Williams & Williams, Tulsa Okla., is a global auctioneer for all types of real estate. Separate sales divisions serve the corporate, mortgage banking, employee relocation and trust industries with modern transparent auctions for the ongoing sale of owned assets. The company also serves individual property owners through its Farm, Ranch and Premiere sales division.

The company’s model brings buyers and sellers together directly through modern online and on-location auctions that offer transparency, convenience and efficiency. U.S. sales in 2006 on behalf of the mortgage banking industry, which includes property preservation and turnkey outsourcing services, totaled more than 5,000 unique properties across all 50 states, representing the fourth consecutive year of more than 100 percent sales growth for this division.

**Key Personnel:**
- Dean Williams, CMB, president and CEO
- Pamela McKissick, COO
- Elsa Lewis, senior vice president, Mortgage Banking Division
- Tim Moriarty, director of Mortgage and Corporate Owned Assets

**Q. What trends is your company positioning for in the next few years?**

DEAN WILLIAMS: Mortgage investors generally try to manage collateral risk at the loan level. Once a loan is non-performing or foreclosed; however, decision methodology of many loan servicers acting on behalf of mortgage investors, we believe, actually leads to risk-seeking behavior. While collateral risk may be born at loan origination, it grows up during real estate disposition. We feel this is due to the presumed illiquidity of the real estate asset.

Default servicing (pre-foreclosure workout sales) as well as traditional real estate owned (REO/foreclosed property sales) disposition generally operates from the Decision Making Under Uncertainty framework. This decision model recognizes that the actual final net sale price of the real estate asset is unknown, and therefore the maximum regret of any asset manager would be to sell a home for less than it is worth.

In order to minimize the chance of that regret happening, high speculative asking or ‘list’ prices are set and then lowered slowly over time. Although this strategy does protect the
asset manager from their maximum regret, the theoretical assurance of not selling too low comes at a steep price (holding, carrying and lost opportunity costs). Also, as vacant for-sale housing inventory grows, the costs of this illiquidity negatively compounds, affecting other underperforming loan or real estate owned assets.

An alternative decision making framework would be Decision Making Under Risk. This decision model recognizes that the actual sale price of the REO asset is unknown, but can be modeled probabilistically. Once the expected value of the home has been determined, the seller can now deliberately choose to be risk seeking by continuing to list a property or risk averse by accepting a known cash offer. The point of this decision making framework is to consciously optimize net return by tailoring risk preferences based upon market exposure.

We’ve developed data that supports above from our own sales of properties at auction on behalf of large mortgage servicers (over 5,000 assets in 2006). Consequently, we’re now also seeking to partner with large mortgage investors to increase directly their net returns, liquidity and information velocity relating to sales of owned real estate, as either an outright risk (asset) purchaser on a flow basis, or on other negotiated terms that benefit both parties.

The bottom line is, while we already own services that create better liquidity for real estate, which can be utilized to reduce loan losses due to foreclosure (both pre and post), we’re also now interested in underwriting or acquiring risk relative to real estate acquired or owned from the seller (mortgage investor) directly.

Q. Where do you see your company in five years?
WILLIAMS: Our mission is to create better liquidity for real estate. This includes methodology for conducting sales transactions that are more efficient, convenient and transparent, as well as realizing better net returns from market value. In addition to serving our business clients (mortgage banking, employee relocation and corporate owned property) with our property preservation and turnkey outsourcing services, we expect to build upon our existing premium services for high end real estate owners to services that are available to all individual selling consumers for improving the net values they receive upon sales.

Q. What is the single most important issue facing your company right now?
WILLIAMS: Real estate disposition and credit risk managers are accustomed to only having lagging data as to real estate values. As we offer the closest thing in the marketplace to a ‘spot market’ for real estate, we are on the point of any value trends. In contemplating a potentially downward trending real estate cycle, we have to be especially cognizant of maintaining and
building out our transaction capacity so we can assist in keeping for sale real estate inventory from piling up upon itself and further eroding market prices.

**Q. Why did your company join the Mortgage Bankers Association?**
WILLIAMS: Our core values of responsible freedom are intricately linked to the ‘ownership’ value proposition as it relates to real estate. The real estate finance industry has become the broad shoulders on which this value proposition resides, and the MBA is this industry’s collective voice. We firmly believe that mortgage finance continues to offer tremendous value for real estate ownership, and that modernizing the transaction platform for the actual real estate sales themselves is the next major challenge we must rise to meet.

**Q. What advantages does your company’s MBA membership give you?**
WILLIAMS: First and foremost is education, from formal programs and conference attendance to peer to peer contact and discussions. Also, as a member of MBA, we feel we are part of a large community that remains on the forefront of defending and building upon the principles of transparency, ownership, responsibility and freedom.