

GAO

Briefing Report to the Honorable
Albert V. Casey, President and Chief
Executive Officer, Resolution Trust
Corporation

September 1992

RESOLUTION TRUST CORPORATION

Survey Results on RTC's Communication and Real Estate Marketing



147643



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-249417

September 24, 1992

The Honorable Albert V. Casey
President and Chief Executive Officer
Resolution Trust Corporation

Dear Mr. Casey:

Due to concerns expressed by the public that the Resolution Trust Corporation (RTC) was not responsive to requests for information about its real estate properties, we surveyed RTC Sales Center staff as well as members of the Society of Industrial and Office Realtors (SIOR).¹ We discussed the results of our surveys with members of your staff on July 13, 1992. This briefing report contains the information presented.

Our surveys asked 32 questions of the Sales Center coordinators and 24 questions of the SIOR members. This briefing report, however, addresses only those questions we believe are critical to RTC's future success and those that RTC can take steps to change. Most of the remaining questions address issues that are no longer relevant because of RTC policy changes, such as the pricing policy, or that RTC does not have direct control over, such as the quality of its assets.

BACKGROUND

Since its inception in 1989, RTC has taken over about \$28 billion in real estate inventory. The inventory, as of April 30, 1992, was valued at approximately \$13.9 billion. Further, over 90 percent of this inventory is commercial real estate and land; currently, markets for both are soft.

RTC has developed a variety of methods to sell its real estate assets, including individual sales, auctions, and portfolio sales. The Sales Centers were developed to facilitate these

¹SIOR is a branch of the National Association of Realtors, which represents a group of about 1,800 practitioners worldwide and specializes in marketing commercial properties.

sales and serve as focal points in areas where there are large concentrations of RTC assets. As of July 1991, RTC operated 16 Sales Centers around the country; under the current reorganization plan, the number is to be reduced to 6 by September 1993.

RTC's disposition efforts depend a great deal on its relationship with the private sector. In order to obtain RTC's views on its working relationship with the private sector, we surveyed the Sales Center coordinators between July 1991 to October 1991. To obtain the private sector's views on RTC's marketing of real estate assets and to be able to generalize the information obtained, we surveyed a representative sample of SIOR members between November 1991 and March 1992.

RESULTS IN BRIEF

In response to the Sales Center survey, RTC Sales Center staff reported that they had taken steps to establish good working relationships with the private sector. The Sales Center coordinators said that their staff had real estate experience, were hired from the local market, and had established outreach programs to provide information on properties and assist interested parties in purchasing real estate from RTC. These outreach programs include efforts such as broker/investor seminars, direct mailings, and booths at trade shows.

However, the SIOR respondents to our survey said that (1) RTC personnel lacked knowledge of local markets and (2) RTC personnel were not timely in providing information or responding to offers. Nearly 70 percent of the respondents said that RTC staff and contractors lacked market knowledge, and more than half said that they had limited knowledge of local properties. In addition, nearly 70 percent of the respondents characterized RTC's efforts to disseminate information as ineffective.

As for RTC's responsiveness to offers, the SIOR respondents did not find RTC to be timely or responsive to potential buyers nor timely in making decisions on purchase offers. About 86 percent of the respondents said that RTC did not provide timely responses to requests for information about properties, and over 90 percent of the respondents said RTC did not make timely decisions regarding purchase offers. However, about 40 percent of the respondents said that over the 6 month period before the survey was completed, RTC had improved.

As for other issues, the respondents had mixed views of RTC's property management efforts; about half said that RTC was selling real estate in about the same time as or faster than others in the market, while the other half said RTC was slower or much

slower than others in the market. The SIOR respondents said that they did not use some of RTC's marketing tools such as the computerized inventory systems, including the inventory on diskette. They said they preferred the traditional methods, such as newspaper advertising, the Multiple Listing Service,² and direct mailings.

As of April 1992, RTC has sold nearly \$10 billion (book value) of its real estate assets. But since a large portion, about 90 percent, of its remaining real estate inventory is made up of commercial assets and land and the SIOR members' expertise is selling these asset types, we think it is essential for RTC to be aware of these realtors' concerns. RTC will need to work closely with SIOR and others in the real estate community to dispose of these assets, given that the markets for both are soft. Recent changes in RTC's field operations may help it be more timely in its responses and decisions. The results of our surveys may help RTC determine a strategy for working with the private sector as it disposes of the remaining assets.

We recommend that RTC make changes to its operations, by developing strategies to improve the timeliness of its responses for information on its real estate inventory and ensuring that its staff and contractors establish good working relationships with the local real estate community.

OBJECTIVES, SCOPE, AND METHODOLOGY

As we began to assess RTC's disposition of real estate assets, we received comments from the real estate community that RTC was not responsive to their requests for information on available properties and that RTC had not established effective working relationships with the real estate community. The major objectives of our work were to (1) determine what efforts the Sales Centers had taken to market the large inventory of real estate assets to the private sector and (2) determine what the private sector thought of RTC's efforts and, using these responses, identify areas that need to be addressed by RTC.

To accomplish these objectives, we surveyed the Sales Center coordinators to obtain their views on how RTC was marketing and disposing of real estate assets. In July 1991, we sent a questionnaire to each of the 16 Sales Centers and received 14 responses between July 22 and October 9, 1991.

²A computer-generated program created for the purpose of circulating property listings for sale to different salespersons so that several different brokers can cooperate to find a buyer.

B-249417

We had originally planned to survey the membership of the National Association of Realtors, but the screening process to identify realtors who would have knowledge of RTC proved to be too long and costly. Instead, we decided to survey members of SIOR who were active in the commercial real estate market. We sent 797 questionnaires to SIOR members and received 462 responses between November 1991 and March 1992.

We did our work between December 1990 and July 1992 in accordance with generally accepted government auditing standards.

