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To sell "distressed properties," Beth Jo Zeitzer does deals. Banks "want these off their books," she says.

Real-estate bonanza for foreclosure broker

by *Richard Ruelas* - Jun. 22, 2009 12:00 AM
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Beth Jo Zeitzer breezed into her office around 8:30 a.m., but she had started her day at 4 a.m., answering e-mails and looking at listings. It's what she needs to do to stay on top of one of the few burgeoning sectors of the housing market: foreclosed homes.

"Things are good. Really, really busy," she said into a cellphone tucked under her ear, while typing an e-mail reply about a pending sale.

Zeitzer, 44, had seen that the housing market was set to crash, so before it hit bottom, she beat everybody else there. Her company, ROI Properties, deals in "distressed properties" - homes owned by a bank.

Zeitzer started her company in 2003 after she was laid off by Pulte Homes. Her time in the housing market - helping the company develop far-flung developments like Anthem - led her to see trouble on the horizon.

During the housing boom, she was not the most popular person at dinner parties. She would be the one telling people not to take all their equity out. She would be the one saying the home wasn't worth a quarter-million.

"No one believed it," she said.

Zeitzer felt sure the run-up of values, especially between 2004 and 2006, was excessive. "What goes up must come down, right?"

Based on that theory, Zeitzer started her company, right in the middle of the boom.

"It was not a popular idea at the time," she said, "but I'm a bit of a contrarian."

The first few years were slow, with Zeitzer mainly handling commercial properties. But as foreclosures increased, especially in February 2007, her business started dealing with single-family homes that had gone back to lenders.

Banks hire Zeitzer to manage their properties and get them sold. To make her customers happy, Zeitzer needs to move fast.

"(Banks) want these off their books so they can get back to their business, which is lending money," she said.

That means she makes deals. She sees the homes as commodities and sets a price that will move them. The market, not the heart, dictates the price. She recently sold a home for the princely price of \$14,000.

"Pricing hasn't been this low, literally, ever," she said.

Zeitzer's goal is to have each home ready to show and sell within five days. Sometimes that's a tall order. She never knows what shape the home will be in when she gets the keys from the bank.

She has found homes with graffiti on interior walls. She has seen remnants of methamphetamine labs. She has seen homes flooded, either by accident or intention.

"Nothing shocks us at this point," she said.

On this day, Zeitzer looked at a listing for a \$400,000 Scottsdale home. A photograph showed sunlight streaming through a window, lighting up a pair of leather couches in the living room.

The next listing she pulled up was for a home in south Phoenix. All of its windows were boarded up with plywood.

"Not exactly an amenity you'd expect," she said.

Sometimes she shows up at a property to find it still occupied. In those cases, she negotiates a "cash for key" transfer, a polite version of eviction. Sometimes, it's not so polite. Like the time a vicious dog came running after her.

ROI Properties, located in an office building in north-central Phoenix, started as a one-woman operation. Zeitzer has since hired a staff of about two dozen. There are agents in the field, document preparers in the office and property managers. One man does repairs and yard work and changes locks.

Zeitzer has three e-mail addresses. One is the public e-mail, which gets answered by the office in the day and by her at night. Two other addresses keep her in touch with staffers and the financial institutions that hire her services.

"Communication is key in this industry," she said, going through e-mail in her office. Zeitzer sends out some 1,000 pieces of information - price, closing date, etc. - each day.

She constantly carries with her a folder that lists the 400 or so properties she manages at any one time. The office fields more than two dozen solid offers a day. The receptionist gets more than 200 calls a day inquiring about homes. Around 8 on a recent morning, the robotic voice over the speakerphone told the receptionist she had 65 unheard messages.

Zeitzer starts each day around 4 a.m., before taking a break for a run or a hike at sunrise. Then she comes into the office, next to the transaction room where staffers close deals, dinging a bell for each successful sale.

"Love to hear those bells," Zeitzer shouted out her office door after a ding. The office had broken out in applause.

Most mornings, she gathers her staff for a meeting to go over the properties that are close to selling. The list - 96 on this day - reads like a list of victims of the real-estate crash.

A home in west Phoenix that sold for \$210,000 in 2006 was about to go for \$34,000. A Tolleson home that fetched \$290,000 in 2006 was now selling for \$108,000. A \$1.25 million, five-bedroom, three-bath home in Chandler had a price tag of \$315,000.

Zeitzer queried her staff about the holdup on some deals. One homeowners association wanted weeds pulled before the deal. One house needed an air-conditioning unit; the old one may have been carted off by the evicted owners. Another home had flood damage. Someone plugged a sink and turned on the faucet - possibly the evictee's way of saying goodbye.

Zeitzer's business is risky. During her first years, she could go months without closing a deal. It's one reason she thinks there are few women who act as real-estate brokers.

"A lot of women that are working and made decisions to pursue their careers, they're looking for the sure deal," she said.

Zeitzer grew up in Philadelphia but moved to Phoenix as a teenager and graduated from Central High School. She went to law school but always had a love of real estate.

She worked for Del Webb, first as in-house counsel, then as the manager of commercial development in master-planned communities. It was a job that married her love of law and real estate. It also let her see that housing prices were getting inflated.

"Our market has been overvalued since 1997," Zeitzer said.

The mother of three children, she was laid off when Del Webb merged with Pulte Homes.

"I was going to have a fourth baby," she said, "until I started a business."

Zeitler doesn't think she will continue at this pace, explaining that the market is hitting its bottom, at least with entry-level homes. She expects to be dealing with smaller numbers of higher-dollar properties in the next several months. Over time, she figures to be listing mainly commercial properties, rather than slews of single-family homes.

When that happens, she'll know the market has stabilized. Her city will have stabilized as well.

Zeitler hopes the Valley has learned lessons from the housing boom and bust. She said it's no accident that the hardest-hit areas in terms of home values were in the far-flung suburbs.

"I think what we've learned from a planning perspective is: Work from the core, rather than just growing for growth purposes," she said.

Zeitler also hopes people see their homes as places to live, rather than simply as a commodity to be bought and sold.

"I think people lost sight of that," she said. "There was no ownership in home ownership."

She adds, "If you put 10 percent in, then you pull money out of (your home) to buy an Escalade or to go on a vacation, you're not really owning it. You're just using it for purposes of generating cash and generating a lifestyle that you maybe couldn't afford."

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