



# ***Mega REO Agent Survey***

*Research of the business practices of high-performing REO agents*

# Overview

We invited a selective group of 130 high-performing REO agents to participate in this research.

## Criteria:

- Agents had to close a minimum of 75 transactions in 2008 and spend at least 50% of their business conducting REOs.
- Approximately 45% of agents we surveyed participated in our research.

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# Respondent Profile

- The average respondent has **7** team members and closed approximately **179** transactions last year.
- **51%** have been in real estate for **more than 10 years**.
- **49%** have **between 3 to 10 years** of experience of working with REOs.

**Question:** Approximately how long have you been in the business?

	2 yrs or less	3-5 yrs	6-10 yrs	11-15 yrs	16-20 yrs	More than 20 yrs
Number of years in real estate	0%	11%	38%	20%	11%	20%
Number of years working with REOs	24%	25%	29%	11%	7%	4%

# Respondent Profile

The average respondent conducts approximately **275** Broker Price Opinions (BPOs) per year.

**36%** were fee-based BPOs  
**64%** were non-fee based



# Market Trends

**55%** of respondents are experiencing **increasing REO activity** in their market.  
**78%** are seeing **more short sales**.

**Question:** What trends are you seeing in your market in the last six months?

	<b>Are Increasing</b>	<b>Are Decreasing</b>	<b>Are Remaining About the Same</b>
REOs	<b>55%</b>	29%	16%
Short Sales	<b>78%</b>	2%	20%
Traditional Sales	16%	<b>51%</b>	33%

# Affiliations and Training



# Affiliations/Training/Minimum Production Requirements

**Question:** In order to receive REO assignments from asset companies, are you typically required to have specific affiliations, training, or minimum production requirements?

## % of agents that said the following is required by asset companies

Affiliations (REO Mac member, local boards, etc.)	56%
Specific Training (Default School, etc.)	57%
Minimum Production Requirements	38%

### Selected Comments

- *Although not typically required, involvement in all the above is looked upon favorably. Verifiable performance, involvement, and measurements are a must.*
- *I have found that there is mostly a need for solid references in the REO/BPO industry more than other affiliations.*
- *All of the above look good on your resume. Many of the banks and asset management companies ask for certifications. It certainly helps to have affiliations.*
- *Need to be a member of local board. Assignments always come more from relationships and lead generation than performance.*
- *Requirements seem to be increasing with more agents competing for business.*
- *Experience was more crucial in the beginning. Now the focus seems to have shifted to “who” is paying to get these certifications.*

# REO Training Courses and Events

A list of classes taken, conferences attended, and general educational resources

1. Mortgage Servicer Specific Conferences (Wells Fargo, Fidelity, IndyMac, etc.)
2. REO Mac Conferences
3. Five Star
4. Keller Williams REO Training (Family Reunion, Masterminds, etc.)
5. National REO Brokers Association (NRBA)
6. Default School
7. REO Trans Certification
8. Certified Distressed Property Expert (CDPE)
9. Millionaire REO Systems – Chris Guldi
10. National Valuation Standards Institute (NCSI)
11. Bob Shelton BPO Boot Camp
12. Certified Foreclosure Specialist
13. National Foreclosure Sales Training Institute (NFSTI)
14. REO Renegades
15. Source Media Mortgage Servicing conference
16. Information Specific Courses: Residential Energy Services Network (RESNet), Mold, Paint
17. Mortgage Servicer Platform Specific Training: FIS Billing

# Expenses and Reimbursements



# Out-of-Pocket Expenses

The average out-of-pocket expense per transaction is estimated to be around **\$1,500**.



