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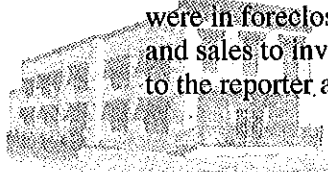
Public Administrator's Response to the Denver Post Article dated May 2, 2010

Sunday's article in the Denver Post by David Olinger, tantalizingly entitled "Estates lost out on some fast flips", tells only a selected part and misleadingly edited portion of the story of how the Denver Public Administrator's office sells real estate, and the article intentionally distorts the investor auction system utilized in the sale of certain real properties. The pervasive dishonesty of the article is that the author deliberately chose not to include important facts that this office had provided to him which would have resulted in a balanced portrayal of our sales system. The Public Administrator believes our approach to the sale of real estate is beneficial to many of the cases which this office handles.

Facts and Information Withheld from Denver Post Article

The facts and explanations that were withheld from the article are numerous. The most pertinent facts or circumstances that were provided to the reporter but which the Denver Post deliberately chose not to include in the article are as follows:

- The emphasis on the sales to Ridgemoor Realty was exaggerated and distorted. Ridgemoor Realty has purchased many houses from cases in the PA's office since 1999, perhaps as many as the 25 identified by the Post (the PA has not independently verified that number). During that time period the PA's office (when Bob Steenrod was the PA) sold at least 200 if not 300 or more properties through both the regular MLS listings and through investor sales. Thus, although Ridgemoor has purchased more properties than any other individual purchaser, the sales to Ridgemoor do not represent a particularly large number of sales when viewed as a whole.
- Until approximately 2004, the PA normally sold real properties with a realtor and marketed through the MLS. Over time the PA realized that distressed properties could be sold more advantageously directly to investors/developers saving the estate the cost of a realtor's commission. In 2004, the PA began developing a list of investors willing to purchase distressed properties or properties located in desirable neighborhoods (i.e. attractive to developers) directly from the PA. Properties that can appropriately be sold through a realtor continue to be sold in that fashion. What was not adequately disclosed in the Article is that the vast majority of the cases in which properties are sold to investors involved estates that had no money to make the improvements required to make the properties habitable, and they were, therefore, not marketable to an owner-occupant. Due to serious disrepair and/or deferred maintenance the houses involved in the private auction process would not have qualified for the bank or federal loan financing that is usually required to sell a property to an owner-occupant. In addition, Mr. Olinger did not point out that some of the houses involved in his article, and many others sold by the PA, were in foreclosure and thus the estates were under time pressure to sell these properties, and sales to investors saved the equity in the properties. Specific instances were provided to the reporter and were ignored.



- The investor/developer list maintained by the PA for the private auction process now exceeds 45 individuals and companies. The investors on the PA's list, including Ridgemoor Realty, normally pay cash for the properties, often do not require inspections or appraisals, and usually close within 30 days, all of which benefits the expedient and the proper administration of estates.
- In all cases mentioned in the Post article, except one Court approved sale in a Conservatorship, and in many other cases, the estate received a sales price in excess of the appraised price of the property, sometimes by several thousands of dollars. This added value is a direct reflection of the auction bid process developed by the PA. This kind of benefit would have been difficult if not impossible to obtain by listing through a realtor.
- The omission of a realtor's commission is quite frequently very substantial, often saving estates \$10,000 to \$20,000 or more depending on the value of the property.
- The Post article implies that the Public Administrator himself should have engaged in the risky "fix and flip" business to obtain "maximum" benefit for the estates, highlighting several subsequent sales by Ridgemoor Realty. In creating such an impression, the Article fails to acknowledge that: (a) there are typically no funds available for such activity and would require the fiduciary to take out a loan; and (b) engaging in this type of activity is akin to gambling with the money of the successors of the Estate. It is our opinion that a fiduciary is expected to make reasonable, appropriate decisions based upon the facts available to him or her at the time and has a duty to refrain from speculative activity. The fix and flip market is inherently risky and speculative and is not likely to qualify as reasonable investment activity by fiduciary standards.