- - - - -
During our July 13, 1992 meeting with your staff, they said that they were aware of many of the issues raised by the SIOR respondents and that they agreed to share these results with other responsible RTC officials.

Since RTC was created as a mixed-ownership government agency, it is not required by 31 U.S.C. 720 to submit a written statement on actions taken on these recommendations to the Senate Committee on Government Affairs, the House Committee on Government Operations, and the House and Senate Committees on Appropriations. However, we would appreciate receiving such a statement within 60 days of the date of this letter to assist our follow-up actions and allow us to keep the appropriate congressional committees informed of RTC activities. We are also providing copies of this report to interested congressional committees and members. Copies will be made available to others upon request.

The major contributors to this report are listed in appendix IV. If you have any questions about this report, please contact me at (202) 736-0479.

Sincerely yours,



Gaston L. Gianni, Jr.
Associate Director,
Federal Management Issues

CONTENTS

	<u>Page</u>
LETTER	1
APPENDIXES	
I	
SUMMARY OF SALES CENTER AND SIOR SURVEY RESULTS	6
II	
SIOR SURVEY	30
III	
RTC SALES CENTER SURVEY	38
IV	
MAJOR CONTRIBUTORS	51

SUMMARY OF SALES CENTER AND
SIOR SURVEY RESULTS

Background

Real Estate Inventory

- Since August 1989
\$28 billion
- April 30, 1992--\$13.9 billion
- Over 90%--commercial or land

Sales have increased

- 1990--\$1.3 billion
 - 1991--\$5.4 billion
 - 1992 (April)--\$3 billion
-

BACKGROUND

Since its inception in August 1989, RTC has taken over about \$28 billion in real estate inventory. As of April 30, 1992, the inventory was valued at approximately \$13.9 billion. Over 90 percent of this inventory is commercial real estate and land; currently, markets for both are soft.

As stated in our February 1992 testimony,¹ RTC has made progress in disposing of its real estate assets. In 1990, RTC sales totaled \$1.3 billion; in 1991, the sales increased to \$5.4 billion, and for January through April 1992, sales totaled \$3 billion.

According to the March 23, 1992, plan to reorganize its field operations, RTC is to streamline its sales operations, including a reduction from 16 Sales Centers to 6 field offices by September 30, 1993. The impact of this reorganization on real estate sales is yet unknown.

¹Resolution Trust Corporation Performance Assessment for 1991
(GAO/T-GGD-92-14, Feb. 1992).

Objectives

To assess RTC's marketing of its large inventory of real estate

To assess the private sector's opinion of RTC's efforts and use this to identify areas that need attention

OBJECTIVES

In trying to dispose of its vast inventory of real estate assets, RTC was criticized in its efforts and ability to work with the private sector. Specifically, we received comments from the real estate community that RTC had not established working relations with it and that RTC was not responsive to its requests for information on available properties. The major objectives of this report were to (1) determine what efforts the RTC Sales Centers have taken to market the large inventory of real estate assets to the private sector and (2) determine what the private sector thought of RTC's efforts and, using these responses, identify areas that need to be addressed by RTC.

Scope and Methodology

We surveyed

RTC Sales Centers
as the focal point for RTC
sales operations and

SIOR members as key
players in the private sector
because they specialize in
commercial real estate

SCOPE AND METHODOLOGY

We surveyed the Sales Center coordinators to obtain their views on how RTC was marketing and disposing of real estate owned (REO) assets. In July 1991, we sent questionnaires to 16 sales centers and received 14 responses between July 22 and October 9, 1991. We conducted our review between December 1990 and July 1992.

SIOR SURVEY METHODOLOGY

In this review of RTC operations, GAO tried to determine whether realtors were experiencing particular problems in their dealings with RTC. We were especially interested in nine problem areas--Arizona, Arkansas, S. California, Colorado, Florida, Kansas, Louisiana, Missouri, and Texas. We defined these as problem areas because they had the most properties taken over by RTC, and therefore the realtors in these areas would be most likely to have had experience with RTC. However, we also wanted similar information from the remaining 41 states and the District of Columbia.

As with any study it was first necessary to identify the universe of interest--realtors who had had dealings with RTC. The available document that identified the total universe of realtors nationwide was the SIOR 1991 Membership Listings. We deleted from this total list those members who were identified as brokers from foreign countries, appraisers and associate members, as well as any members' names that appeared more than once. The final adjusted list contained 1,169 names and addresses; 392 were in the problem states, and 777 were in the others. Because information was not available on whether realtors had dealt with RTC, we were not able to delete those realtors who had had no contact with RTC.

We designed and pretested a questionnaire to elicit the viewpoints of realtors as to their experiences in dealing with RTC.

To ensure that our results would be generalizable to the universe with a 95-percent confidence interval with an error rate of no more than 5 percent, we needed a sample of at least 292 respondents. Even though our findings would only be reported for the total sample, we wanted to ensure that we had representation from each of the problem states. Therefore, we selected all realtors from these states whose names appeared on our adjusted list. We then selected a fifty percent systematic sample of realtors from the remaining states. This sample was larger than was statistically necessary. However, we expected that a large proportion of the realtors receiving the questionnaire would

indicate that they had had no dealings with RTC or would simply not respond to the survey.

Table II.1 shows the number of realtors in the total universe and the sample as well as the number of respondents for each of the problem states and for all the others. This table also shows the number of responses necessary to achieve the desired level of confidence assuming the worst possible scenario that the respondents were equally divided between two options on a particular item in the survey.

Because we had initially oversampled to account for an expected low rate of response due to our inability to define the precise universe of interest, the response rate of 58 percent was sufficient to allow us to generalize our findings to the total universe of realtors.

