



**National Community  
Stabilization Trust**

## ▶ Frequently Asked Questions

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### What is the National Community Stabilization Trust?

The Stabilization Trust is an unprecedented collaboration of six leading community development nonprofit organizations - Enterprise Community Partners, the Housing Partnership Network, the Local Initiatives Support Corporation (LISC), National Council of La Raza, National Urban League, and NeighborWorks America.

The goal of the Stabilization Trust is to link financial institutions with local housing providers to help stem the decline in communities with high concentrations of vacant and foreclosed properties. The Stabilization Trust facilitates the transfer of foreclosed and abandoned property from financial institutions to states and localities to promote productive property reuse and neighborhood stability.

## What services does the National Community Stabilization Trust provide to state and local programs seeking to stabilize distressed communities?

The Stabilization Trust offers state and local governments and local housing providers with streamlined access to the REO inventories of the nation's largest financial institutions. The Stabilization Trust provides two types of services to assist housing providers with the acquisition and reuse of foreclosed and abandoned property:

**Assistance with Acquiring Properties:** The Stabilization Trust helps local housing providers ("buyers") to acquire foreclosed and abandoned properties from financial institutions ("sellers") in the following ways:

- *Saving Time and Effort* – The Stabilization Trust acts as a single point of contact with the leading financial institutions holding and managing these properties, and this saves buyers considerable time and effort by avoiding negotiations with multiple entities to purchase REO properties.
- *Simplifying the Process* - The Stabilization Trust provides a standardized process for identifying, inspecting and evaluating property offers from sellers.
- *Offering Exclusive Access and Pricing* - The Stabilization Trust gives buyers the opportunity to access new REO on *first look* basis, before financial institutions list properties to the broader market. This results in better property conditions and lower acquisition and development costs.

**Providing Financing.** The Stabilization Trust also supports local financing needs for the purchase and rehabilitation of foreclosed and abandoned property through the REO Capital Fund. The Stabilization Trust is able to provide flexible financing for short- and intermediate-term needs.

Stabilization Trust REO Capital Fund financing provides important advantages for participating jurisdictions:

- *Leverage More Capital* - By offering access to flexible sources of funds, localities can increase the impact of their NSP or other public funding and build the scale of neighborhood stabilization activities.
- *Access to Flexible Financing* - REO Capital Fund financing can make available to localities fast cash for quicker acquisition transactions of REO properties, facilitate acquisition and renovation, and increase financing available for homeownership and rental projects.

Product types include bridge financing for government receivables or acquisition and rehabilitation financing.

## What services does the Stabilization Trust provide to financial institutions seeking to help stabilize distressed communities?

The Stabilization Trust works with financial institutions to facilitate the transfer of foreclosed property in a seamless, cost-effective manner to local housing providers with the intent to stabilize their communities and provide new affordable housing opportunities. The Stabilization Trust can also help identify responsible approaches to providing mortgage capital for new mortgage-ready buyers and investors.

## Who are participating sellers?

Many of the leading financial institutions in America are participating with the Stabilization Trust, supporting the transfer of foreclosed and abandoned properties. Additional financial institutions are being added continually.

## Who are eligible buyers?

Organizations who seek to work with the Stabilization Trust must meet certain eligibility and capability requirements.

An eligible buyer is an entity representing a coordinated state or local neighborhood stabilization effort that has the authority to make vacant and foreclosed property purchases on behalf of that initiative. The eligible buyer could be a local government, state government, nonprofit or a for-profit entity working on behalf of an established local neighborhood stabilization program. Please visit [www.stabilizationtrust.com/buyereligibility](http://www.stabilizationtrust.com/buyereligibility)

## What criteria should qualified buyers meet?

The Stabilization Trust wants to ensure the success of organizations participating in its programs and of local efforts to restore neighborhood vitality. In addition to local housing providers meeting buyer eligibility requirements, a coordinated local neighborhood stabilization effort should have demonstrable capability in five different areas:

1. **Collaboration.** The local community stabilization effort involves an established partnership with government agencies, nonprofit organizations and other local stakeholders that defines the roles and accountability of each participant.
2. **Concentration.** The local community stabilization effort should focus on one or more defined geographic areas to increase the likelihood that a significant, visible impact can be achieved.
3. **Comprehensiveness.** Bricks and mortar activities such as the acquisition and rehabilitation of properties purchased through the Stabilization Trust should be complemented by a broader strategy that leverages related social investments and improvements to infrastructure, incorporates a marketing campaign, and otherwise integrates tangible and intangible community efforts.
4. **Capacity.** The local community stabilization effort should include organizations with the ability to assess, acquire, manage, rehab and convey properties at scale.
5. **Capital.** The program should have sufficient resources from the HUD NSP funds and other public and private resources to conduct a successful stabilization program.

## How does the Stabilization Trust Property Acquisition Program work?

The Stabilization Trust offers two types of acquisition options through its REO Property Acquisition Program that are designed to help buyers acquire significant numbers of foreclosed and vacant properties from sellers:

*"First Look" Program.* The First Look program gives buyers the opportunity to inspect and acquire foreclosed and vacant properties before they are listed for sale through traditional means. The First Look program results in an adjusted purchase price that reflects savings passed on to the buyers from avoided expenses associated with prolonged holding periods.

*Targeted Aged/Listed Purchase Program:* The Targeted Aged/Listed Purchase program gives buyers the opportunity to purchase properties that have been already been marketed by sellers through the standard streamlined Stabilization Trust acquisition process. Buyers can also purchase portfolios of distressed property in bulk, usually up to dozens of properties in a single transaction. These properties comprise aged inventory from the sellers, and are offered at pricing similar to the First Look program.

## How does the Stabilization Trust meet Neighborhood Stabilization Program discount guidelines?

The pricing of properties is an important issue for buyers as they seek the best price possible from financial institutions, while adhering to HUD Neighborhood Stabilization Program (NSP) guidelines. Through its programs, the Stabilization Trust has established a method to reconcile the fiduciary responsibilities of the financial institutions with the discount required by HUD, in a way that provides savings to all parties involved. The Stabilization Trust's pricing methods incorporate the costs to the financial institution of holding property, the conditions of the local real estate market, and other factors.

## How will property closings be executed?

The Stabilization Trust does not acquire title to property.

The Stabilization Trust facilitates the transfer of properties by providing standardized documentation and transaction procedures.

## How many local entities can participate within a jurisdiction?

The Stabilization Trust requires that a single entity serves as the lead contact for each state or locality for interactions with the Stabilization Trust. In most locations this would be an umbrella entity that represents local government and a coalition of nonprofits and other housing providers. A state, large city, or multi-county program may have more than one entity participating as a buyer with the Stabilization Trust, but the geographic boundaries of the areas where the different buyer entities operate typically should not overlap within the same jurisdiction.

### **If a buyer is participating with the Stabilization Trust, does this limit their ability to acquire properties from other sources?**

No. Participation with the Stabilization Trust does not prevent a buyer from purchasing properties from brokers, directly from financial institutions, or from other sources.

### **How many properties must a buyer purchase to participate with the Stabilization Trust?**

Participating buyers are not held to a minimum purchase requirement for acquisitions through the Stabilization Trust. However, the objective of the Stabilization Trust is to assist the local programs in comprehensively addressing the factors contributing to market distress. Local programs are encouraged to acquire a sufficient volume of properties annually in order to achieve the benefits from geographically concentrating acquisition activity.

### **How do I get started?**

The grantee or an authorized participant in a local community stabilization program is encouraged to contact the Stabilization Trust using our online form. Please visit [www.stabilizationtrust.com/get-involved](http://www.stabilizationtrust.com/get-involved)