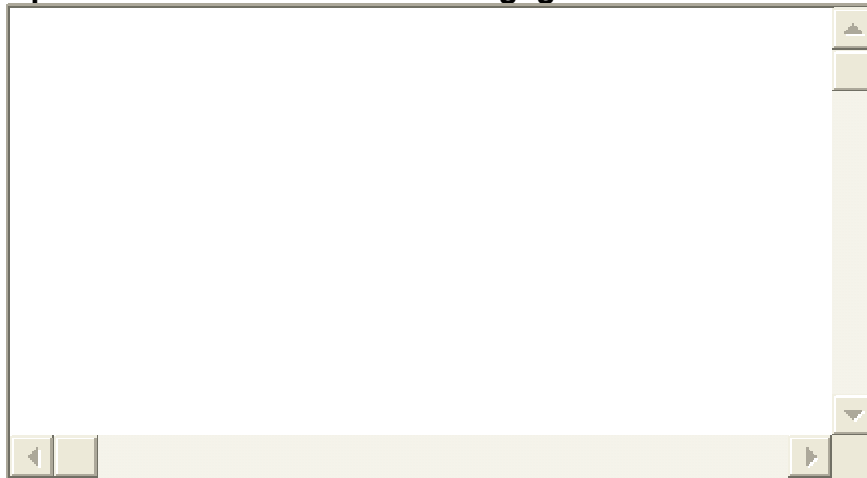
Please rate a direct lender (not a mortgage broker) that you are familiar with:

If other, please specify:

1=Poor

| <u>Rate Lender</u>                                   | NA                       | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Mortgage rates and closing costs                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal relationship with loan officer              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reliable pre-approval letters                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reliable in meeting scheduled closing date           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mortgage lender has partnership with my firm         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mortgage lender checks homebuyers' credit in advance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| High likelihood of mortgage approval                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Brand name of mortgage lender                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Branch office in local community                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Overall rating                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Optional comments on this mortgage lender:**



## Government Actions

Please rate the impact of actions that the government has taken or could take to increase home sales and stabilize home prices:

0=No Impact

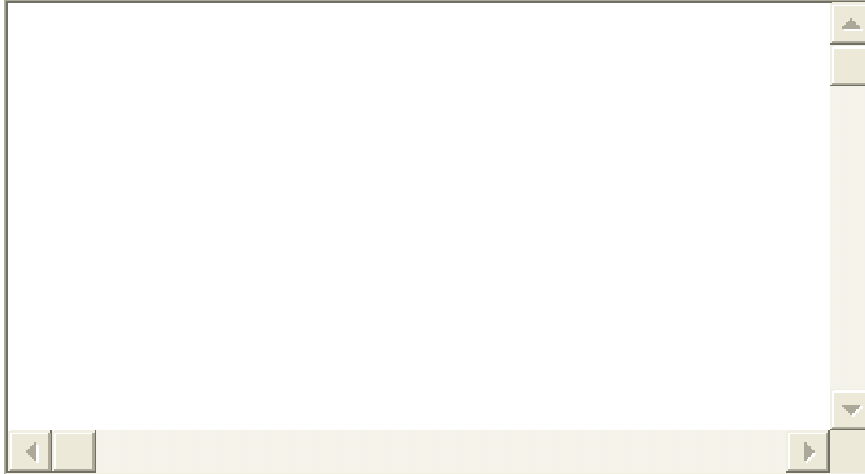
| <u>Previous Government Actions</u>               | 0                        | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| First-time homebuyer credit                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| First-time homebuyer credit applied to FHA loans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Foreclosure moratorium                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Financial incentives for short sales             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reduced mortgage rates                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Refinances up to 105% LTV                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Subsidy for loan modifications                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| <u>Potential Government Actions</u>                              | 0                        | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$8,000 tax credit for all homebuyers                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| \$8,000 tax credit for buying REO                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Appraisals to not include REO comparables                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Easier rehab loan programs for REO                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Higher jumbo loan limit  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mandated one-week response time on short sale offers             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Require local appraisers   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mandated standardization of short sale process                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| PR campaign -- "Stripping pre-foreclosure properties is illegal" | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Prosecution of those damaging REO properties                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**If Other, please specify:**

**Optional comments regarding government actions for the housing market:**



## Experience with Short Sales

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Have you worked with a mortgage servicer on a short sale in the past six months, either as a listing agent or buy-side agent?

