

DO REO BROKERS REALLY NEED MORE TRAINING?

Why You Didn't Learn Everything You Need to Know in Kindergarten



BACK TO SCHOOL: For REO agents and brokers, developing certification criteria that both establish expertise and recognize experience are critical steps.

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IT'S AN UNFORTUNATE FACT IN OUR BUSINESS THAT SOME BROKERS aren't as knowledgeable about the specifics of asset management as they could be. Of course, I can only be referring to buyers' agents, right? Or is it possible that even some of us who claim to be REO brokers could use some ongoing training, too?

"The most common problem is trying to get agents to read what is sent to them. Sounds simple doesn't it?" asked Patricia Dunne, a senior asset manager at MGIC. "While disposing of properties is a common goal, different investors and insurers have different approaches and ideals. Any training or

certification should acknowledge this."

"After all, are there many truly successful REO agents who just plant signs and lower list prices?"

Such elementary problems must be relatively rare, you might say. But are they? "I seem to spend increasing amounts of valuable time explaining

REO, how it works and how to work it specifically for us," lamented Candyce Valkenberg, REO officer at Horizon Management Services, a subsidiary of Wachovia Bank. "I receive more partial contracts than fully completed ones," she said. "If more of our agents had good experience and training, it would make my job much easier and more efficient."

Our REO niche suffers from a similar level of rookie saturation as "regular" retail real estate, where it is widely held that 80 percent of all newly licensed agents will leave the business within their first year. Surely these kinds of problems and issues don't plague the more experienced agent, do they? Wouldn't a broker with 10 to 20 years' experience already have this down cold?

"I think ongoing training is always good," stated Karrie DeWall, an eviction paralegal at Routh, Crabtree and Olsen PS. "We can all use it, no matter how long we have been doing REO."

"There are many supposedly experienced brokers that really don't understand the whole picture," she said, "and I feel like I have to baby-sit their way through the lock-out and eviction process. It would be great if our clients required brokers to go through some kind of certification before they are either allowed to be REO brokers or remain REO brokers."

There are a variety of real estate organizations that sponsor and administer professional designations that agents can earn. These designations usually require some combination of experience, specialized training and testing. The problem up until recently is that none relates specifically to REO. Advanced training in representing buyers or seniors over age 55 is great but how would that help an asset man-

ager? Put simply, it wouldn't. REO professionals have not traditionally had the benefit of a nationwide designation reinforcing and showcasing their unique and varied skills.

The National REO Brokers Association recognized this void and, after a tremendous amount of research and development, has established the first and only nationwide trademarked designation specifically for REO: the Certified REO Specialist (CREO for short).

"Out of everything that we have accomplished these last few years, this was by far the most difficult," said Dr. Mike Krein, president of the NRBA. "We thought long and hard about exactly how this designation should be earned, since true REO specialists have a completely different skill-set than the average agent."

"REO agents need strong appraisal knowledge beyond your average CMA, not to mention remodeling and rehab and their associated costs," he said. According to Krein, the largest challenge in designing a designation was finding good construction and cost-reference guides that were just the right blend of enough information without being too basic or too advanced. "We think we ultimately came up with a great set of materials," he said.

The required reading list is quite comprehensive and includes:

- » *Fundamentals of Real Estate Appraisal*, 446 pages (Ventolo/Williams)
- » *F.R. Walker's Remodeling Reference Book*, 343 pages (F.R. Walker)
- » *Building Construction Illustrated*, 466 pages (Ching)
- » *Insider's Guide to REO*, 93 pages (NRBA)

But reading requirements are only the start of the path to earning the CREO designation. "An agent could have 30 years' experience but only sell a few REOs a year for one client, which doesn't make them a specialist," he said. "Especially with the rise in third-party asset management companies and portfolios transferring seemingly willy-nilly, we felt it was crucial that a true specialist have experience working with many different clients. In addition, participa-

tion in national or regional conferences seems key to staying on top of the latest industry trends and developments."

In addition to the rigorous reading list, the CREO designation can only be earned by satisfying a host of other stringent requirements:

- » At least 25 verifiable REO transactions closed within the last two years with at least five different clients.
- » A passing score of 80 percent on a final written exam covering appraisal and valuation, construction and rehab and general REO.
- » Attendance and participation in at least two major conferences within the past two years.

Such wide-ranging requirements help assure asset managers that CREO is more than just window dressing. Linda England, CREO and broker/owner of Dominion Realty in Independence, Mo., emphatically agrees. "The combination of reading, experience, dedication shown by attending conferences and the test has resulted in a designation that really means something."

Not all agree, however, that such certification is necessary. "Some feel there is a need for certification for an REO specialist. I am not one of them," said Tom Moon, broker/owner, Pacific Moon Real Estate in Huntington Beach, Calif., and the founder of REOBroker.com. "Call me cynical, call me a 25-year REO veteran, but I've been there and done that. I question whether an asset manager would really consider using an agent just because they had a designation. I would think it may make an inexperienced or shy salesperson feel more professional, so it may be good for their egos."

He added: "But for an REO agent with multiple accounts, files and experience, I don't think they would seek a designation."

One thing at least seems certain: Our industry needs to do more to police and educate its members, both rookies and veterans alike. 🏠

EDITOR'S NOTE Keith Brown is Washington State's first CREO and is the broker/owner of SeattleREO.com (Brown Real Estate Group) in Seattle. He can be reached at keith@seattlereo.com.