

How To Get The Housing Traffic Jam Moving Again

By Blanche Evans

The real estate industry provides an invaluable service for the public – it provides the rules of the road.

At the four-way intersection are lenders, real estate brokers, consumers. They all want the same thing – for housing sales to go through the green light safely.

The system works pretty well as long as the majority follows the rules. It's called cooperation.

But, REOs and short sales have put too many cars on the road. They're creating wrecks and clogging the roads because their drivers – banks - don't follow the same rules of traffic as the real estate industry.

In communities where distressed sales are 50 percent of the market, the congestion goes on for miles. Read that as months of inventory on hand.

That's the analogy Jeremy Conaway, real estate association consultant, came up with to show his AE clients what they can do to fix the housing market at the local level.

"If nobody knows what the rules are, traffic congestion (unsold houses) is going to get worse," says Conaway, founder of Reconis.com. "Associations need to call for a summit and get the banking industry, housing authorities, city government leaders and establish new rules for cooperation."

The lack of cooperation between the banking industry and the real estate industry is hurting all involved. Here's how:

- Banks are willing to lose money on a foreclosure even if they have a sale for the home because no loss mitigator is a hero for losing the bank money.
- Homes allowed to go into foreclosure bring down prices on the rest of the market, a cause-and-effect banks don't seem to understand.
- Homebuyers aren't clear how to buy these "bargains." Who do they call? The homeowner? Customer service? A Realtor?
- Buyers can get a loan approval in minutes, but the bank approval for a short sale may take months.
- The real estate industry isn't trained to deal with the influx of short sales and foreclosed homes to the marketplace. They don't know who to call either.
- Because banks aren't members of the MLS, cooperation has to be worked out deal by deal, clogging the market further.

Clearly this is something that can easily be fixed by communication.

Conaway says he's advising his association clients to call for a summit at the local level between the banking and housing industries to work out new traffic rules for the distressed homes clogging the road.

The new traffic rules should be easy to understand so that buyers and sellers know who to contact first, what they need to do to prepare to buy or sell, and how to proceed to closing, just as they do when buying a home using a broker who follows the state and MLS traffic rules.

The new traffic rules should also be easy to understand for brokers, their agents, and bankers so that cooperation goes smoothly.

That's the only way to unclog this wreck of a market quickly.

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