☐ Yes

☐ No

## Short Sale Transactions

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Please select a mortgage servicer that you have worked with on a short sale:

- ☐ America's Servicing Company
- ☐ Bank of America
- ☐ Chase Mortgage
- ☐ CitiMortgage
- ☐ Countrywide
- ☐ GMAC
- ☐ Wells Fargo
- ☐ Other (please specify)

In your personal experience as a real estate agent, please indicate the time it takes this servicer to provide a “yes” or “no” response to a short sale offer:

- ☐ Less than 1 week
- ☐ 1 week
- ☐ 2 weeks
- ☐ 3 weeks
- ☐ 4 weeks
- ☐ 5 weeks
- ☐ 6 weeks
- ☐ 7 weeks
- ☐ 2 months
- ☐ 3 months
- ☐ 4 months
- ☐ Over 4 months

Please rate the impact of potential actions that mortgage servicers could take to increase short sales:

*0=No Impact*

| <a href="#">Potential Actions</a>                            | 0                        | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Hire negotiators with real estate experience                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Make less negative credit reports                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mandate limit of 25 properties per negotiator                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay \$1,000 to second lien holders                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay \$1,500 cash for keys                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay full 6% commissions                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Provide consistent one week “yes” or “no” response to offers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Provide direct phone numbers for negotiators                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Provide single point of contact for negotiation              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Suspend foreclosure proceedings while offers pending         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Standardize short sale process across servicers              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Waive deficiency notes                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Waive financial disclosures                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

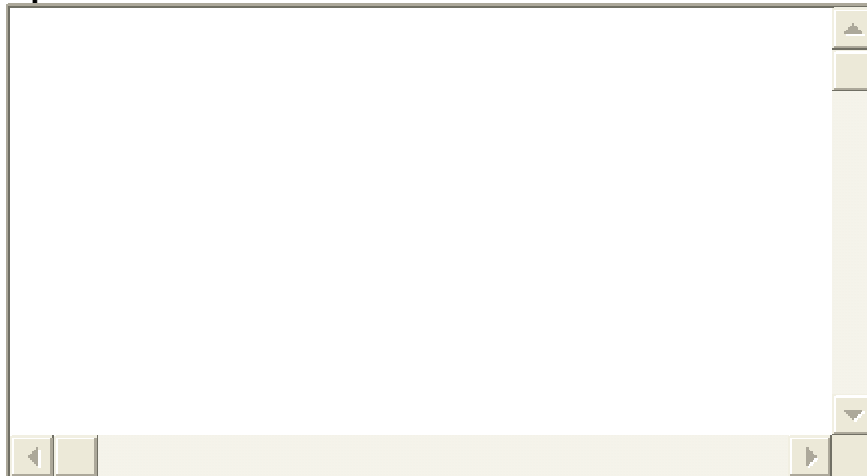
If Other, please specify:

In your experience as a real estate agent, what percent of failed short sale transactions are listed for less after foreclosure than the best short sale offer?

In your opinion as a real estate agent, how much will the recently announced government financial incentives for short sales—\$1,000 for servicers, \$1,000 for second lien holders, and \$1,500 cash for keys—increase the number of short sales transactions?

In your opinion as a real estate agent, how much would a consistent one week “yes” or “no” response time on offers to buy short sale properties increase the number of short sales transactions?

**Optional comments about short sale transactions:**





## Experience with REO Transactions

---

Have you worked on an REO sale in the past six months, either as a listing agent or buy-side agent?

