



**Fannie Mae REO and
Neighborhood Stabilization:
*A Guide for Public Entity and Non-
Profit Buyers***

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Meet Your Goals

You want...	Fannie Mae provides...
<p>...an equitable opportunity to place responsible occupants in quality homes and keep speculation at bay</p>	<ul style="list-style-type: none"> ■ A “First Look” at properties for buyers using public funds ■ A reserved contract period that gives buyers a chance to renegotiate after obtaining an appraisal
<p>...to implement strategic neighborhood revitalization within the constraints of limited capital and capacity</p>	<ul style="list-style-type: none"> ■ An initiative designed to work with HUD’s Neighborhood Stabilization Program (NSP) ■ A dedicated team to help navigate the process ■ An earnest money waiver for public entities and a discount for individuals (can be as little as \$500)
<p>...to ensure a healthy living environment for residents within your jurisdiction</p>	<ul style="list-style-type: none"> ■ Extra time for due diligence and closing

Initiative Overview: First Look

Fannie Mae has a new initiative designed to help public entities, nonprofits, individual homebuyers and certain for-profit entities that use public funds for the purchase of a Fannie Mae-owned property.

Included is a new “First Look” opportunity designed to help individuals and organizations using public funds.

First Look

During the first 15 days a property is listed for sale, only offers from owner-occupants, public entities or their designated partners will be considered.

Initiative Overview: Additional Benefits

The initiative offers these additional potential benefits:

Reserved Contract Period

Upon receipt of an acceptable offer, buyers have the option to renegotiate their offer after obtaining an NSP-required appraisal.

Deposit Waivers

Fannie Mae will waive the earnest money requirement for public entities* using NSP funds to purchase a Fannie Mae-owned property.

Extra Time

The NSP buyer receives up to 45 days to close - 15 days more than is usually permitted for purchases of Fannie Mae-owned properties.

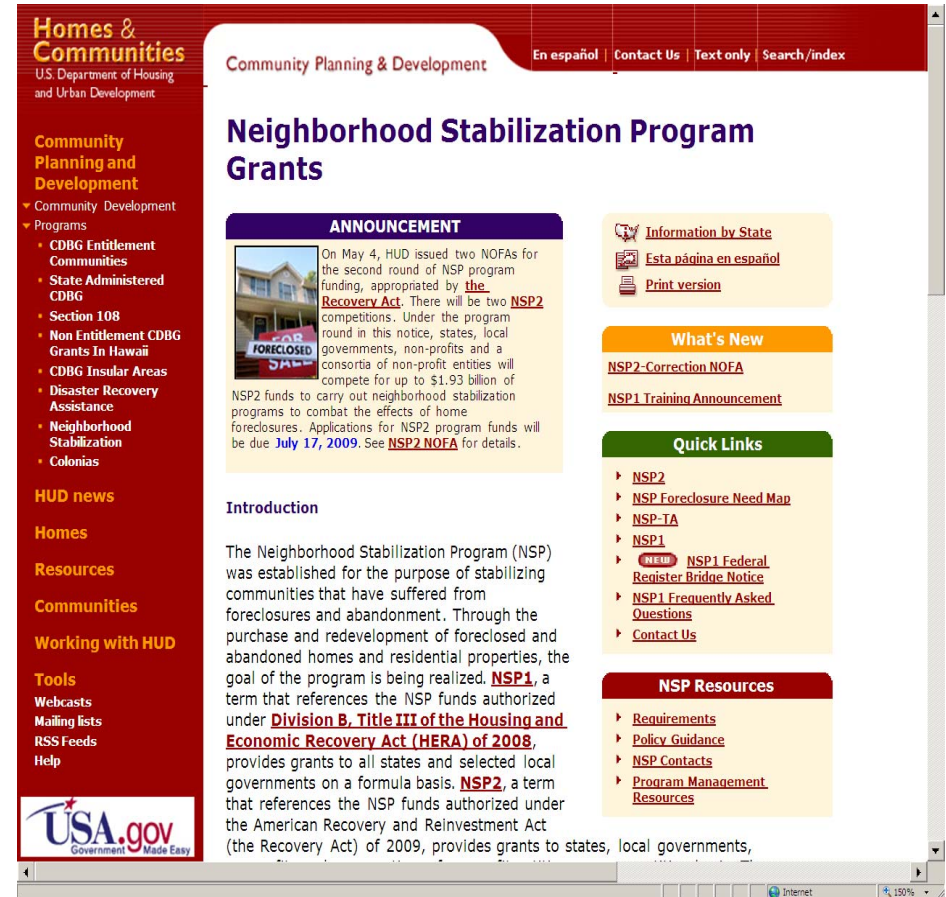
*Individual homebuyers using NSP funds to purchase a Fannie Mae-owned property do not have to meet the full 5% earnest money requirement. Deposits can be as low as \$500.