# Out-of-Pocket Expenses and Reimbursements

<b>Question:</b> <b>Please describe some of your typical out-of-pocket expenses for REO transactions.</b>	<b>Is this a typical out-of-pocket expense?</b> (% that said yes)	<b>Typical Amount Spent</b>	<b>Reimbursement Rate</b> (% said this item is reimbursed 90-100% of the time)
Utilities	98%	\$50-\$300	80%
Property rekeyed	91%	\$100-\$150	81%
Lawn maintenance	84%	\$50-\$150	92%
Secure property	80%	\$100-\$300	91%
Initial yard clean	78%	\$100-\$250	94%
Trash out (personal property removal)	78%	\$250-\$1,000	94%
Maid service	67%	\$50-\$250	93%
Lender-required repairs	59%	\$500-\$2,000	88%
Property winterized	55%	\$100-\$200	96%
Electrical	52%	\$300-\$600	95%
Plumbing	48%	\$300-\$500	100%
Paint	45%	More than \$1,500	100%
Heating	45%	\$200-\$500	100%
Carpet	43%	\$50-\$75	100%
Snow removal	35%	More than \$2,000	92%

# Out-of-Pocket Expenses and Reimbursements

## Selected Comments

- *Out-of-pocket expenses vary so much from property to property.*
- *My biggest expense is for my HUD listings--maintaining proper signage (window and yard signs) and paying for my inspector to go out weekly for reinspections.*
- *My runner who views properties on a weekly basis costs me around \$1,000 per month, which is never reimbursed.*
- *Other typical out-of-pocket expenses include permit inspections, pool inspections, HOA and condo fees, liens for back utilities, city point of sale inspections that are required in order to transfer, vacant property certificates, and police and/or fire reports if necessary.*
- *Association dues have become a huge issue and can run into the thousands.*
- *Anything that is not part of Field Asset Services, or Safeguard Properties guidelines I pay for.*

# Expenses and Reimbursements

**Question:** Please rate how well you track your expenses and reimbursements.

**More than 80% of respondents rated themselves as good or excellent.**

	<b>Extremely Poor</b> (1-2)	<b>Poor</b> (3-4)	<b>Mediocre</b> (5-6)	<b>Good</b> (7-8)	<b>Excellent</b> (9-10)
<b>Expenses</b>	4%	7%	7%	<b>38%</b>	<b>44%</b>
<b>Reimbursements</b>	4%	4%	9%	<b>33%</b>	<b>51%</b>

# Expenses and Reimbursements

**Question:** Please rate how well you track your expenses and reimbursements.

## Selected Comments

- *Counting pennies is the name of the game in an REO business.*
- *REO agents MUST have cash flow to pay REO utility bills, mowing, contractors, etc., then get reimbursed later.*
- *We are very detailed-oriented.*
- *Lead with reimbursements is the mantra in the REO business.*
- *Tracking your expenses and reimbursements is the hardest thing to do as an REO agent.*
- *Need to watch reimbursements closely and make sure all invoices are in by settlement. Banks will not reimburse if invoices are received after 15 days post-settlement (except final utility bills).*

# Key Changes in Expenses Within the Last 6 Months

**Question:** In the last six months, have you experienced any key changes with your out-of-pocket expenses?

## Selected Comments

- *More REO asset management companies have outsourced the initial and ongoing services, which has made it more difficult to get done, but less costly for us.*
- *My out-of-pocket expenses have gone down significantly as some of my larger accounts have now contracted with servicing companies for much of the basic service, rekeys, securing, detrashing, etc.*
- *It is taking longer for asset companies to reimburse us and requirements for reimbursements are getting tighter.*
- *The time for the reimbursement window appears to be getting smaller, and if you are not on top of it, you will not get paid.*
- *We now pay for “Cash For Keys” expense with some clients, but we do get reimbursed.*
- *Some banks are making repairs if a property can be geared toward FHA financing without an exorbitant amount of repairs involved.*

# Reimbursements

**Question:** What is the typical time it takes to get reimbursed?



30 days	12%
45 days	25%
60 days	20%
75 days	2%
90 days	27%
More than 90 days	14%

73% of agents said that it typically takes between 45 and 90 days to get reimbursed.

