

Distressed real estate a boon for Woodward Asset Capital

BY DALE BUSS

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What Rodney Carey and his partners at Woodward Asset Capital do goes way beyond making lemonade out of lemons.

They have managed to create a thriving niche business out of the vast detritus of the home foreclosure disaster that has overtaken not only Metro Detroit but also much of the country during the past few years.

Southfield-based Woodward Asset Capital develops, markets and sells software that organizes and streamlines the sale of foreclosed properties for banks, real estate agencies and other interested parties.

"As long as modern real estate has been sold, the industry had a process in place that dealt with the 1 percent to 2 percent of inventory every year that would become foreclosures," said the 44-year-old Carey, CEO of Woodward Asset Capital.

"Then, that became 25 percent to 30 percent, and the system just couldn't hold the weight."

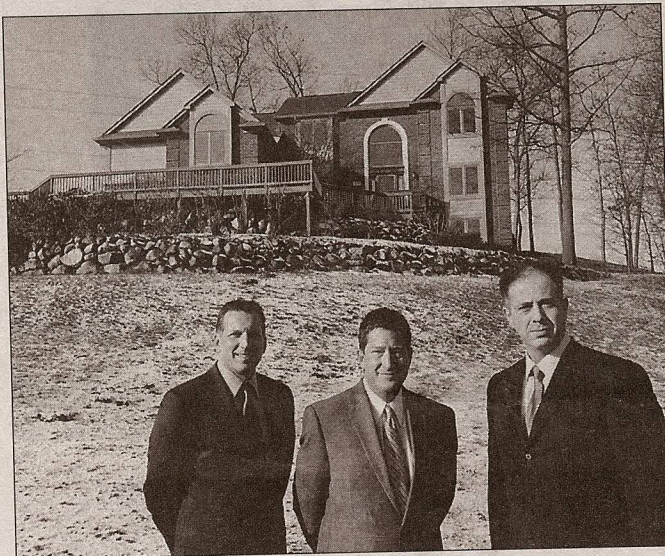
The foreclosure software program solution has resulted in revenue growing 230 percent in two years — to \$2.3 million last year from \$1 million in 2008, officials said.

The company projects it could generate \$2.7 million in revenue this year.

Carey and his co-principals — President Ronald Jasjur and Chief Operating Officer Gerald Kazakov — essentially backed into this business.

In 2006, Carey had been involved in the securitization side of the housing industry — packaging individual mortgages into an investment that can be sold — with Merrill Lynch for about a decade when the three men got together to buy distressed properties and sell them for more.

That's when they realized how inefficient the market was. One of the biggest problems was that many property listing agents have little incentive to promote the sale of foreclosed properties because they are earning fees for managing them.



Charles V. Tines / The Detroit News

From left, Rodney Carey, Ronald Jasjur and Gerald Kazakov of Woodward Asset Capital streamline sales of foreclosed properties.

Woodward Asset Capital

Founded: 2007

Employees: 7

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Strategy: Find inefficiencies in the distressed real estate market and exploit them for business opportunities.

Lesson for other businesses: Vast areas of the economy and entire industries still operate largely without the efficiencies provided by software programs developed specifically for their processes.

Sometimes, Carey said, outright greed and theft are involved.

Woodward Asset Capital's software app, OfferSubmission.com, engages buyers' agents directly and provides banks with control over the presentation and acceptance of real estate offers.

"It puts the bank or the institutional seller in the driver's seat for the very first time," Carey said. "Before, they might be the last person to know if there was a buyer or offer out there."

OfferSubmission is processing more than \$500 million in offers on lender-foreclosed properties monthly, he said.

Woodward Asset Capital makes its money by charging \$300 for a closing cost once the property is sold.

Woodward employs seven people. The company still performs real estate acquisition and sales, and consults on sales and disposition strategies, but software development and deployment are its biggest focus.

This month the company plans to expand by launching VerifiedShortSale.com, a software program that will bring the same sort of efficiencies to the short sale process.

Short sales — selling a property for less than what is owed on the mortgage — account for about 6 percent to 7 percent of residential properties sold now, while foreclosures account for about 25 percent, Carey said.

Homeowners typically want a short sale because of an unexpected event such as a work transfer, a divorce or missed mortgage payments that trigger the beginning of the foreclosure process.

They ask their lender to let them try to sell the home for less than what they owe on the total mortgage.

"As the (short sale) numbers have gotten bigger," Carey said, "inefficiencies have come into more light." And that means opportunity for Woodward.