Table II.1: Universe, Sample, Responses and the Number of Responses Needed for 95-Percent Confidence Level

States	Universe	Sample	Responses	Sample needed
Problem states				
Arizona	12	12	10	2
Arkansas	10	10	4	3
S. California	113	113	66	29
Colorado	12	12	9	10
Florida	48	48	25	12
Kansas	5	5	4	2
Louisiana	22	22	11	5
Missouri	57	57	26	14
Texas	113	113	71	28
All others	777	405	234	187
Total	1,169	797	462 ^a	292

^aThis includes 2 respondents who had erased their ID number, so we could not determine whether they were from a problem state or from one of the other states.

Eleven respondents in the problem states and 16 in the others indicated that they had had little or no contact with RTC. In order to obtain information on why members did not respond, we made calls to a 10-percent systematic sample with a replacement of nonrespondents. Because we did not plan to generalize this information to the universe of nonrespondents, we selected these realtors from the three problem states with the highest proportion of nonrespondents--Arkansas, Louisiana, and Missouri. Of the 17 calls that were completed 16 (94 percent) of the members indicated that they had no contact with RTC or for some other reason should not have been included in the initial sample. Even in the problem states many realtors had no contact with RTC. Some did not respond to our survey. A summary of the survey results is in appendix II.

Sales Center Survey Responses

14 of 16 centers responded

Personnel

- had real estate experience
- were hired from local market

- developed outreach programs

SALES CENTER SURVEY RESPONSES

At the time of our survey, RTC had 16 Sales Centers. Two centers did not respond to the survey because they did not have real estate sales operations. According to the survey respondents, RTC Sales Center staff had real estate sales experience, and most were hired from the local market. For example, all 14 Sales Center coordinators said their real estate staff had prior experience, to a great or very great extent. Eleven of the Sales Center coordinators said that 95 percent or more of their staff was hired from the local market. The other three said that between 50 and 81 percent were from the local market. Each of the Sales Center coordinators responded that they had established outreach programs, such as broker/investor seminars, telemarketing, direct mailings to brokers, and booths at trade shows to provide information and facilitate the sale of real estate assets.

SIOR Survey Responses

462 Respondents

- 60% were RTC contractors or subcontractors

Mixed views of RTC's property management efforts

- 57% Moderate to very good
 - 43% Poor to very poor
-

SIOR Survey Respondents

Of the 797 surveys sent to SIOR members, we received 462 responses. Overall, 60 percent of SIOR respondents were RTC contractors or subcontractors. About 87 percent of the respondents had some contact with RTC. The remaining respondents had no experience with RTC. Reasons for this included a lack of RTC property in the respondents' areas or no market interest in RTC property. In addition, about 46 percent of the respondents had completed one or more sales or had executed one or more contracts with RTC. The following survey results reflect percentages of those respondents who had a basis to judge RTC's performance.

RTC's Property Management Efforts

Of the SIOR respondents who had a basis to judge, most (57 percent) said that RTC's asset managers were doing a good to moderate job of managing the properties, but the remaining 43 percent said that they were not. We believe comments and concerns by SIOR respondents indicate a need for RTC to pay attention to what the respondents perceive to be the problem. Some respondents believe that the quality of RTC property management and the upkeep of REO is poor. One respondent wrote, "I have seen values drop drastically on many properties due to the lack of attention [by property managers] to retaining existing tenants or pursuing new ones." Other respondents believe that RTC hires unqualified companies as contractors. One wrote, "RTC is getting what it's paying for" [when hiring low bid brokers and contractors].

SIOR Survey Responses

RTC's sales pace relative to other sellers

51% said slower

31% said same

18% said faster

RTC was perceived to be purposely slow

RTC's Sales Pace Perceived to Be Purposely Slow

The pace of RTC sales was criticized by the SIOR respondents. About 50 percent of the respondents said that the pace of RTC sales was slower than that of other local sellers of real estate; about 31 percent said the pace was the same, and 18 percent said that it was faster. The respondents commented that they believed both RTC officials and contractors were purposely slow because if they sold all of the RTC properties they would be out of their jobs. For example, one respondent said, "I have had RTC employees tell me face-to-face that they are not rushing to liquidate their real estate portfolio. If they do, they will then be out of a job."

SIOR Survey Responses

RTC staff and contractors lack market knowledge

- Limited knowledge of local markets (67%)
 - Limited knowledge of local properties (56%)
 - RTC ineffective at communications (68%)
-

RTC Staff and Contractors Lack Market Knowledge

About 67 percent of the respondents said that RTC staff had limited knowledge of their local real estate markets. And 56 percent of the respondents said RTC staff had limited knowledge of local RTC properties. Furthermore, 68 percent of the respondents said that RTC was not effective in establishing lines of communication with the local real estate sales community.

Twenty-three respondents wrote comments criticizing RTC for not hiring experienced local brokers who know the local market and how to work with others in that market. The respondents commented that when they had questions about property in their area, brokers were often unable to find out about properties. Also, when they got information from RTC it was often insufficient.

About three-fourths of the respondents said that RTC personnel and asset managers were ineffective in marketing assets to the private sector. According to the respondents' comments, RTC's ineffective marketing exists, in part, because both RTC personnel and asset managers have little knowledge of the market and because RTC personnel lack marketing skills. One respondent said, "RTC seems to approach every local market the same, rather than realizing some markets are hot, some are cold, and the RTC needs to be flexible enough to know the difference."

SIOR Survey Responses

Limited use of RTC's
marketing tools

- CD ROM
- Inventory on diskette
- RTCNet

SIOR respondents prefer

- Newspaper advertisements
 - Multiple Listing Service
-

Marketing Assets

RTC uses several marketing tools to disseminate information about RTC properties to potential buyers as well as real estate practitioners. These tools include CD ROM (compact disk read only memory), Inventory on Diskette (computerized lists on floppy disk containing specific information about properties), and RTCNet (an 800-telephone number with which subscribers can access a real estate database using their personal computers). Very few of the respondents used these tools. Instead, most relied on traditional marketing tools such as newspaper advertising and the Multiple Listing Service to access information on available real estate.