Possible Funding Sources

- Neighborhood Stabilization Program (NSP) funds
- Other types of public funds that may be used include, but are not limited to:
 - Community Development Block Grant (CDBG)
 - HOME Investment Partnerships Program funds
 - Housing trust funds
 - Charitable foundation funds
 - Leveraged private financial institutions and/or consortium funding

Neighborhood Stabilization Program Background

- The Neighborhood Stabilization Program (NSP) was established by the U.S. Department of Housing and Urban Development (HUD) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.
- Funding allocated in two rounds
 - Round 1 consisted of \$3.92 billion, allocated by formula to states and localities
 - Round 2 will consist of \$1.93 billion disbursed by competitive application
- Recipients of NSP funds must meet HUD requirements, including
 - income eligibility requirements
 - affordability requirements
 - a minimum 1% discount to appraised value for properties purchased using the funds
 - must obligate the funds within 18 months of receipt and spend them within four years.



The screenshot shows the HUD website page for "Neighborhood Stabilization Program Grants". The page is titled "Neighborhood Stabilization Program Grants" and is part of the "Community Planning & Development" section. The page features a navigation menu on the left with links to "Community Planning and Development", "HUD news", "Homes", "Resources", "Communities", "Working with HUD", and "Tools". The main content area includes an "ANNOUNCEMENT" section with a photo of a house and a "FORECLOSED" sign, followed by text about the second round of NSP program funding. Below the announcement is an "Introduction" section. The right sidebar contains sections for "Information by State", "What's New", "Quick Links", and "NSP Resources".

Homes & Communities
U.S. Department of Housing and Urban Development

Community Planning & Development

En español | Contact Us | Text only | Search/index

Neighborhood Stabilization Program Grants

ANNOUNCEMENT

On May 4, HUD issued two NOFAs for the second round of NSP program funding, appropriated by the [Recovery Act](#). There will be two [NSP2](#) competitions. Under the program round in this notice, states, local governments, non-profits and a consortia of non-profit entities will compete for up to \$1.93 billion of NSP2 funds to carry out neighborhood stabilization programs to combat the effects of home foreclosures. Applications for NSP2 program funds will be due [July 17, 2009](#). See [NSP2 NOFA](#) for details.

Introduction

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. [NSP1](#), a term that references the NSP funds authorized under [Division B, Title III of the Housing and Economic Recovery Act \(HERA\) of 2008](#), provides grants to all states and selected local governments on a formula basis. [NSP2](#), a term that references the NSP funds authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009, provides grants to states, local governments,

Information by State

- [Esta página en español](#)
- [Print version](#)

What's New

- [NSP2-Correction NOFA](#)
- [NSP1 Training Announcement](#)

Quick Links

- ▶ [NSP2](#)
- ▶ [NSP Foreclosure Need Map](#)
- ▶ [NSP-TA](#)
- ▶ [NSP1](#)
- ▶ [NEW NSP1 Federal Register Bridge Notice](#)
- ▶ [NSP1 Frequently Asked Questions](#)
- ▶ [Contact Us](#)