# Reimbursements

## Selected Comments

- *It varies so much from asset company to asset company. Some reimburse us in 30 days but others stretch it out to 90 days.*
- *Your billing clerk has to watch this part like a hawk!*
- *Most companies we work with are very quick to reimburse with lower-priced items. The higher-priced expenses take longer.*
- *Some banks want invoices sent in once a month. Others want them within 15 days of service on average.*
- *Some expenses are paid within 7 days. For “cash for keys”, the check to the occupant will arrive next day air.*
- *As long as we submit what is required in a timely fashion, 30 to 45 days is generally the longest time it takes.*

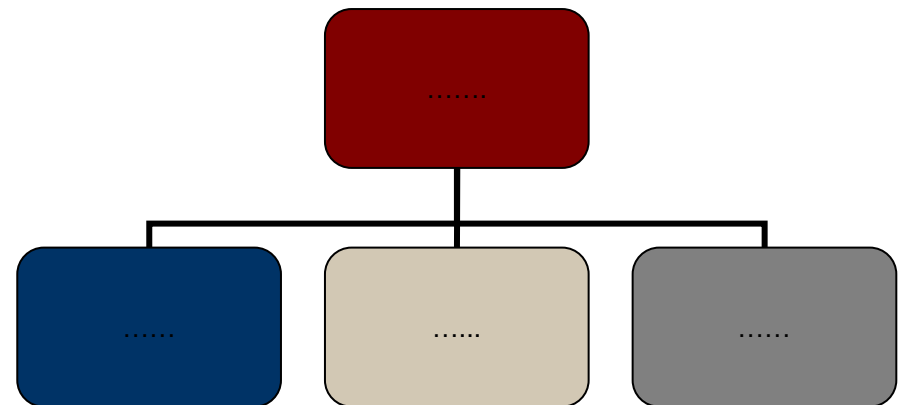
# Organizational Structure and Compensation Strategies



## Organizational Structure and Compensation

# Key Roles – Responsibilities and Compensation

- *We've compiled and categorized key trends from the survey.*
- *Every team varies in its team structure. Many REO teams combine roles and share duties.*
- *We wanted to show the full range of listed responsibilities as given by the agents.*
- *As a result, some of the job duties may occasionally appear out of place.*



# Organizational Structure and Compensation

## Mega Agent

Mega Agent		
Common Titles	Key Responsibilities Listed	Compensation Structures
Team Lead Lead Agent Rainmaker Team Leader Director Principal Partner Business Partner Associate Broker President REO Director Lead Generator	Train / Coach / Consult Lead generation Distribute leads Manage client relationships Hire / Fire / Manage (HR) benefits management Manage key staff members Negotiate sales Final problems near close Execute marketing plan Communicate with occupants on evictions BPOs	<b>Commission</b> Commission plus commission split Salary Salary plus commission split Salary plus profit Owner Profit

# Organizational Structure and Compensation

## Buyer Specialist

Buyer Specialist		
Common Titles	Key Responsibilities Listed	Compensation Structures
Buyer Specialist Buyer Agent Investor Relations Agent Lead Buyer Agent Realtors	Lead generate for buyers Handle buyer leads Weekly buyer/sign calls Screen buyers Secure appointments Get buyer agreements Represent buyers Show and sell Check assigned properties Handle marketing Manage TOP PRODUCER tasks Negotiate offers Write contracts Close deals	<b>Commission</b> Commission Split (50/50 or 60/40 plus flat fee, split variations based on volume) <b>Salary</b> Salary plus bonus Flat fee per transaction

# Organizational Structure and Compensation

## Listing Specialist

Listing Specialist		
Common Titles	Key Responsibilities Listed	Compensation Structures
Listing Specialist Listing Agent Listing Manager REO Specialist Lead Listing Specialist Director of Luxury Homes	Lead generate new clients (Banks or traditional) Convert leads Secure appointments Secure listing Take photos Work with asset managers and clients Communicate pertinent activity to investors Follow up Show property Negotiate offers Submit offers Inspect property Monitor property Manage listing Handle BPO, MSRs, bids Manage REO assets in office and field Supervise reimbursements Handle evictions	<b>Commission</b> Commission Split (25/75, 30/70, 50/50, 20/80, split variations based on volume) (some pay own cap) <b>Salary</b> Salary plus bonus Salary plus bonus plus health benefits Salary plus commission split