SIOR Survey Responses

RTC not timely or responsive to buyers

- Responses to information requests not timely (86%)
 - Responses to offers not timely (91%)
 - Some improvement has been made
-

Providing Timely Information or Responses

Our survey results show that the respondents did not find RTC to be timely or responsive to potential buyers--either in providing additional information to potential buyers or in responding to offers. The majority of respondents said that compared to other sellers of real estate, RTC did not provide timely responses to requests for information; about 86 percent of the respondents with a basis to judge said RTC is either less timely or much less timely. Brokers commented that it was difficult finding out about properties in their area and that when they were able to get information, it was often insufficient. In addition, respondents said that in some cases RTC did not respond at all to requests for information on available properties. Respondents also said they had problems getting their phone calls to RTC answered; they also said that if they left messages, their calls were not returned.

Additionally, 91 percent of the respondents with a basis to judge said that RTC did a poor job of making timely decisions on whether to accept offers on properties. Generally, they commented that RTC's inability to make decisions on offers is causing it to lose potential buyers. Specifically, one respondent wrote, "[RTC] should respond immediately to written offers." Another one said, "RTC employees are notorious for making no decisions. Procrastination prevails." When asked if RTC had improved, about 40 percent of the respondents said that there was improvement over the 6-month period before they completed the survey.

Conclusions

Progress has been made in disposing of real estate

More can be done to improve timeliness of responses

Consolidating operations may not improve communications with real estate community

CONCLUSIONS

RTC has made progress in disposing of real estate assets. In 1990, sales totaled \$1.3 billion; in 1991, the sales increased to \$5.4 billion, and through April 1992, sales were \$3 billion. But according to respondents to our survey, more can be done to dispose of real estate assets more effectively.

RTC will need to work closely with SIOR and others in the real estate community as it tries to dispose of the hard-to-sell assets. Although RTC's plans to consolidate its operations may facilitate and improve the timeliness of its decisionmaking, the consolidation efforts may not improve the effectiveness of RTC's efforts to communicate with the local real estate community. Without such improvements, RTC may not be able to benefit from the expertise the local real estate community has about local markets and interested buyers. Therefore, RTC needs to ensure that it has strategies to improve the timeliness of its responses to requests for information or offers. Also, RTC will need to ensure that its contractors are establishing good relationships with the local real estate community.

Recommendations

RTC needs to improve working relations with the real estate community by

developing strategies to improve timeliness of responses and

ensuring staff and contractors establish good working relationships with the local real estate community

RECOMMENDATIONS

We recommend that RTC consider the responses from the real estate community and work toward improving its working relationship with the community. We believe RTC needs to make changes in its operations that will address the concerns expressed in this briefing report in order to improve its real estate disposition efforts.

First, RTC needs to develop strategies to improve the timeliness of its responses to requests for information on its real estate inventory. Second, RTC needs to ensure that its staff and contractors establish good relationships with the local real estate community.

SIOR SURVEY

U.S. General Accounting Office



**Realtors' Views on
RTC Real Estate Sales**

Introduction

The General Accounting Office (GAO), an investigative agency of Congress is conducting a study of real estate sales functions at the Resolution Trust Corporation (RTC). The purpose of this survey is to determine how the RTC real estate sales program is operating and to identify areas for improvement.

One of the objectives of this review is to ascertain the views of the sellers of real estate on issues such as organizational effectiveness and the quality of service provided by RTC. We are particularly interested in your experience with RTC and their real estate sales process.

Most of the questions in this survey can be easily answered by checking boxes or filling in blanks. Additional comments may be written at the end of the questionnaire. If necessary, additional pages may be attached.

This questionnaire is confidential. The control number is included only to aid us in our follow-up efforts. Your response will be combined with those of other respondents and will be reported only in summary form. We will not identify specific cases in our report. Your participation is very important. We cannot provide meaningful information for Congress and RTC without your frank and honest answers.

The questionnaire should take about 20 minutes to complete. If you have any questions, please call Ms. Carolyn Ikeda at (202) 736-0450.

Please return the completed questionnaire in the enclosed pre-addressed envelope within 10 days of receipt. In the event the envelope is misplaced, the return address is:

U.S. GENERAL ACCOUNTING OFFICE
Ms. Carolyn Ikeda
441 G Street, N.W.
Room 3660
Washington, D.C. 20548

Thank you for your assistance.

.

Note

Local real estate market refers to the geographic area in which you have knowledge or familiarity.

SAMDA refers to RTC's Standard Asset Management Disposition Agreement.

BACKGROUND INFORMATION

1. Are you an RTC contractor or sub-contractor? *(Check one.)*

60%	Yes	N=561
40%	No	

2. Over the past 12 months, approximately what percentage of the following real estate have you sold? *(Enter percentages. Total should equal 100%)*

	<u>Percent</u>
1. Office	_____ %
2. Retail	_____ %
3. Apartment	_____ %
4. Industrial	_____ %
5. Residential	_____ %
6. Land	_____ %
7. TOTAL	100 %

3. How would you describe your level of involvement with RTC over the past year and a half? (Check one).
N=555

- 23.6% Have completed 1 or more sales of RTC property
 - 22.5% Have entered 1 or more contracts for RTC property but have not completed or finalized the sale
 - 40.4% Have contacted RTC for information on specific properties
 - 12.4% Have heard about RTC from other sellers of real estate
 - 1.1% Have had no direct or indirect contact with RTC (Go to Question 4.)
- (Skip to Question 5.)

4. What were your primary and secondary reasons for lack of contact with RTC? (Check one box under primary and one under secondary)

	Primary	Secondary
Little or no RTC property for sale in my area		
Unable to find information about property		
No response to my contract(s)		
No market interest		
Other (please specify) _____		

Note: if you have had no direct or indirect contact with RTC, STOP here and return the questionnaire in the enclosed envelope. Thank you.