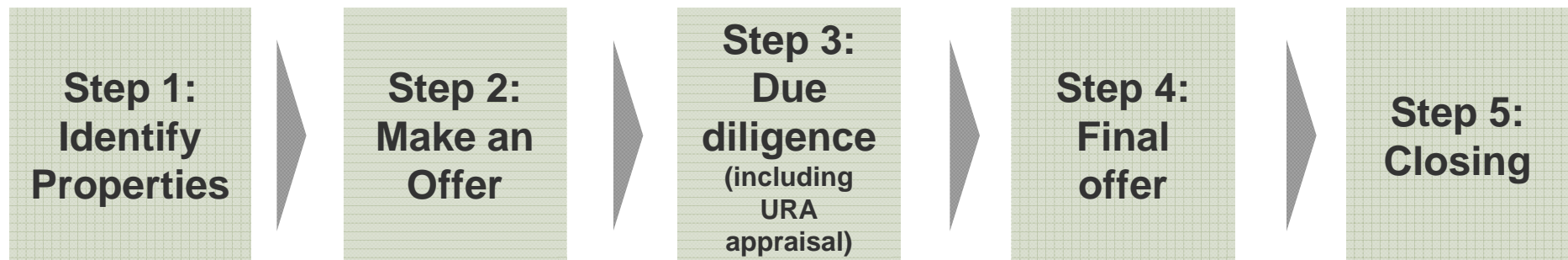
NSP Resources

- ▶ [Requirements](#)
- ▶ [Policy Guidance](#)
- ▶ [NSP Contacts](#)
- ▶ [Program Management Resources](#)

USA.gov
Government Made Easy

www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg

NSP - Buyer* Responsibilities



***In the context of this presentation, “Buyer” refers to a public entity or a designated nonprofit or for-profit partner**

NSP - Buyer Responsibilities

Step 1: Identify Properties

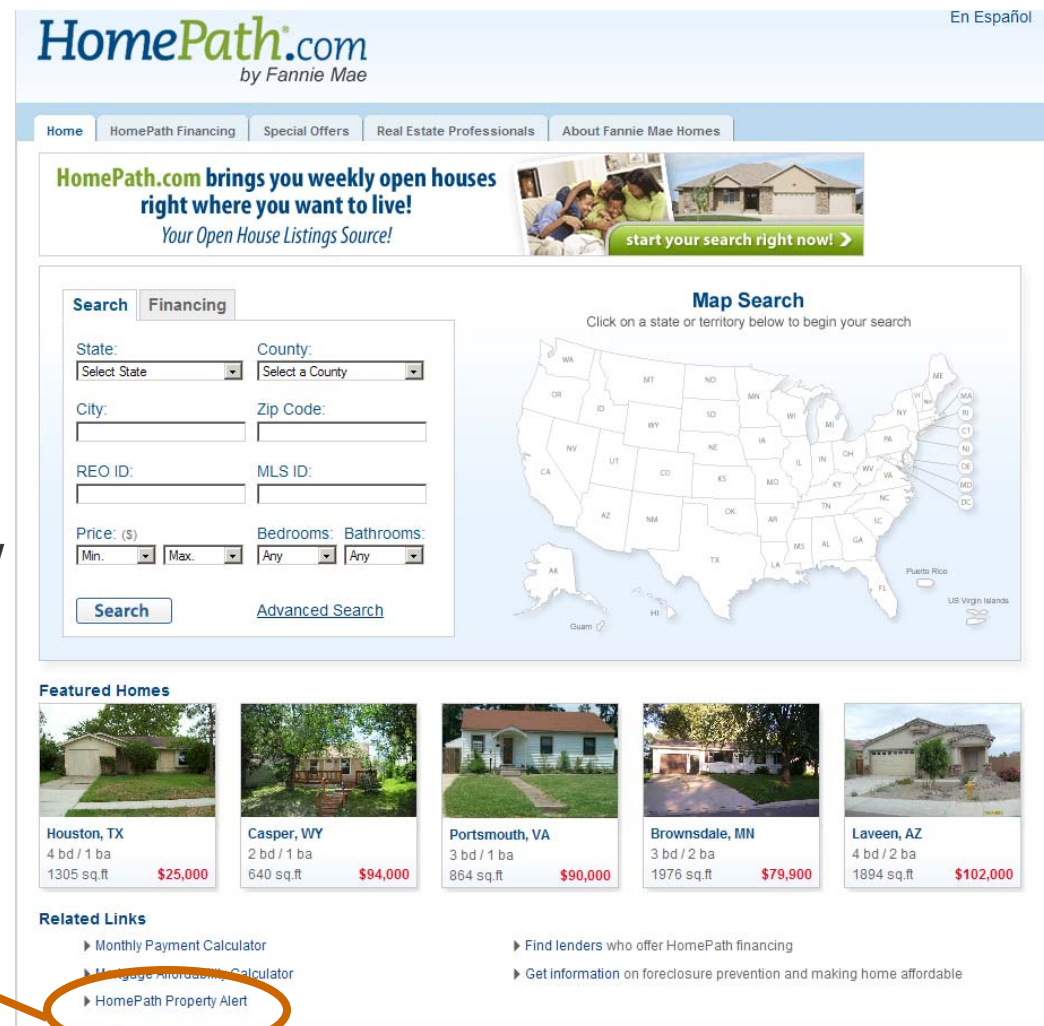
- **Secure a “proof of NSP eligibility”** form from public entity (if buyer is not a public entity)
- **Research and visit homes** that meet NSP program requirements, including Fannie Mae-owned homes (www.homepath.com)