# Organizational Structure and Compensation

## Field Operations Specialist

Field Operations Specialist		
Common Titles	Key Responsibilities Listed	Compensation Structures
Field Operations Field Reps Field Service Field Manager Service Coordinator Property Service Specialist Property Preservation Specialist Property Manager Runner Utilities Specialist Utility Coordinator Property Inspector Inspector	Handle all field activities Monitor and inspect properties Turn utilities on/off Take photos Conduct occupancy checks Set up lock boxes Stock fliers Post property information Conduct deliveries Deposit checks Conduct assessments Get bids from contractors Coordinate repairs Perform handyman services Monitor vendors and their work	<b>Hourly</b> Hourly plus mileage Hourly plus mileage plus car Hourly plus benefits Hourly plus flat fee per task Flat fee per task Salary % of gross (list side sales)

# Organizational Structure and Compensation

## Transaction Coordinator

Transaction Coordinator		
Common Titles	Key Responsibilities Listed	Compensation Structures
Transaction Coordinator Transaction Manager Closing Manager Closing Coordinator Sales Coordinator Offer Coordinator REO Transaction Coordinator REO Traffic Controller	Handle contract-to-close tasks Process paperwork Answer phone and email Submit offers Keep listing information current Handle billing and reimbursements Conduct TOP PRODUCER tasks Manage HOA data Handle BPOs, MMRs, and CDAs Enter information into Greensheet Coordinate escrow	<b>Salary</b> Salary plus bonus Salary plus hourly Salary plus bonus plus Profit Share Hourly Flat fee Commission

# Organizational Structure and Compensation

## Administrative Assistant

Administrative Assistant		
Common Titles	Key Responsibilities Listed	Compensation Structures
Administrative Assistant	Answer phones	<b>Salary</b>
Office Assistant	Enter info into MLS	Salary plus health benefits
Expeditor (Generalist)	Enter data and process monthly bank updates	Hourly
General Assistant	Maintain files and database	Hourly plus per-unit bonus
Executive Assistant	Handle billing and reimbursements	
Data Entry/Admin	Conduct field operations (utilities, etc.)	
Front Desk	Work with contractors	
Receptionist	Handles some transaction coordinator responsibilities	
Listing Coordinator	Conduct TOP PRODUCER activities	

# Organizational Structure and Compensation

## Billing Specialist

Billing Specialist		
Common Titles	Key Responsibilities Listed	Compensation Structures
Billing Specialist Accounting Technician Billing Coordinator Billing Manager Billing Administrator/Office Assistant Accountant Bookkeeper	Manage financials Keep track of accounts payable and receivable Handle billing, invoicing, and reimbursements Run payroll	<b>Salary</b> Hourly Hourly plus bonus per closing

