

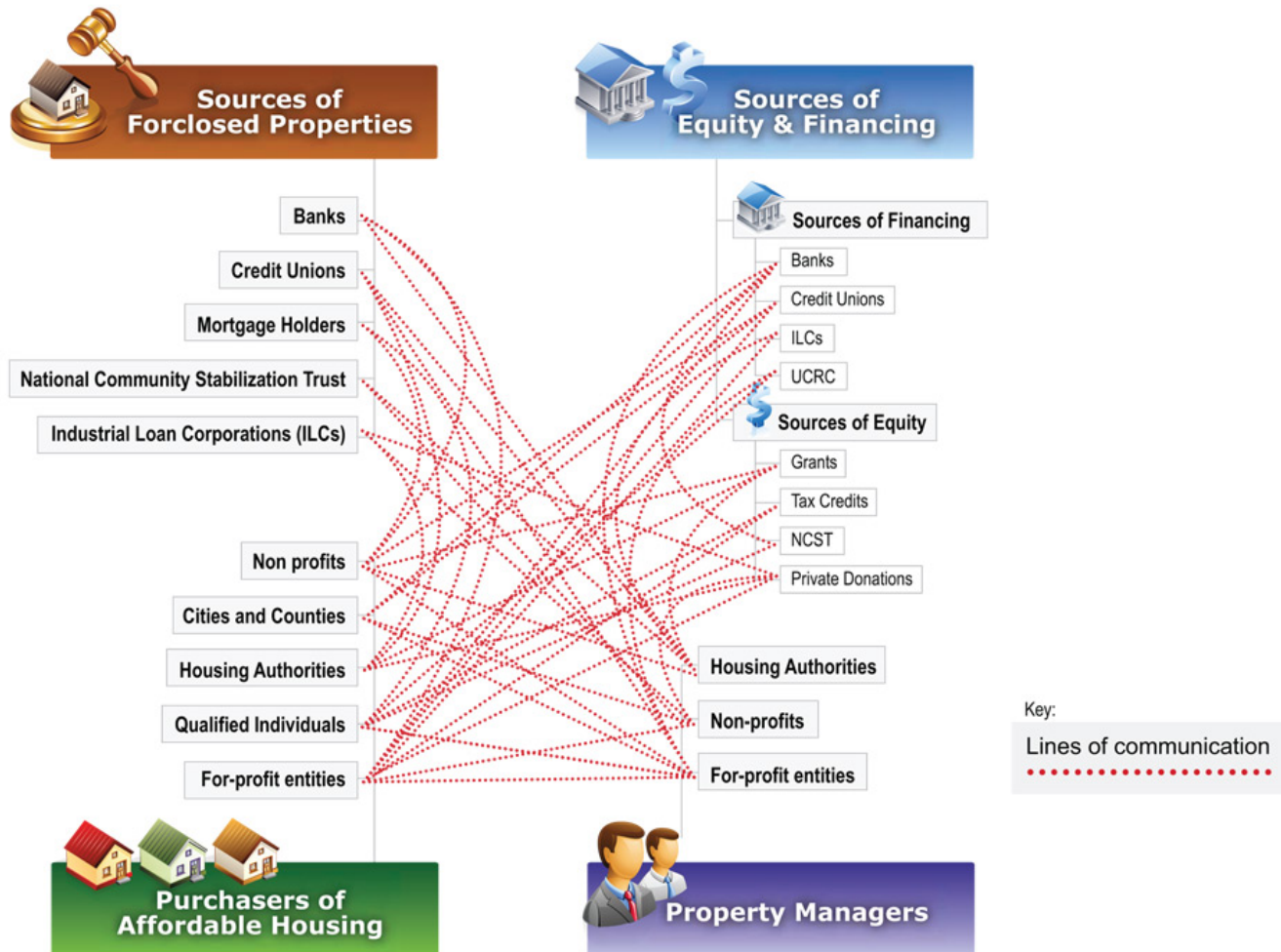
# REO Conversion to Affordable Housing Via Financial Institution and Nonprofit Partnerships



