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Insights From Shari Olefson



by **John Obzud, EVP, National Agency Operations, FNTG**

All of us continue to feel the effects of an economy that is strained by employment issues, poor consumer confidence and a challenging real estate market. I recently had the opportunity to hear more on this topic from one of our own agents at our NAME OF MEETING in Florida. During the meeting, Shari Olefson, Shareholder and Partner at FNT agency Fowler White Boggs P.A., Fort Lauderdale, spoke on the topic of foreclosures. After the meeting, I had the chance to sit down with Shari and garner more of her insights about the current real estate market and what needs to

change for a turnaround to occur. Shari offers a unique perspective on the housing market based on her expertise as an attorney, speaker and author, as well as her commitment to educate the general public and empower people to take seriously the role of personal responsibility. I hope you enjoy the following Q&A

based on my conversation with her and take to heart some of the key messages Shari shares with us.

Q. How did you come to write your book, *Foreclosure Nation*, published in 2009?

A. The idea came to life back in 2006, when I was returning home from a default servicing conference. At the time, I was running a joint venture for a title insurance underwriter. It was during the real estate boom years, and I was on the front

Shari Olefson, Partner at FNT agency Fowler White Boggs P.A., specializes in commercial foreclosure work for banks and investors. She is an author and speaker and appears on numerous TV programs in her capacity as a real estate expert. See page 4 to learn more.



Shari Olefson

lines – seeing closings happen and seeing the people who should buy homes able to do so.

During the conference, everyone mentioned that they were swamped with sub-prime mortgage defaults. My psychology background led me to ask: What would happen culturally if all these people getting mortgages started defaulting and the stigma of foreclosures disappeared? There's a basic rule in psychology that as people become more exposed to something, it becomes more normalized and acceptable.

This was the seed that led to my book idea, which I started writing on the plane on the way home from the conference. The book focuses on the current mortgage crisis, why we're in it, how we can fix the problems and what we can expect in the future.

On a side note, whenever I speak at an industry-related event, I ask people to raise their hand if they know someone who foreclosed 10 years ago. No one ever raises a hand. Next, I ask if they know someone who foreclosed in the past year. When I ask this second question, virtually everyone raises their hands. Times most certainly have changed.

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Partnering With Agents

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This issue includes an insightful Q&A with one of our own agents, Shari Olefson, of Fowler White Boggs P.A. We've also provided educational pieces written by our company and industry experts alike on the topics of closing documents, closing protection letters, negotiation and

fraud prevention. It's a very full issue, and we hope you'll find the content helpful.

As we continue into the second half of the year, we need to remain focused on carefully managing our businesses. Continue to seek out ways to conduct your business more efficiently and cost effectively, and vigilantly manage your day-to-day activities. If we all do this, I am confident that our success story will continue into the second half of the year and beyond.

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Q. What are your thoughts on the real estate and economic crisis and how it has evolved?

A. There are three overwhelming points in terms of the economic crisis: Wall Street, the securitization of mortgages and too much readily available credit. These were the culprits that led to the crisis.

Two types of legislative initiatives have been implemented to deal with it.

◆ First, there are initiatives under way that focus on immediate damage control. I like to call this “foreclosure prevention triage,” where damage is mediated and immediate actions are put into place.

◆ The second component is reform. These are the longer-term changes that need to happen to correct the flaws. Reform involves:

- 1) the front-line real estate industry: brokers, real estate agents, title companies and mortgage-servicing companies;
- 2) Wall Street, banks and mortgage companies;
- 3) Fannie Mae and Freddie Mac; and
- 4) regulators and government entities.

There is one additional factor that must also be considered in reform efforts: individuals and their personal accountability. Personal accountability is key to change.

Q. How has President Barack Obama’s “Making Homes Affordable Modification Program” (HAMP) impacted the American Dream of home ownership?

A. In my opinion, HAMP never worked. The program fell short in completing the 9 million permanent modifications it promised when initially launched in February 2009. Additionally, HAMP caused many

people to have bad experiences with their banks without gaining positive end results. People weren’t actually getting the modifications, just negative experiences. This negativity in turn led to more strategic and planned defaults.

On a positive note, HAMP did set up some good protocol for private label banks, which used the government program as a model to create their own programs.

Q. How are other issues taking place today, such as “robo-signing,” impacting title agents and underwriters?

A. The robo-signer crisis continues to impact us. To deal with the sheer volume of foreclosed properties, many big banks became mortgage factories, hiring “robo-

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signers” to sign off on virtually thousands of foreclosures each day without looking at the details of the files.

The reality is, you can’t process foreclosure files for \$800 - \$1,200. These are complicated, detailed and time-consuming files. Early on, the industry knew corners were being cut. The mortgage business evolved and became more complicated over time, but foreclosures didn’t evolve along with it.