# Organizational Structure and Compensation

## Lead Admin

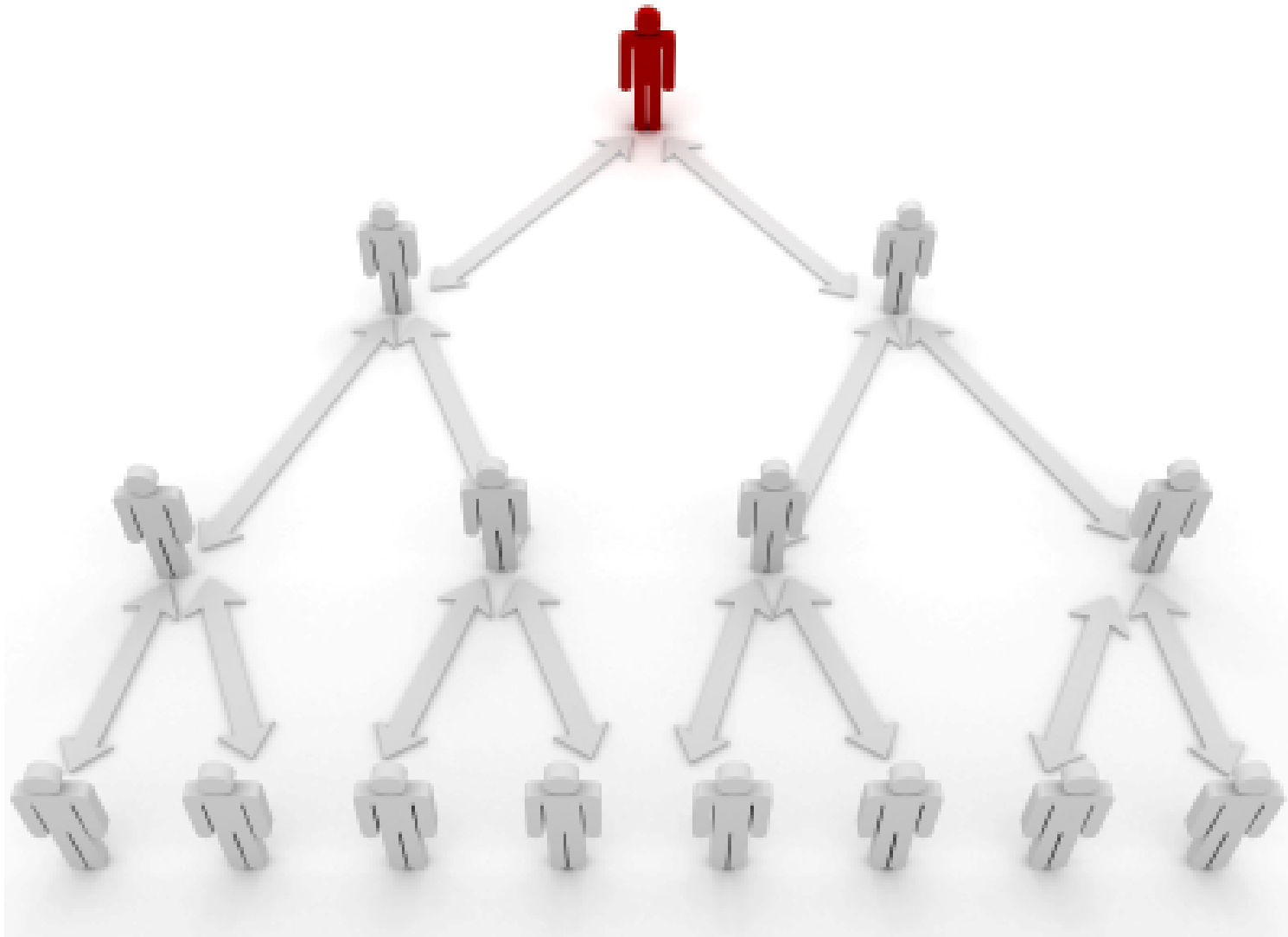
Lead Admin		
Common Titles	Key Responsibilities Listed	Compensation Structures
REO Manager Office Manager Team Manager Business Development Manager Administrative Manager Chief EA	Manage staff Recruit Lead generate and execute systems (Business development/contracts/negotiations/offer management/closing, etc.) Manage communication systems (phone, email, vendor relations, etc.) Oversee financial systems (reimbursements, etc.) Supervise marketing activities Carry out general office tasks Manage contract-to-close paperwork Handle evictions and "cash for keys" Oversee listing maintenance Handle BPOs and bids	<b>Salary</b> Salary plus bonus After-profit salary Hourly Hourly plus unit and volume bonus % of each deal closed

# Organizational Structure and Compensation

## BPO Specialist

<b>BPO Specialist</b>		
<b>Common Titles</b>	<b>Key Responsibilities Listed</b>	<b>Compensation Structures</b>
BPO Specialist BPO Administrator BPO Data Entry BPO Coordinator Technical Assistant BPO Manager Valuations Coordinator	Conduct BPO valuations and research Enter data Create monthly reports Communicate to investors	<b>Salary</b> Flat fee per BPO Flat fee per BPO and per task Hourly