5. Describe your level of contact with the following RTC entities: (Please check one box in each row)

	High level of contact	Some contact	Moderate contact	Little contact	No Contact
Asset managers (excluding SAMDA contractors) N=479	24.0%	17.4%	13.6%	13.3%	31.7%
SAMDA contractors N=460	11.8	15.2	12.1	16.4	44.5
RTC National Office N=428	3.8	8.2	5.8	21.5	60.7
RTC Regional/ Consolidated Offices N=519	16.6	23.5	15.6	28.8	15.5
Other (specify) _____ N=59	34.9	8.7	7.0	1.7	47.6

6. Currently, on the average how effective or ineffective are the following at facilitating sales? (Check one in each row).

		Very effective	Somewhat effective	Neither effective nor ineffective	Somewhat ineffective	Very ineffective	No basis to judge
Asset managers (excluding SAMDA contractors)	N=495	4.0%	15.4%	11.9%	12.9%	17.9%	38.0%
SAMDA contractors	N=471	3.7	12.7	8.9	10.2	13.3	51.2
National RTC Office	N=457	1.1	2.9	9.7	12.0	15.5	58.7
RTC Regional/Consolidated Offices	N=503	3.1	10.0	14.6	20.7	20.7	30.9
Other (specify) _____	N=69	10.6	4.4	4.6	6.1	16.7	57.6

7. During 1990, RTC's first year of operation, in your opinion, how effective or ineffective was RTC at marketing real estate properties to the private sector? (Check one).

0.6%	Very effective	N=563
2.2	Generally effective	
17.2	Moderately effective	
27.1	Generally ineffective	
36.0	Very ineffective	
16.9	No basis to judge	

8. So far in 1991, would you say that RTC's operations have improved, stayed the same or become worse over the last 6 months? (Check one).

3.8%	Greatly improved	N=563
31.7	Somewhat improved	
35.4	Stayed about the same	
10.3	Somewhat worsened	
5.1	Much worse	
13.7	No basis to judge	

9. In your opinion, to what extent would you say that the local RTC staff are knowledgeable about your local real estate market? (Check one).

1.5%	To a very great extent	N=556
4.8	A great extent	
20.1	Moderate extent	
24.4	Some extent	
28.1	Little or no extent	
21.1	No basis to judge	

10. To what extent are RTC's local staff knowledgeable about RTC properties outside of your local real estate market? (Check one.)

0%	To a very great extent	N=555
0.6	A great extent	
10.9	Moderate extent	
10.9	Some extent	
21.0	Little or no extent	
56.7	No basis to judge	

11. To what extent are RTC's local staff knowledgeable about RTC properties in your local real estate market? (Check one.)

2.0%	To a very great extent	N=556
8.9	A great extent	
22.4	Moderate extent	
22.7	Some extent	
19.9	Little or no extent	
24.1	No basis to judge	

12. Currently, in your opinion how effective or ineffective are RTC's use of each of the following disposition techniques (i.e. auctions, bulk sales, sealed bid offerings, direct sales) in ensuring a reasonable sales price given the current real estate market? (Check one box in each row).

	Very effective (1)	Somewhat effective (2)	Neither effective nor ineffective (3)	Somewhat ineffective (4)	Very ineffective (5)	No basis to judge (6)
Auctions of like property N=542	6.0%	22.3%	7.6%	12.5%	15.8%	35.8%
Bulk sales of like property N=540	0	16.8	10.4	12.0	24.0	36.8
Sealed bid offerings N=538	1.7	10.1	10.7	18.6	16.7	42.2
Direct sales N=545	9.6	28.8	7.0	19.9	17.1	22.5
Other (specify) N=45	2.2	2.2	0	0	18.7	76.9

13. In general, how successful or unsuccessful are the following RTC marketing tools at disseminating information on RTC's real estate inventory? (Check one box in each row).

	Very successful (1)	Somewhat successful (2)	Moderately successful (3)	Somewhat successful (4)	Very Unsuccessful (5)	No basis to judge (6)
CD Rom N=533	0.6%	0.4%	2.1%	5.6%	17.7%	73.6%
Inventory on disk N=537	0.8	0.8	4.4	8.4	19.3	66.4
Inventory books N=537	3.2	5.2	12.6	23.3	20.0	35.7
RTC Net (Computer network) N=530	0.8	0.6	4.3	10.3	18.5	65.5
800 telephone line N=525	1.6	4.3	12.5	14.4	18.7	48.6
Mailouts by SAMDA contractors N=537	3.2	7.5	13.3	20.9	20.4	34.7
Newspaper advertising N=527	2.5	8.4	19.9	25.1	18.9	25.2
Other (specify) N=65	1.5	7.9	0	1.5	24.0	65.1

14. Currently, on the average, how good a job do you think RTC does at managing the property they hold (i.e. keeping property properly maintained) ? (Check one).

0.7% A very good job N=559
 10.9 A good job
 29.7 Moderate job
 20.1 A poor job
 11.6 A very poor job

 27.0 No basis to judge

15. In your opinion, what is the quality of the following types of RTC assets in your area compared to those offered for sale by other sellers of real estate ? (Check one box in each row).

		RTC's assets are much better (1)	RTC's assets are generally better (2)	RTC's assets are about the same (3)	RTC's assets are generally worse (4)	RTC's assets are much worse (5)	No basis to judge (6)
Residential	N=514	0%	0.2%	13.5%	19.4%	6.4%	60.5%
Office	N=537	0.2	3.4	32.5	31.9	10.8	21.3
Retail	N=520	0	0.4	21.2	32.2	7.5	38.7
Apartment	N=515	0	2.2	17.0	27.1	6.8	46.9
Industrial	N=539	0.2	1.9	24.8	31.3	9.5	32.3
Land	N=499	0.2	2.2	30.9	19.9	14.3	32.5

16. In your opinion, compared to other sellers of real estate, does RTC respond in a more timely or less timely manner for requests for information on properties?

