



The Superior Area Association of REALTORS® Newsletter January, 2009

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From the President - Peggy Kman



Happy New Year to Everyone! Here we are headed into 2009. I find that after the holidays, it is easy to slow down and relax for a few months, knowing that it will be busy again in the spring. This year, maybe a better idea is to regroup, organize ourselves and be ready with new and innovative ideas to spark sales in this challenging market. Yes, things are slow right now, but we all know that WILL change, so why not use this time as an opportunity to be prepared and on top of your game when that happens. The WRA and NAR both have a lot of great articles and ideas on their websites. Earn a designation, take an online course, learn to blog or podcast.

All of us can help to get the market back on track by supporting [NAR's 4-Point Housing Stimulus Plan](#). Click on the link to learn more about the plan and PLEASE fill out the "Call to Action". The more voices we have out there in favor, the better. Thanks and have a great and prosperous New Year!!

My email address is peggykman@vanhollen.com.

ACCESS THE REALTOR ASSOCIATION OF NW WI (Eau Claire) MLS!

As an MLS subscriber with the Superior Area MLS, you can access information from the REALTOR Association of Northwest Wisconsin MLS at no additional charge.

Simply go to: ranww.mlxchange.com

User name: rawuser

Password: recip

The offer of compensation is included.

Expectation Management: Purchasing a REO

Debbie Conrad, Director of Legal Affairs, WRA

Many REALTORS® experience great frustration as they attempt to assist a buyer purchase a property owned by a bank - a Real Estate Owned (REO) property. REOs are bought and sold in a world that tends to work under an entirely different set of rules and standards. Although there are no magic answers, understanding what may be in store for the buyer may help make the process a little less stressful.

When a lender forecloses on a property and the property goes to sheriff's sale, the lender will often bid its mortgage and purchase the property. The lender will then receive a sheriff's deed to what has now officially become a REO. Rather than manage and sell the REO in-house as in the past, the lender turns the property over to a national asset management company thousands of miles away.

Lenders and their asset managers were unprepared for the volume of REO property they are now struggling to manage. They did not (and some apparently still do not) have the systems or

staff in place to deal with the onslaught. There is a logjam of properties and transactions, and many asset managers and lenders are operating with inexperienced and, perhaps at times, incompetent personnel.

A recent informal poll of Wisconsin REALTORS® Association members reveals that while some REOs are handled relatively well, many asset managers and lenders are causing REALTORS® and buyers to want to pull their hair out, and stress and frustration are widespread. The following are some observations based on your input.

1. EXPECT DELAYS

While there are some REO asset managers who are fairly prompt with their responses, many REALTORS® report that waiting for an answer is challenging. The wait time for a response to an offer varies, but overall is reported to be slow - from five to 10 days to as long as six weeks - for those who are lucky enough to get a response. In some cases lenders are apparently getting multiple offers and taking weeks to respond and choose the best one.

2. ASSET MANAGERS

REO properties are handled by regional or national asset managers who enter into listing contracts for the sale of a typically large inventory of properties. These asset managers are not located in the state and are generally unfamiliar with Wisconsin law. Some asset managers are pretty good - they view the negotiation as a business without an emotional component. Others are reportedly bad - they can be extremely rude and abrasive and may not really understand the documents they are working with.

3. REO ADDENDA

A buyer's initial offer to purchase may be submitted on a familiar Wisconsin form, but the written response from the asset manager will invariably be a lengthy REO addendum that overrides most of the offer to purchase provisions. This addendum is written by the lender's legal counsel and may be very difficult for buyers to understand. The buyer may need legal counsel to interpret the addendum, and the attorney's advice may be that the buyer should never sign such a heavy-handed document. Some REO addenda provisions require that the buyer pay for the title insurance policy and the real estate transfer fee, allow only five days for inspections and 14 days for financing, require non-refundable earnest money or charge the buyer a daily fee for a delayed closing (when there is no penalty if the seller causes the closing to be delayed). The REO addendum generally is non-negotiable and cannot be altered. Some buyers have backed out of deals after seeing the REO addendum, angered that it essentially strips the buyer of any recourse or rights.

4. VERBAL NEGOTIATIONS

Just like what happened in the late 1990s when REALTORS® and buyers had difficulty working with relocation companies (see Legal Update 98.04, "Relocation Company Sales," online at www.wra.org/LU9804), REALTORS® and buyers today are frustrated when asset managers provide verbal responses and will not counter offers in writing. Once a sale is verbally finalized, it is discouraging when the lender reveals that there is another offer and asks for the buyer's highest and best price, changes the terms and conditions of the buyer's offer or indicates that they have accepted another offer. Many asset managers and lenders, however, operate under a system in which the asset manager may have the ability to give a conditional approval or acceptance, but final acceptance requires the lender's corporate approval. In other words, it may be a very long time before there is actually a contract signed by the buyer and the seller - in some REO transactions the signed offer is not received until shortly before or even after closing.