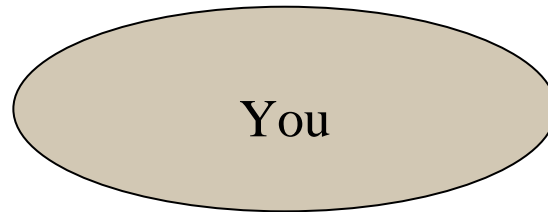
# MREA REO Model



# MREA REO MODEL: **Level 1**

**SALES AND MARKETING**

**ADMINISTRATION AND PROCESSING**



# MREA REO MODEL: Level 2

SALES AND MARKETING

ADMINISTRATION AND PROCESSING



You



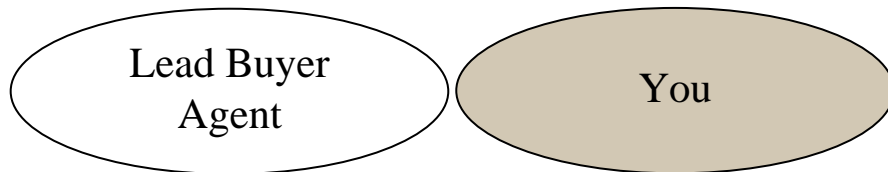
First Assistant

**Comments**

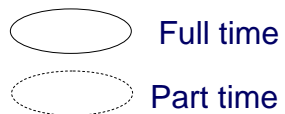
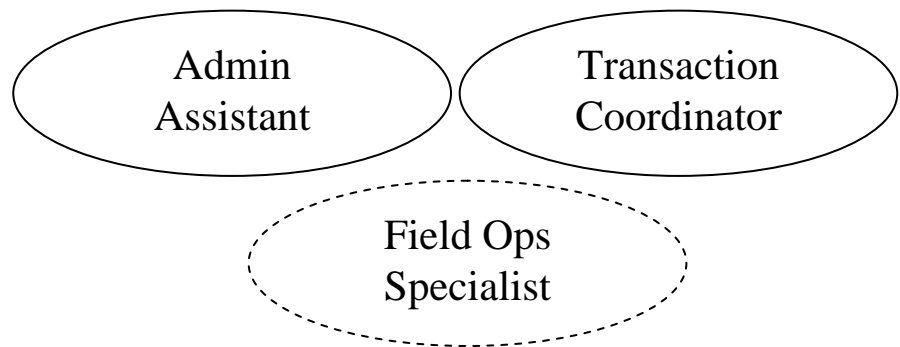
*First Assistant: Billing specialist, transaction coordinator, field operations specialist, general office admin*

