



SAITTA

Ask an Expert

with REO Trans/Equator CEO

Chris Saitta, CEO of Equator (formerly REOTrans), has over 25 years of leadership experience in technology and software development. In 2002, he was awarded the Inman Most Innovative Technology Award for the creation of the first Offer Management System. Prior to Equator, Chris designed the eBay Real Estate Foreclosure System and worked with organizations such as Idea Lab and the California Institute

of Technology in applying advanced transactional systems to solve real world business needs.

REO Insider sat down with Chris to get a bird's-eye view of the REO landscape and find out what's on the horizon.

REO: Do certification programs really up a broker's chances at getting more listings, or are they just some fancy acronyms on business cards?

We wondered the same thing, so we ran the numbers. The answer is yes, certification helps get listings. There are 650,000 agents on Equator, and roughly 200,000 of them are active on a daily basis. Of the 200,000 active, there are about 5,000 certified agents, or 2.5 percent. There were 77,000 listings assigned through Equator in the last six months, and 28,000—or 36 percent—of them went to certified agents. In short, the 2.5 percent of agents who are certified received 36 percent of the listings. Another interesting statistic is 300 of the certified agents received their first listing after getting certified.

If you think about it, it makes sense. In the last few years, hundreds of thousands of real estate agents have come into

the REO industry. This has made it hard for the lenders and servicers to know who really knows how to sell REO. To solve this problem, the lenders and servicers asked us to create a certification program that offers real training and knowledge. We agreed it was needed, so we created and launched certification in mid-2009. It's been a huge success, and we look forward to expanding it into short sales and other areas.

REO: More and more REO transactions are taking place in online auctions. Is there a point where REO agents can work in their homes full time, simply put up their property online and watch the bidding war over the Internet?

I can't speak to auction, but I can certainly address the automation of real estate from a technology perspective. Our platform allows agents to work whenever and wherever they have Internet access. Even the lenders and servicers can use the system from anywhere. Years ago we were at a convention talking to a group of real estate agents at our booth when an asset manager from a major lender came over and asked if our computer was connected to the Internet. It was; he logged in, countered a few offers, said thanks and walked away. The looks on the faces of the real estate agents' faces were priceless. One said she hoped he had accepted her pending offer.

REO: That's interesting, but isn't there still some value in face-to-face interactions?

As CEO of a technology company I probably shouldn't say this, but technology doesn't replace conversation; even though you can work from home, agents have to be out

there talking to people, logging good old face time with their buyers.

REO: The brokers we're talking to are saying the same thing. In our last issue, we ran a special report on the "shadow inventory" of foreclosures. Where are these foreclosures, and are there enough brokers to handle them all?

There is a very large volume of properties that have been held back by foreclosure moratoriums that will eventually flow through. Roughly 60 percent of all foreclosure volume after September 2008 was held up by foreclosure moratoriums. You can estimate the effect of moratoriums on foreclosure rates by extrapolating the pre-moratorium volumes prior to September 2008 through the end of 2009. Doing so shows the current volume would be roughly 60 percent higher than it is today. Loan modifications have only been offered on a percentage of the backlog, and the recidivism (failure) rates on those is high. That said, a large percentage of the 60 percent backlog will eventually flow through the foreclosure process. The moratoriums are lifting, so agents should see an increase in volume that may slow a little as lenders and servicers adhere to holiday moratoriums but then pick up again throughout 2010 and for a few years to come.

REO: When the housing bubble burst, real estate agents had to adapt fast to move into the REO space. What's the next evolution going to be, and how can brokers stay ahead of the next storm?

We've seen most of the subprime foreclosures move through the system, but the next waves could very well be prime and commercial loans. A lot of the foreclosure volume could also go to short sales. Right now in the top five states for REO volume, the average list price is half of the amount the homeowner owes. Conditions like that could easily make short sale the new REO.

Equator has planned for it by launching a comprehensive short-sale solution with a borrower self-service portal and everything needed to make short sales feasible. Short sale is a great alternative to foreclosure, but most agents either

cringe or avoid them because they take so long. We've solved that problem by automating the entire short-sale process. Borrowers can submit financials electronically. Agents can submit offers and see every stage of the process so that, in turn, lenders can make faster and more informed decisions. It's a great solution—two of the nation's largest lenders are live with it now, and another six will be launching soon. ★

Equator, or the software provider formerly known as REOTrans, launched the industry's first short-sale module for a large national lender in September 2009.

By adopting the module, this large mortgage lender can access a borrower portal, where it can receive real-time status updates from information provided by the borrower. The system can also automate decisions, handle approvals and assure full compliance with government programs.

It's the first time that short sales have been handled through an electronic platform, and with all users working in real time, it improves communication and approval timelines for borrowers, vendors and real estate agents.

Equator handled more than \$65 billion in the transactions of property in default since the company's founding in 2003.

"Short sales can be a daunting, complicated, frustrating task for everyone involved," Saitta said. "This fresh approach using our sophisticated platform makes it fast and efficient for all parties involved."

Two lenders have already implemented the system. Sources are telling the REO Insider that one of the four giant lenders has launched the program and another is on the way.



ASK AN EXPERT

Stay tuned for more inside information from the people assigning listings and sculpting the future of REO. We've tracked asset managers from Keystone Asset Management and Citigroup. If you would like to be an *REO Insider*, visit our Web site at www.thereoinsider.com and submit a question or two.