- ☐ Yes, listing agent only
- ☐ Yes, buy-side agent only
- ☐ Yes, both listing and buy-side agent
- ☐ No

## REO Transactions

Please rate the impact of potential actions asset managers could take to sell REO properties with lower overall losses (net of any additional property-related expenses):

0=No Impact

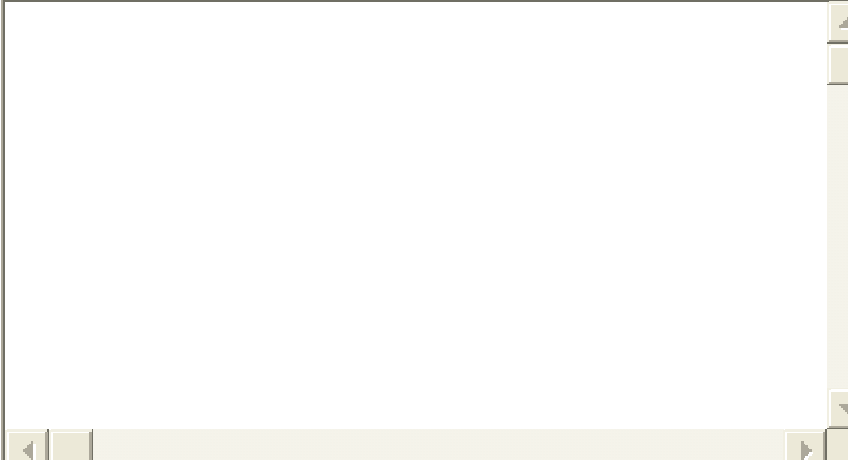
| Potential Actions   | 0                        | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Accept mortgage prequalifications from any licensed lender          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ban REO listing agents from collecting buy-side commissions         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Provide consistent one week “yes” or “no” response to offers        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hire negotiators with real estate experience                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Impose limit of 25 REO listings per agent                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay 6% real estate commissions                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay for cosmetic repairs to REO properties                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay for major rehab to REO properties                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Provide REO agents direct phone numbers for negotiators             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Replace missing appliances (stove, hot water heater, furnace, etc.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Require MLS listings of REO properties                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Require photos in MLS of REO properties                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Require REO agents located within 20 miles of property              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Turn on utilities for inspections                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If Other, please specify:

Select 

Select 

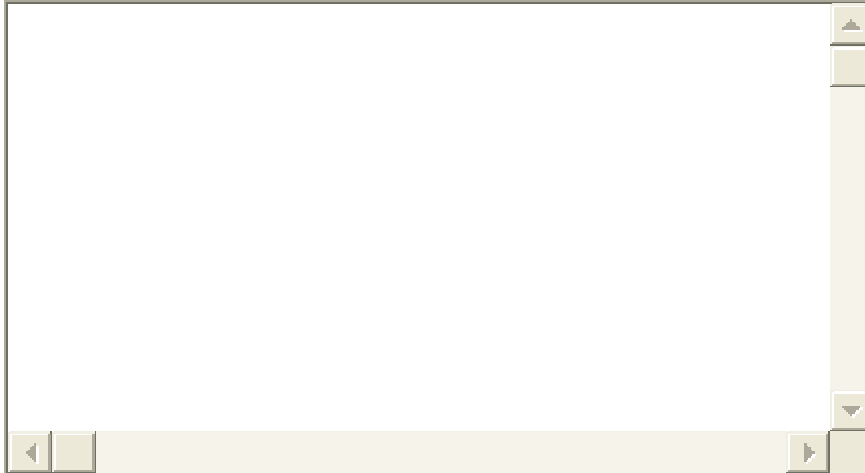
Select 



## Other Optional Comments

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Optional comments about real estate market conditions, availability of mortgage financing, short sales, REO sales, and/or this survey:



*Thank you for completing the survey.*

**Real Estate Agents Report on  
Home Purchases and Mortgages  
Summary Report**

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