# MREA REO MODEL: Level 3

## SALES AND MARKETING



## ADMINISTRATION AND PROCESSING

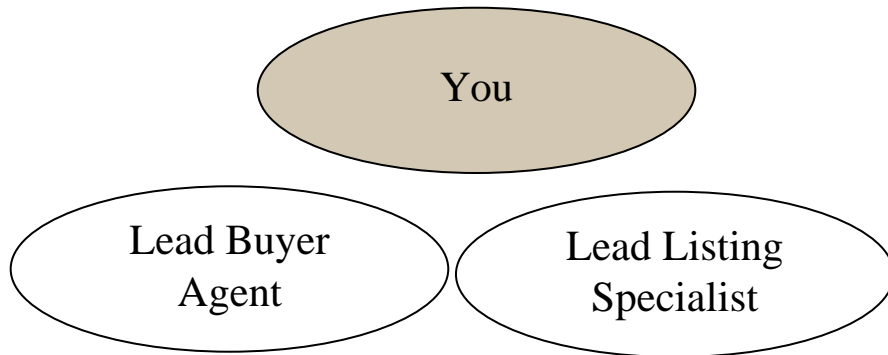


### Comments

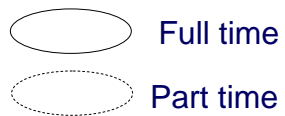
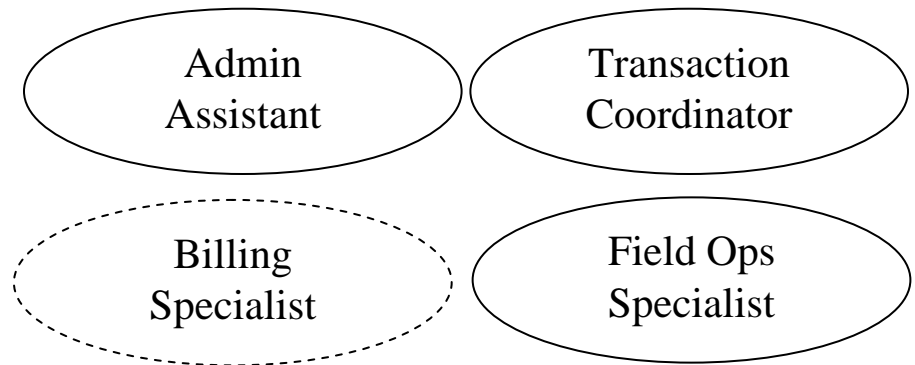
- Admin Assistant: Billing specialist, BPO specialist, some field operations
- Transaction Coordinator: Contract-to-close paperwork
- Field Ops Specialist: Runner (lockbox, flier, etc.), utilities, property preservation, inspection, repair coordination

# MREA REO MODEL: Level 4

## SALES AND MARKETING



## ADMINISTRATION AND PROCESSING



### Comments

1. Billing Specialist: Invoicing, billing, accounting, etc.

# MREA REO MODEL: Level 5

## SALES AND MARKETING

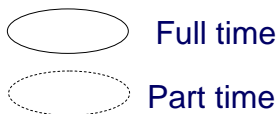


## ADMINISTRATION AND PROCESSING



### Comments

- *Lead Admin: Typically focuses more on general office admin; some are licensed positions and more involved with transactions, some are actual managers of other positions, others focus exclusively on general admin.*
- *BPO Specialist: Focus primarily on BPOs. Some conduct research and valuations, others enter data only.*
- *REO Specialist: Agent who focuses exclusively on REOs. They can do much of the admin for REOs (i.e. field operations, billing, and BPOs) or most can be delegated.*