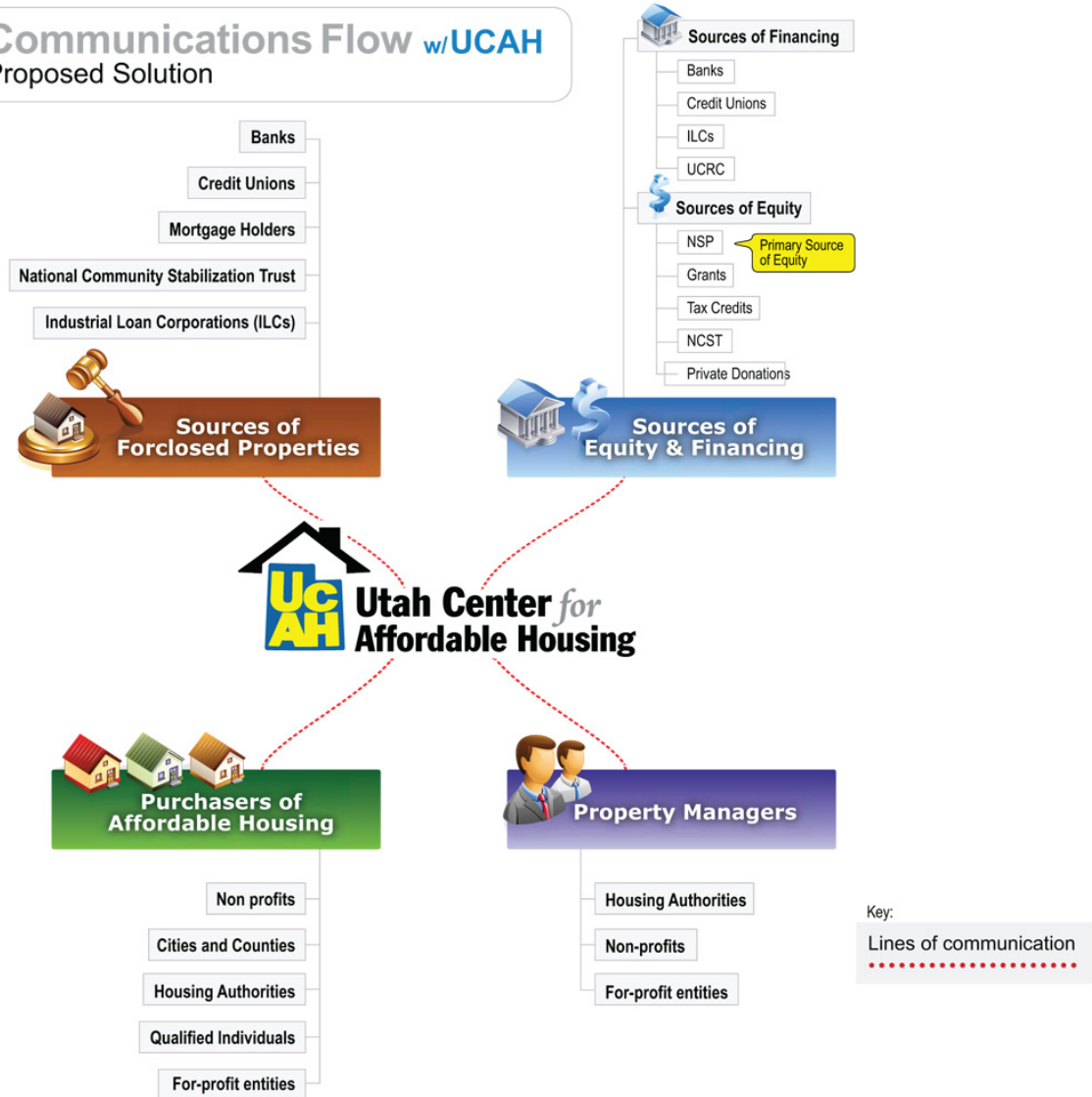
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# Communications Flow *w/out* Clearinghouse

Current Situation



**Communications Flow w/UCAH Proposed Solution**



The Utah Center for Affordable Housing (UCAH) - established in 2009 to serve as an independent clearinghouse of foreclosed properties in Utah.

UCAH was initially awarded \$3 million dollars by the state. Funds originate from the Neighborhood Stabilization Program (NSP).

### NSP Fund Use:

Properties Must be Foreclosed  
Can be Single/Multi-Family, Land, Partially Completed Homes  
Must be Spent within Approved Target Areas

# Case Study – REO Conversion to Affordable Housing Via Nonprofit Partnerships

## ***Utah Center for Affordable Housing (UCAH)***

- Clearinghouse for REO properties in designated counties.
- Establishes partnerships between nonprofit housing organizations and financial institutions.

## ***The Process***

- Identify foreclosed properties.
- Inspect the property.
- Request a price or make an offer:
  - Discount calculation based on financial institution saving holding costs of capital, expense of realtor, and carrying costs of taxes, insurance, maintenance, etc.
- Purchase and sell to an affordable housing provider.
- Use proceeds from sale to purchase other properties.

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### *Financing*

- Neighborhood Stabilization Program funds may fund 100% of the purchase price.
- Purchases will be financed to stretch purchasing capacity.

Holder of REO provides the mortgage

– OR –

Member of a lender consortium provides the mortgage

## Case Study Benefits

### ***Financial Institution Benefits***

- *Quickly* sell REO and provide a community benefit.
- Upon sale, the financial institution is either made whole or the formerly toxic asset becomes a performing one.

### ***Nonprofit Housing Organization Benefits***

- *Quick and First Look* access to REO properties increases affordable housing stock and reduces risk of purchase by an out-of-town landlord.
- Significant discounts from current appraised value enhances affordability.
- More efficient acquisition process.

**Federal Home Loan**  
 **Bank Seattle**