5. CLOSING DELAYS

Closing on a REO property can be quite a challenge. Closings are often delayed for days or even weeks due to lender/asset manager difficulties getting the deed, the final signed HUD, title work and other closing documentation to closing on time. In some cases there are problems when charges, such as delinquent utility bills or subdivision association dues, do not appear on the closing statements; the REO seller will not reimburse any charges after closing.

6. TITLE PROBLEMS

The title companies used in REO transactions often are unorganized and unfamiliar with Wisconsin law and practice. There may be confusion over several items, such as acreage (when partial releases are required), obtaining rental weatherization stipulations, unsatisfied secondary liens still on title or whether a foreclosure is still required when a seller gave the lender a deed in lieu of foreclosure. Problems often exist when the asset manager is working with an out-of-state title company, but there is rarely a hitch when a Wisconsin title company is preparing the title policies.

7. AS IS, WHERE IS

REO transactions are "as is, where is" transactions. That means that the seller will not provide a Real Estate Condition Report or give any other disclosures about the condition of the property. It also means that asset managers will rarely ever make any repairs from the

lender/seller's funds.

8. INSPECT THE DISREPAIR

REO sellers will fail to disclose major ongoing problems like a property with frozen or leaking pipes or a failed septic system, even if they have been specifically informed. So it is critical that the buyer inspect the property. One common obstacle is that the power or other utilities have been turned off. One REALTOR® reported that the day before the well water test, someone was there to winterize the plumbing, causing the buyer to have to pay for the water to be turned back on. Others reported that in some cases the properties are being vandalized; when property is not secured properly there may be safety concerns associated with any showing or inspection.

9. MINIMIZE THE PAIN

The best approach to all this madness is to prepare the buyer to expect the worst and to be happy if things work out more smoothly than predicted. Make sure the buyer knows to expect delays and the imposition of harsh REO addendum terms. Some brokers ask buyers to read and sign REO purchasing information sheets that briefly describe many of the quirks and obstacles in the REO buying process.

Understand that although REO asset managers negotiate verbally, there is never a legal binding contract under Wisconsin law until there is an agreement signed by both parties; don't mislead buyers into thinking otherwise.

Ask where the title company and attorney working on the transaction are located - if they are in Wisconsin, there should be fewer problems getting to closing.

10. AND THE GOOD NEWS IS...

If the buyer has a pre-approval or cash, no property to sell, the hide of a rhinoceros and the patience of a saint, a very good deal may be waiting around the corner. Some investors and buyers are getting some nice deals as a reward for their patience and willingness to bend to the REO's one-sided terms and conditions.

Debbi Conrad is the Director of Legal Affairs for the Wisconsin REALTORS® Association.

NAR Provides FHA Toolkit

Every REALTOR® who wants to sell more homes will benefit from the free, online FHA Toolkit available below. Click on the links -- and start learning all there is to know to help clients find the FHA-insured loans they need.

FHA Overview

Charles McMillan, 2009 President of NAR, introduces this new member benefit, "Come Home to FHA."

[View the video](#)

FHA Basics

A narrated slide show presents key points of each major FHA-insured loan program and who benefits from each.

[View the presentation](#) (PowerPoint: 71,544KB)

Video FAQs

Three authorities on FHA and its loan products respond to the most frequently asked questions from REALTORS®.

[View the video](#)

[Come Home to FHA: How FHA Helps REALTORS® Sell Homes](#) (PDF: 2090KB)

Detailed look at one- to four-family homes, condo units, ARMs, manufactured homes and more.

[FHA Improvements Benefit You](#) (PDF: 720KB)

Illustrates improvements in FHA programs.

[2008 FHA Provisions](#) (PDF: 100KB)

Covers temporary loan limits and the FHASecure initiative.

[FHA Quick Reference](#) (PDF: 136KB)

Quick list of types of FHA mortgages and types of homes to purchase or improve through FHA program.

[Resources from NAR and HUD](#)

A hard copy version of the FHA Toolkit is also available for purchase at the [REALTOR.org](#) store.

The hard copy version contains the following items:

CD-ROM containing FHA Overview video, FHA Basics narrated slide presentation and video

FAQs

"Come Home to FHA" Guide

"FHA Improvements Benefit You" Brochure

FHA Quick Reference Sheet

2008 FHA Provisions Sheet

5 Simple Ways to Perk up Your Website

By Michale Russer

Is your site following these best practices? If not, your online image may be at risk.

As I often emphasize, there's so much potential for you to generate business through your real estate Web site. Last month I talked about [target="new">how to increase your site traffic" />](#) by landing high on search engines' results pages, which is one good way to get visitors to find you.

But once you succeed at getting prospects to land on your site, are you giving them what they wanted? Or better yet, are you exceeding their expectations? If you want to keep them coming back, the answer to both questions must be yes.

So this month, I'm going back to the basics to talk about five things that all real estate Web sites must do in order to engage visitors, generate leads, and encourage repeat visits. Go down this list and see if your site is following these best practices. If not, it's time to tune up your Web image!

1. Target, Target, Target

I've said it a thousand times and I'll say it again: Targeting your Web site to a specific niche market is the most powerful thing you can do to make your site truly effective as a lead generation tool. The vast majority of practitioners make the mistake of using generic Web site formats that try to speak to everyone - which ends up engaging no one. Your site must be able to answer the question: "What's in it for me?" from the perspective of a specific target market, otherwise your visitors will simply ignore it. Here are some examples:

[www.skiptheoutfit.com](#) (this has to be one of the most unique target markets I've ever seen!)