# MREA REO MODEL: Level 6

## SALES AND MARKETING

## ADMINISTRATION AND PROCESSING



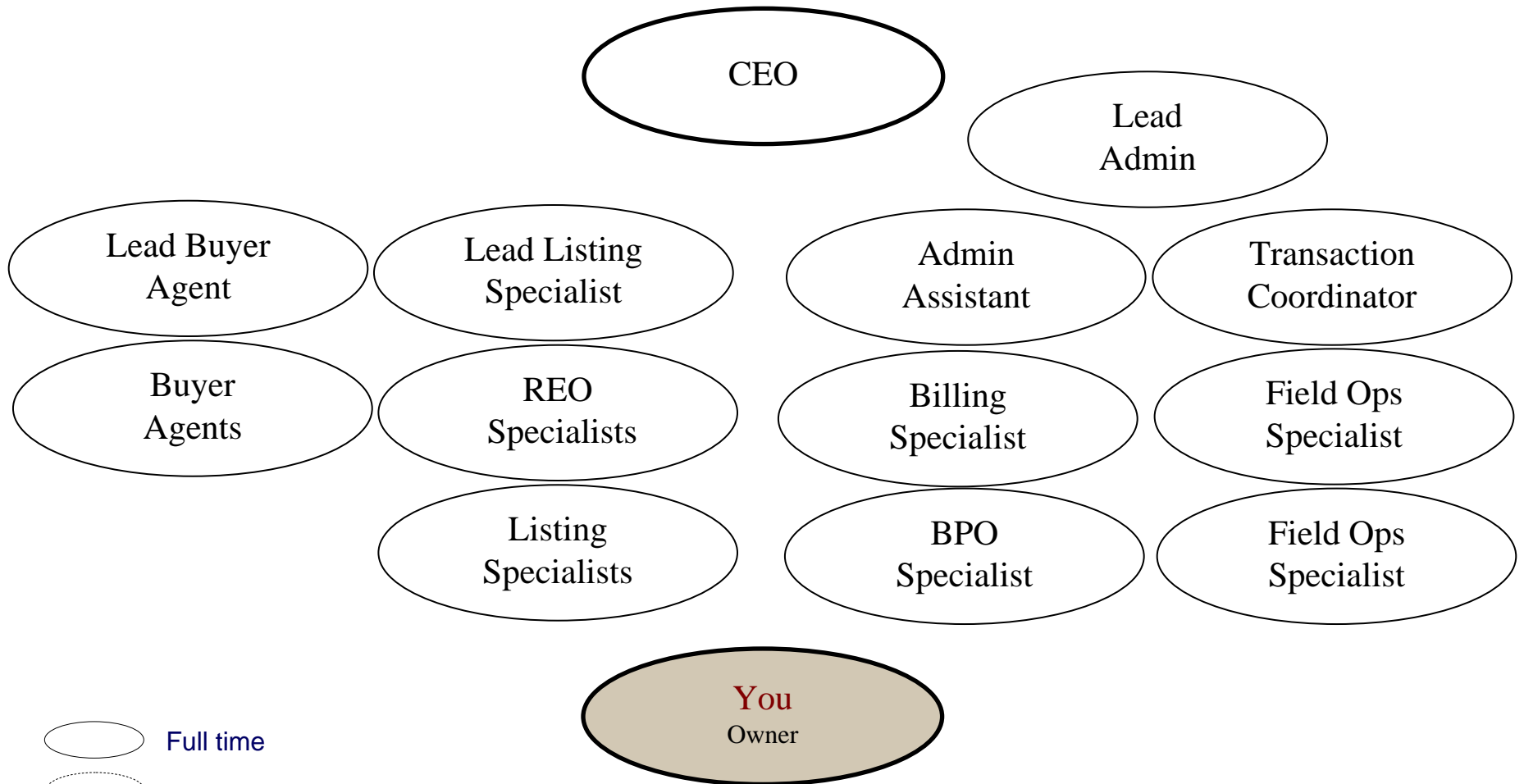
### Comments

- *Field Ops Specialist: As the team gets bigger, there tends to be multiple, specialized field operations. For example: Runner, Utilities Specialist, Property Preservation Specialist, and Inspector*

# MREA REO MODEL: Level 7

## SALES AND MARKETING

## ADMINISTRATION AND PROCESSING



### Comments

- CEO: Could be the REO Specialist, Lead Administrator, or Lead Listing Specialist.

# Time Management as Mega Agent

Two areas REO agents spend significant amount of time on are **managing their team** and **lead generation**.

Percentage of agents that devote at least 20% of their time in each of the following areas.		
Manage Team	(quality control, eliminate duplication, etc.)	<b>69%</b>
Lead Generation	(build new business/relationship, etc.)	<b>67%</b>
Assignment to Prelist	(occupancy check, occupant communication, “cash for keys”, secure property, vacancy, etc.)	40%
Prelist to Listing	(BPO, trash out, maid service, lawn, utilities, etc.)	31%
List to Contract	(MLS, KWLS, signs, open house, call capture, interactive house through P&S, inbound phone calls, showing service, pricing information, negotiation, etc.)	41%
Contract to Close	(Systems turn on, inspection, appraisal, lender-required repairs, closing company coordination, HUD review, billing review, etc.)	26%

# Business Tools



# Contact Management Software

**47%** of agents surveyed used TOP PRODUCER to manage their contacts.

TOP PRODUCER	<b>47%</b>
Self-created system	18%
MS Outlook	18%
Others (Taza REO, REO Maestro, filing system, etc.)	12%

# Transaction Management Software

**33%** of top-producing REO agents have created their own system on **Excel** or **Access** to manage their REO transactions.

Self-created system (Excel, Access, etc.)	<b>33%</b>
TOP PRODUCER	16%
REO Maestro	10%
Others (Taza REO, REOTrans, AgentOffice, SureClose, WebOffice, Online Asset Manager, Propertyware, Relay, REO Office Manager, etc.)	27%

# Financial Management Software

**QuickBooks** is the most frequently used financial management software program.

QuickBooks	<b>76%</b>
Excel Spreadsheet	8%
Others (Peachtree, Quicken, etc.)	16%