Outcomes/Goals:

NSP eligibility determined by public entity

NSP - Buyer Responsibilities

- HomePath.com allows potential buyers to search through Fannie Mae's REO inventory to find properties that meet their criteria.
- HomePath.com has a new feature, Property Alert, which e-mails subscribers when properties come on the market in their desired ZIP code.



The screenshot shows the HomePath.com website by Fannie Mae. At the top right, there is a link for "En Español". The navigation menu includes "Home", "HomePath Financing", "Special Offers", "Real Estate Professionals", and "About Fannie Mae Homes". A banner below the menu reads "HomePath.com brings you weekly open houses right where you want to live! Your Open House Listings Source!" with a "start your search right now!" button.

The main content area is divided into two sections: "Search" and "Map Search". The "Search" section contains the following fields:

- State:
- County:
- City:
- Zip Code:
- REO ID:
- MLS ID:
- Price: (\$) Bedrooms: Bathrooms:

Buttons for "Search" and "Advanced Search" are located below the search fields. The "Map Search" section features a map of the United States with the instruction "Click on a state or territory below to begin your search".

The "Featured Homes" section displays five property listings:

Location	Bedrooms	Bathrooms	Sq. Ft.	Price
Houston, TX	4 bd	1 ba	1305 sq.ft	\$25,000
Casper, WY	2 bd	1 ba	640 sq.ft	\$94,000
Portsmouth, VA	3 bd	1 ba	864 sq.ft	\$90,000
Brownsdale, MN	3 bd	2 ba	1976 sq.ft	\$79,900
Laveen, AZ	4 bd	2 ba	1894 sq.ft	\$102,000

The "Related Links" section includes:

- ▶ Monthly Payment Calculator
- ▶ Mortgage Affordability Calculator
- ▶ HomePath Property Alert
- ▶ Find lenders who offer HomePath financing
- ▶ Get information on foreclosure prevention and making home affordable

An orange circle highlights the "HomePath Property Alert" link, with a line pointing to the second bullet point in the list on the left.

NSP - Buyer Responsibilities

- HomePath Property Alert subscription is easy.
- This is a great way to keep track of new listings in target NSP zip codes.