1.1%	RTC is much more timely	N=559
1.3	RTC is somewhat more timely	
10.0	RTC is equally timely	
30.4	RTC is less timely	
43.2	RTC is much less timely	
14.0	No basis to judge	

17. Prior to 6 months ago, rate RTC's ability to make timely decisions on whether to accept offers on property? (Check one.)

0.6%	Excellent ability	N=559
0.6	Good ability	
5.0	Average ability	
22.9	Poor ability	
42.2	Very poor ability	
28.7	No basis to judge	

18. In the last 6 months, would you say that the amount of time it takes for RTC staff to make a decision on whether to accept offers on properties has improved, stayed the same or has gotten worse? (Check one).

2.8%	Greatly improved	N=556
22.6	Somewhat improved	
30.4	Stayed about the same	
6.5	Somewhat worsened	
5.0	Much worse	
32.8	No basis to judge	

19. RTC's staff at the consolidated and regional offices have been delegated authority to make decisions on real estate sales. In your opinion, to what extent, if at all, are RTC consolidated and regional offices staff using this authority? (Check one).

0.9%	To a very great extent	N=553
6.2	A great extent	
16.1	Moderately extent	
15.1	Some extent	
18.7	Little or no extent	
43.0	No basis to judge	

20. Considering the slump in real estate sales over the last 6 months, in your opinion, would you say that RTC has sold its property at a pace faster than, equal to or slower than other sellers of real estate in your market area? (Check one).

RTC is selling real estate at a pace ...		N=558
3.0%	Much faster than other sellers of real estate	
11.2	Faster than	
24.5	About the same	
29.0	Slower	
10.5	Much slower	
21.8	No basis to judge	

21. In general, how effective or ineffective has RTC been at establishing useful lines of communication with the local real estate sales community? (Check one).

- 2.2% Very effective N=558
- 17.8 Somewhat effective
- 9.6 Neither effective nor ineffective
- 27.2 Somewhat ineffective
- 36.3 Very ineffective
-
- 6.9 No basis to judge

22. Have you heard of RTC's recently implemented plan to more aggressively adjust prices on its properties? (Check one).

- 57.2% Yes (Continue to question 23.) N=548
- 42.8 No (Skip to question 24.)

23. In your opinion, do you feel that this will speed up the sales of assets? (Check one).

- 26.7 Definitely yes N=320
- 42.4 Probably yes
- 19.6 Unsure
- 8.0 Probably No
- 0.6 Definitely No
-
- 2.6 No basis to judge

24. If you have any additional comments or suggestions on how RTC can improve any step in their sales process, please use the space below. You may attach additional sheets if necessary.

000/00 - 002

RTC SALES CENTER SURVEY

U.S. General Accounting Office
**Survey of RTC Sales Centers -
Real Estate Marketing**

INTRODUCTION

The U.S. General Accounting Office (GAO), an investigative agency of Congress is conducting a survey of RTC Sales Centers. The purpose of this survey is to collect information dealing with the structure of the RTC Sales Centers and about the methods the sales centers use to market the assets under their control.

Most of the questions in this questionnaire can be easily answered by checking boxes or filling in blanks. In some cases, we ask that supporting documents be provided. Space has been provided at the end of the questionnaire for any additional comments.

Because this questionnaire requires an overview of the entire operation of the sales center, we request that it be completed by the Sales Center Coordinator.

This questionnaire should take about 45 minutes to complete. If you have any questions concerning any aspect of this survey, please call Ms. Carolyn Ikeda at (202) 736-0450.

Please return the completed questionnaire in the enclosed pre-addressed envelope within 10 days of receipt. In the event the envelope is misplaced, the return address is:

U.S. General Accounting Office
General Government Division
Ms. Carolyn Ikeda
441 G Street, N.W.
Room 3126
Washington, D.C. 20548

Thank you for your assistance.

BACKGROUND INFORMATION

Name of Sales Center: _____

Location: City _____ State _____

Coordinator: _____

Name and position of person completing questionnaire:

Name: _____

Position: _____

Phone: (_____) _____

SALES CENTER DEVELOPMENT

1. When did this sales center begin operations?

_____/_____/19_____
(MO) (DA) (YR)

2. Currently, is the sales center fully staffed? (CHECK ONE.)

1. Yes --> When did it become fully staffed?

_____/_____/19_____
(MO) (YR)

2. No

3. How many staff are currently on board that report to the Sales Center Coordinator? (ENTER NUMBERS.)

_____ Full-time

_____ Part-time

4. Please list the position titles of the staff you currently have on board and the number of staff in each position.

POSITION TITLES	NUMBER OF STAFF
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

5. Please enter the number of staff members you have at your sales center working the in the following areas.

AREAS	NUMBER OF STAFF
Loans (Financial instruments)	_____
Real Estate	_____
Auctions	_____
Affordable Housing	_____
Other (e.g., furniture, artwork, office supplies, etc.)	_____

6. Please include an organizational chart showing reporting lines and the basic organizational structure of this sales center.

7. To what extent, if at all, do the staff members have prior work experience in the areas that they are working at the sales center? (CHECK ONE BOX IN EACH ROW.)

	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To some extent (4)	To little or no extent (5)	No basis to judge (6)
Financial Instruments (e.g., Loans, mortgages, securities, junk bonds, etc.)						
Real Estate						
Auction						
Affordable Housing						
Other (e.g., furniture, artwork, office supplies, etc.)						

8. To what extent, if at all, does the personnel at your sales center have work experience in the following areas? (CHECK ONE BOX IN EACH ROW.)