Remarks concerning specific real estate properties mentioned in the Article

- 369 S. Pennsylvania St.: The case of Pauline Price's home, 369 S. Pennsylvania St., highlighted by the Post involved an unusual situation where Ridgemoor Realty approached the PA's office before the house was listed on the market for sale through a realtor and offered to pay \$2,000 over the appraised value, whatever that price might be. An appraisal was then obtained by the PA, acting as the Personal Representative of the Estate, from an independent third party professional appraiser. It was disclosed to the reporter that the offer from Ridgemoor was conveyed to the attorneys who represented all of the interested parties in the case before any contract was accepted and that all parties approved the sale. Mr. Olinger also neglected to point out that the estate saved \$15,650 in a realtor's commission by selling the property in this fashion.
- 2220 W. Gill Place. The article neglected to point out that the property was in foreclosure and the foreclosure sale had already taken place at the time of the sale. The estate was dealing with the property in the redemption period and a quick sale was crucial in order to save the equity in the property for the benefit of the successors. The estate received \$1,000 less than appraisal in a sale that was made to Ridgemoor through a realtor. Importantly in that case, the Estate was able to redeem before the end of the redemption period and thereby saved \$70,000.00 of equity in the property. Mr. Olinger also failed to point out that there was only one offer received (from Ridgemoor) after 30

days of exposure on the MLS and that equity in the house would have been lost to foreclosure but for the offer from Ridgemoor Realty.

- 4209 Umatilla. The article referenced this house that was sold for \$112,750.00 with Court approval. The appraisal on that house was \$95,000.00. Thus, the Estate received two substantial benefits – first, \$17,750.00 over the appraised value, and, second, another \$7,000.00 for not having to pay a realtor's commission. The Public Administrator fails to understand how the Post can argue that the Estate somehow "lost out" in this case. The PA acknowledged that a higher offer of \$115,000 was received and mislaid; but that resulted from a simple mistake which was fully disclosed to Mr. Olinger and is insignificant. The important point is that if the property had been listed through a realtor, the list price would have had to be reasonably close to the appraised value (again \$95,000.00), thus establishing a ceiling otherwise not imposed in the bid process, and a real estate commission of approximately \$7,000 would have been paid.

Additional Comments

Another misleading part of the article relates to the implication that court approval should have been obtained for real estate sales made by this office. Mr. Olinger extended this implication and its implied criticism of the Probate Court by making the statement that there is "very little oversight of public administrators". Unlike California, mentioned in the article, Colorado operates under its own version of the Uniform Probate Code, which provides a more streamlined, less expensive method of administering estates and which allows and intends that most estates to be administered without any active court involvement. It was pointed out to Mr. Olinger that all Public Administrator cases in Colorado are required by statute to be closed formally. Therefore, in each and every case investigated and referenced in the article, a written *Final Accounting* was provided to all interested and affected parties identifying the sale of real estate and attaching a copy of the closing statement before a formal Court Order was obtained upon the conclusion of Estate administration. Mr. Olinger failed to point out that in every Public Administrator case the interested parties are afforded a full and fair opportunity to question the actions of the Public Administrator. Mr. Olinger also neglected to point out that in Conservatorships, Court approval is routinely sought and obtained for nearly all sales in which the PA is acting as a Conservator. The sales of 2229-2235 Lafayette Street and 4209 Umatilla, referenced in the Article, both had prior court approval.

The article also misleads the public by emphasizing the hourly rates of the Public Administrator and the hourly rates of attorneys in the PA's office without disclosing that the majority of the work in a Public Administrator case is routinely done by paralegals who are billing at \$95 to \$105 per hour, and additional support staff billed at even lower rates. The attorneys in the PA's office bill only for the time and services that require their expertise and general supervision of the estate.

Finally, there is an implication in the article that there is some kind of financial arrangement between the PA's office and Ridgemoor Realty that enables Ridgemoor to acquire so many properties through the bidding process. It should be clearly noted that the Article contains NO articulation of any facts supporting that implication and as such, the implication is irresponsible and misleading to the public at large. Apart from Ridgemoor's involvement in the investor procedure, the PA has no personal or business arrangement with Ridgemoor Realty and any implication to the contrary is false.