The screenshot shows the HomePath.com website interface. At the top right, there is a link for "En Español". Below the logo, a navigation bar includes "Home", "HomePath Financing", "Special Offers", "Real Estate Professionals", and "About Fannie Mae Homes". The main content area is titled "HOME" >> Alerts. On the left, there is a collage of house images. The right side features a form titled "HOMEPATH PROPERTY ALERT SUBSCRIPTION" with the following fields and text:

- Text: "Sign up today and receive FREE daily email listing alerts."
- Section: "I want to receive listing alerts in this zip code:"
- Field: "Zip Code*:" with an input box.
- Text: "Entering a zip code will create an alert with all available listings in that county."
- Section: "I'd like the listing alerts sent to:"
- Fields: "First Name*:" and "Last Name*:" with input boxes.
- Field: "Email*:" with an input box.
- Field: "Confirm Email*:" with an input box.
- Text: "By signing up, I confirm my agreement with Fannie Mae.com's [Legal Disclosure](#) and [Privacy Policy](#)."
- Button: "Submit"

At the bottom of the page, the FannieMae logo is followed by copyright information: "©1998-2009 Fannie Mae". To the right are links for "Privacy | Legal | FAQ | Contact Me" and "Equal Housing Opportunity". A footer line contains: "HomePath Financing | Special Offers | Real Estate Professionals | About Fannie Mae Homes | Find Lenders | Property Alert | Get Information". At the very bottom, it says "Search powered by foreclosure.com".

NSP - Buyer Responsibilities

Step 2: Make an offer

- **Verify** that the targeted property meets NSP program requirements
- Communicate to Fannie Mae listing broker that the offer will be using NSP funds – and specify the local NSP program-required discount
- Obtain from the Fannie Mae listing broker the **local or state contract and the Fannie Mae purchase addendum** document
- Work with a real estate sales professional and the Fannie Mae listing broker to **submit an initial offer**
- Initial offer may be subject to negotiation if Fannie Mae does not approve initial offer

Outcomes/Goals:

Eligible property identified and initial offer made

NSP - Buyer Responsibilities

Step 2: Make an offer (continued)

- When submitted, an **initial offer should include:**
 - Proof that the buyer is eligible for NSP assistance (if buyer is not public entity)
 - Purchase addendum, which will specify the NSP discount the public entity requires
 - Specified closing date (within a maximum 45 days after acceptance of the offer by Fannie Mae)
 - Any other requirements that are important to the buyer

Outcomes/Goals:

Eligible property identified and initial offer made

NSP - Buyer Responsibilities

Step 3: Due diligence

- If the initial offer is accepted, inspect property and procure a **Uniform Residential Appraisal (URA)** within 10 days of offer acceptance. Copies are sent to the public entity and the lender
- **Submit revised offer** within five days of receipt of URA appraisal if initial offer is not NSP-compliant and the buyer needs to renegotiate. Otherwise, the initial offer becomes final and buyer proceeds to Step Five
 - Be sure to **communicate URA value** to the Fannie Mae listing broker
 - A maximum of 15 days are allowed from original contract date to resubmit offer
- Obtain from the Fannie Mae listing broker a **contract amendment** stating the final offer

Outcomes/Goals:

Appraisal obtained, contract amendment with final purchase price developed

NSP - Buyer Responsibilities

Step 4: Final offer

- If necessary, **sign the contract amendment** and submit it to the Fannie Mae listing broker
- The **signed contract, along with signed amendment (if necessary), represents the final offer**, which will be reviewed by Fannie Mae and any applicable third parties

Outcomes/Goals:

Contract amendment signed

NSP - Buyer Responsibilities

Step 5: Closing

- If the final offer is accepted, **follow the traditional process for closing** on the home
- **Coordinate with the NSP funds provider** to determine specific requirements for accessing funds and closing on the property (for designated partners, if necessary)

Outcomes/Goals:

Homebuyer moves into new home

How to Get Started

- Talk with your Fannie Mae representative (see map on following page)
- E-mail PublicEntity_REOSales@fanniemae.com



Local Contacts

Fannie Mae Community Development REO Sales Team