	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To some extent (4)	To little or no extent (5)	No basis to judge (6)
The private sector (Non-sales position)						
Residential real estate sales						
Commercial real estate sales						
Land sales						
Other types of sales						
Other (Please specify) _____						

9. Approximately what percent of your current sales center personnel were hired from the local sales market or other agencies in the metro area, and what percent were brought in from the outside (i.e., FDIC/RTC staff from some other location)? (ENTER PERCENTS. TOTAL SHOULD ADD TO 100%.)

Hired from the local market %

Brought in from the outside %

TOTAL 100%

SALES CENTER OPERATING PLAN

10. Does this sales center have an asset disposition plan and a marketing plan? (CHECK ONE BOX IN EACH ROW.)

	Yes (1)	No (2)
Asset disposition plan		
Marketing plan		

If your sales center has either or both of these plans, please enclose a copy when you return the questionnaire.

11. If your sales center has an asset disposition plan and/or a marketing plan, when were these plans developed?

Asset disposition plan /19
(MONTH) (YR)

Marketing plan /19
(MONTH) (YR)

12. If your sales center has an asset disposition plan, has the sales center established timeframes or goals for asset disposition in the plan? (Include events scheduled in the future.) (CHECK ONE.)

1. No

2. Yes -> Please describe these timeframes and provide supporting documentation.

13. To what extent, if at all, were the following involved in the development of the asset disposition plan and the marketing plan? (CHECK ONE BOX IN EACH ROW.)

	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To some extent (4)	To little or no extent (5)	No basis to judge (6)
Asset Disposition Plan						
RTC Headquarters						
RTC Region(s)						
RTC Consolidated Field Office(s)						
Sales Center						
Other (Specify) _____						
Marketing Plan						
RTC Headquarters						
RTC Region(s)						
RTC Consolidated Field Office(s)						
Sales Center						
Other (Specify) _____						

14. Has your sales center established an outreach program to real estate sales practitioners? (CHECK ONE.)

1. No

2. Yes --> If yes:

a. Please describe how the program has been implemented.

b. Please describe the methods that you use in this program, especially focusing on those methods that are innovative and allow you to work better with the private sector.

15. Please list any innovative sales or outreach methods you have used. Identify which worked and why. Also identify ones which were not as successful and what you learned from attempting that approach. (Attach additional sheets if necessary.)

16. In your opinion, will your sales center be able to dispose of its real estate inventory valued at less than \$100,000 by June 30, 1991 as set by the directive of October 30, 1990, Circular 10300.4? (CHECK ONE.)

- 1. Definitely yes
- 2. Probably yes
- 3. Unsure at this time
- 4. Probably no
- 5. Definitely no

17. Is the sale of assets by your sales center being tracked? (CHECK ONE.)

- 1. Yes (CONTINUE WITH QUESTION 18.)
- 2. No (SKIP TO QUESTION 19.)

18. Please describe the tracking process including how frequently (e.g., daily, weekly, monthly, etc.) the tracking is updated. Please include supporting documentation.

19. Based on your sales centers' progress so far, have you been disposing of real estate assets at a faster rate than expected, at about the rate you expected, or at a slower rate than you expected based on your asset disposition plan? (CHECK ONE.)

- 1. At a much faster rate
- 2. At a somewhat faster rate
- 3. At about the rate expected
- 4. At a somewhat slower rate
- 5. At a much slower rate

20. Have you developed an investor data base?

- 1. Yes
- 2. No

If yes, how frequently is it updated?

SALES RESULTS

21. Please provide the following information on the sales facilitated by your sales center as of March 31, 1991 for the following types of assets. (ENTER NUMBERS IN THE BOXES.)

	Number of properties sold	Book value of assets	Actual sales in dollars	Percent of real estate inventory held
Residential		\$	\$	%
Residential (Affordable housing)		\$	\$	%
Commercial		\$	\$	%
Land		\$	\$	%

Please provide supporting documentation for the above question.

22. Please provide the following information on results of the methods used to complete sales by your sales center as of the current date for the following methods. (ENTER NUMBERS IN THE BOXES.)

	Number of times method was used	Number of properties sold	Book value of assets	Actual sales in dollars	Percent of real estate inventory held
Auction			\$	\$	%
Sealed bid offering			\$	\$	%
Portfolio sales			\$	\$	%
Direct sales through a contractor			\$	\$	%
Other method? (Please specify) _____			\$	\$	%

Please provide supporting documentation for the above question.

REPORTING REQUIREMENTS

23. Are you required to report sales information on residential, residential (affordable housing), commercial property, and land sales to RTC headquarters, the RTC consolidated field offices, and the RTC regional offices? (CHECK ONE BOX IN EACH ROW.)

	Yes (1)	No (2)	If yes, please indicate how frequently you are required to report
REQUIRED TO REPORT TO RTC HEADQUARTERS			
Residential			
Residential (Affordable housing)			
Commercial			
Land			
REQUIRED TO REPORT TO RTC REGIONAL OFFICE			
Residential			
Residential (Affordable housing)			
Commercial			
Land			
REQUIRED TO REPORT TO RTC CONSOLIDATED FIELD OFFICE			
Residential			
Residential (Affordable housing)			
Commercial			
Land			

24. Please describe the process by which RTC monitors your real estate sales effort, particularly with regard to real estate sales, focusing on RTC headquarters, RTC regions, RTC consolidated field offices, and the national sales center.

a. Oversight by RTC Headquarters

b. Oversight by RTC Regions

c. RTC Consolidated Field Offices

d. RTC National Sales Center

25. On average, how frequently or infrequently does your sales center use the REOIS to conduct sales business? (CHECK ONE.)

- 1. More than once a day
- 2. About once a day
- 3. 3 to 4 times a week
- 4. About once a week
- 5. 2 to 3 times a month
- 6. Less than 2 times a month
- 7. Do not use REOIS

26. To your knowledge, does RTC headquarters use REOIS to track sales business of the RTC sales centers? (CHECK ONE.)

- 1. Yes --> Please explain how they use REOIS to track sales business.

