



# **Eliminating Foreclosure**

**MBA Annual Panel Discussion**

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# Shortfalls in the Efforts to Prevent Foreclosures

- Material Misrepresentation
- Servicer/lender as to how/when a sale of property would be in borrower's best interest
- Borrower as to willingness and ability to stay AND pay

# Insider Deals

- Servicer/lender accepting a privately negotiated pre-foreclosure sale offer from a friendly agent - and maybe even buyer
- Borrower accepting a pre-foreclosure sale offer that hides or kicks back proceeds otherwise due lender
- Agent designing pre-foreclosure sale to someone they know and/or at uncompetitive price/terms

# Valuation Discrepancies

- Servicer/lender rejecting pre-foreclosure sale offer for settlement, only to sell and net less AFTER foreclosing on borrower
- Borrower not incentivized or able to procure timely pre-foreclosure sale offer for settlement

# Possible Solutions?

- Transparent offers regarding settlement, property value, terms
- Competitive vs. privately negotiated offers for determining value
- Time-definite offer/sale process with appropriate incentives



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