As a result of robo-signing, officials halted foreclosures in many places across the country, causing a major backlog. Unfortunately, as foreclosures begin getting pushed through the system, problem homes

will hit the market as REOs, often in worse condition due to neglect and vacancy. As the bottleneck loosens, this will lead to even more foreclosures.

Q. Have the triage and reform efforts helped?

A. When we look closer at the triage and reform initiatives, the problem is that the “fixing” is out of order. I compare it to your car breaking down on the highway. You and your family are in the car. You need to get your family off the highway to a safe location *before* fixing the car.

With robo-signing, our government has been trying to fix the system and punish the bad guys before we get these foreclosures through the system so that things can improve. This is harming the 90 percent of us who are not in default or foreclosure.

Q. What needs to change for a housing recovery to occur?

A. Two simple things: stopping the losses and absorbing the inventory.

What we’ve learned after two years is that you can’t make a home become affordable. Making modifications

the centerpiece of a housing recovery plan was unwise. It ignores realities on multiple levels – from borrowers’ pocketbooks to human nature to servicer and investor legal obligations and financial incentives. The bottom line is that these initiatives have done more harm than good.

I am confident that — given recent pressures and the fact that systems are now more or less in place — folks who should get a modification will get one before year end. I’m also confident that folks who shouldn’t get a modification or who don’t want one — for example if the home is too far underwater —

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will get a short sale or deed-in-lieu in due time. These are now acceptable options, and the procedures are in place.

Q. What do our lawmakers need to do to address the real estate crisis?

A. At this point, Washington needs to:

1) Get foreclosure cases moving forward again. Recovery will not happen until these cases get through the system and the element of uncertainty is removed. Robo-signing has been a big problem in this regard. Trying to fix systemic problems in servicing while we're still in the midst of the crisis itself has made things significantly worse.

2) Ramp up programs like FNMA's Lease for Deed and the ability to sell homes to investors for rentals so that the inventory gets absorbed. The government will have to be involved in how this inventory hits the market — potentially even mandating how lenders get rid of their REOs. The government's HAFA short-sale program under Making Homes Affordable (launched in April 2010, but tweaked last month) is also going to play a huge role in making this better.

Q. How long do you anticipate it will take for the real estate market to turn around?

A. Turnaround will vary by state. California and Florida, for example, are areas with highly desirable real estate. Once we get foreclosures through the system, individuals seeking second homes, retirees and foreigners are likely to show increased interest in these locations.

Nationally, I anticipate that we will bottom out within the next year. Then, things will slowly get better.

To have a turnaround, we need to get those foreclosures through the pipeline and beef up government programs such as Lease for Deed.

The Consumer Financial Protection Bureau (CFPB) will also play a vital role. While a CFPB director is not yet in place, I hope Richard Cordray [current CFPB Assistant Director for Enforcement and former Ohio Attorney General] accepts the position.

Q. How does personal responsibility fit within reform plans?

A. It's the biggest element of reform. Title agents, real estate agents and mortgage brokers are on the front line. We're the link between

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the public and the knowledge they need to make good decisions. We need to understand that we can't protect consumers. Instead, we need to teach them to protect themselves. We need to educate and empower people. That's why I do what I do: speaking and writing to deliver that message.

I'm very big on role models. We need to go back to the Golden Rules of our grandparents, which kept people out of trouble. If we look back to our grandparents, they were focused on paying their bills and not abusing credit. We need to be clear on our perspective and the values we're teaching our kids. We've all seen the signs that read “No Credit, Bad Credit, No Problem.” This is not

the message we want to send to the general public. Instead, we want to leave our kids the same type of legacy we were given.

Cultural value is also a big deal. If people feel comfortable walking away from a home loan, this could affect the core values of many Americans.

Q. What's next for you?

A. I have a new book coming out next spring called *The Great American Do-Over*. It's a survive-and-thrive manual for Americans in this new “normal” in which we live. In the book, I explain and define the Consumer Financial Protection Bureau, qualified residential mortgages, credit, savings and retirement planning. If you're informed about these subjects, you will do well. The last chapter, titled “Paying It Forward,” deals with the important topic of personal responsibility. Even if you think you can't make a difference, you can. I also recently shot a pilot television show based on the book.

Q. How can agents reach out to you?

A. I'd love to hear from agents. I have a weekly television segment on a local Florida news program in which I discuss key topics. I also have a Web site and blog. If agents have any questions or ideas they'd like to share with me, simply visit my blog at www.askshario.com.

For More Information

- ◆ Click [here](#) to visit Shari's Web site. Video clips of her TV appearances are posted on the right side of the page.
- ◆ Click [here](#) to visit Fowler White Boggs' Web site.