- 2. No
- 3. Do not know

RECORDKEEPING

27. Does your sales center maintain an inventory of real estate assets in your area other than the REOIS or REOMS?
(CHECK ONE.)

- 1. Yes --> (CONTINUE WITH QUESTION 28.)
- 2. No --> (SKIP TO QUESTION 32.)

28. Please describe how this local inventory is maintained and updated.

29. In your opinion, to what extent, if at all, does this inventory accurately represent the real estate assets handled by your sales center at any given time? (CHECK ONE.)

- 1. To a very great extent
- 2. To a great extent
- 3. To a moderate extent
- 4. To some extent
- 5. To little or no extent

30. Is the accuracy of this inventory verified in any way? (CHECK ONE.)

- 1. No
- 2. Yes --> Please describe this verification process.

31. How frequently is the inventory of real estate assets maintained by your sales center updated? (CHECK ONE.)

- 1. On a daily basis
- 2. Every 2 to 3 days
- 3. About once a week
- 4. Less frequently than once a week --> Please specify: _____

32. Are there any other data systems used by your sales center to keep track of local real estate assets? (CHECK ONE.)

- 1. No
- 2. Yes --> Please describe:

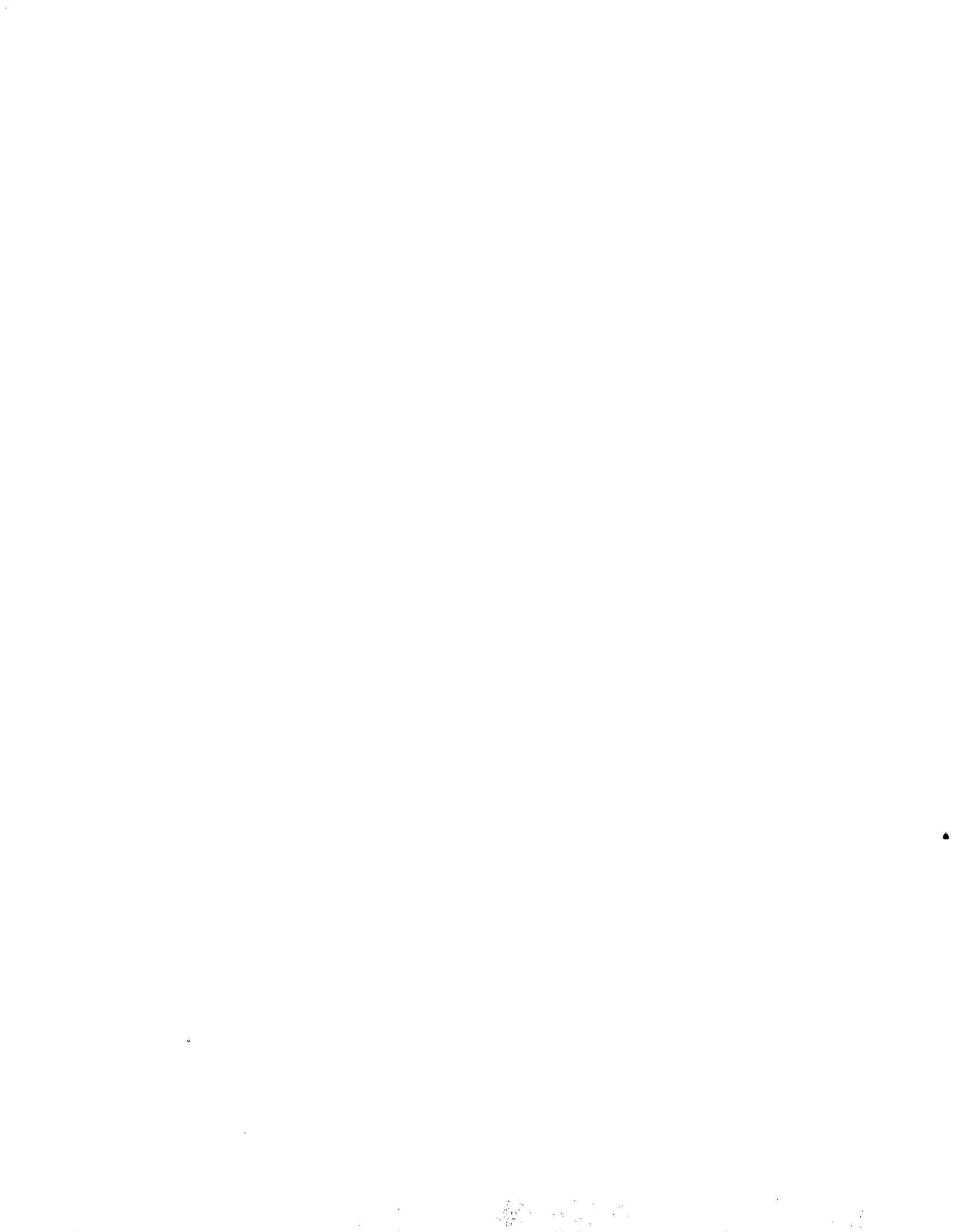
Thank you for your assistance. Please return the questionnaire in the pre-addressed envelope.

MAJOR CONTRIBUTORS TO THIS BRIEFING REPORT

GENERAL GOVERNMENT DIVISION, WASHINGTON, D.C.

Carolyn M. Taylor, Assistant Director, Federal Management Issues
Ronald L. King, Assistant Director, Federal Management Issues
Carolyn S. Ikeda, Evaluator-in-Charge
David E. Sausville, Evaluator
Stuart M. Kaufman, Social Scientist Analyst
Charity J. Goodman, Social Science Analyst
Carl M. Ramirez, Social Science Analyst
Bonnie J. Stellar, Statistician

(247019)



Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20877**

Orders may also be placed by calling (202) 275-6241.

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**