[www.goarmyhomes.com](#)

[www.nosnownaples.com](#)

2. Make Web Copy "Speak" To Your Prospects

Effective Web copy starts with headlines that grab your visitors' attention. Without good headlines, chances are slim that the average Web visitor will read anything else on your site. Your headlines need to be crafted in such a way that they reflect the "emotional profile" of your target market. For example, headlines designed for first-time buyers should tap into the excitement and uncertainties that consumers feel before buying their first home. Headlines written for the sophisticated luxury buyer or seller, on the other hand, are much more subtle and refined - often appealing to the ego of this particular market segment.

Also, the body of your Web copy should create a one-on-one conversation between you and your visitor. They should feel that you are speaking with them as if you are sitting right next to each other. In my experience it seems that most agent Web sites are written in either first person ("I" and "me") or third person (about you, as if you were a celebrity). If you really want to connect with your visitors, have your copy written in second person, where there are lots of "you", "your", "yours." This may seem like a minor point; but from the perspective of your Web visitors it makes all the difference in the world.

3. Be Friendly to the Internet-Empowered Consumer

Online prospects want to keep their identity private, yet access abundant information for their home search. If you're not careful, your site could end up driving these visitors away. Here are some standards of Web design to help make sure your Web visitors feel welcome. Have a privacy policy. Make your visitors know if or how you will use their information. Create

a policy and then post it prominently on your site. Here's an example.

Don't require visitors to say who they are. Consumers use the Internet because it affords them a sense of anonymity, so let them browse listings freely. If you have forms on your site, make sure that visitors know that they're not required to fill everything out. If you insist that they enter their contact information, you will likely drive many of them away. Human nature is really interesting. Tell people they have to do something and you will find a load of resistance. Reassure them they don't, and they probably will give their information just like your friendly approach.

Provide instant feedback. When a visitor completes a form, have your site instantly show a confirmation or "Thank You" page. This adds to the perception that you "heard" the visitor's request, making that person feel more connected. Your site can also fire off a confirmation e-mail, as well.

4. Keep Your Site Navigation Simple

Don't confuse your visitors. There's lots of real estate information out there, so do them a service by presenting the best of the best, and presenting it in a way that they can easily browse. Too many real estate home pages are offering way too many options. At most, you want your site's main navigation menu to offer no more than seven choices. Within each of these main menu options you can have submenus, but don't go overboard with those either. Also, avoid having your visitors work too hard to find what they want. Ideally, all your content should be within three clicks reach from the home page.

5. Maintain a Consistent, Visitor-Friendly Design

Make sure the look and feel of your Web design is consistent throughout the site. It should also be appropriate for your target market. For example, less sophisticated target markets - first-time buyers, for example - can have a more light-hearted design approach. More sophisticated ones - such as luxury buyers and investors - require a more refined and stylish look. Ideally, have your site located to show up in the center of the browser window, designed to fit (without horizontal scrolling) for monitors set at 1024 x 768 pixel resolution or greater. Lastly, make sure your Web designer has your site conform to W3C standards and use appropriate Cascading Style Sheets (CSS) to control the look and feel of your site. (Don't worry if you didn't quite understand that last sentence, just make sure your Web designer does!)

Note: Mr. Internet, Russer Communications, and its staff and officers receive no compensation from any third-party vendors and make no recommendations as to the suitability of the products or services mentioned in this article. Always thoroughly investigate any product or service before purchase.

Paragon Tips and Tricks - Customizing a Search

Some of the search screens that Paragon has are customizable by you to suit your specific business needs and to allow you to make the best use of your time spent on the system. Your MLS has set up these search screens with fields that fit the majority of agents. But there are times when you will need to add/change fields to a search screen for a specific need for a Buyer or if you are creating a set of search templates and saving them for quick and easy searches in the future.

[Click here for instructions.](#)

January Green Tip - Go Paperless!

As the electronic era is becoming more predominant in our society, there are an increasing number of businesses that offer paperless billing and bill pay. Rather than receiving your bills via standard mail, many companies allow you to receive your bills via email and pay them online through a secure website. This saves postage and paper consumption for everyone.

Other than the positive environmental impact of saving paper and ink usage, some companies may also offer you a discount for participating in paperless billing and online bill pay. Also, check with your bank to see if they offer bill pay services. Many banks provide the option to receive and pay your bills all on your bank's website without costing you a penny.

The Association is no exception to this trend. Statements are now sent online for MLS services and IDX feeds. Online bill pay is available for all invoicing by visiting the web address listed on your invoice. If you would like, invoices can be emailed to multiple addresses. If you have any questions or concerns, please feel free to contact [Maranda](#) at the Association office. We thank you for your cooperation!

Are you missing out on important news and information sent from the Association office?

Please take a moment to add the following email addresses to your contact list to ensure you are receiving all correspondence from the Association staff.

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Email Marketing by

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