

NAR Members Meet with Federal Officials on REO to Rental Plans

On February 29, 2012, key members of NAR committees and leadership met with the Federal Housing Finance Agency (FHFA) and other federal agencies planning the REO to Rental Initiative to express ongoing NAR concerns about the implementation of the plan to dispose of government owned foreclosed properties making them available for rental. It was a successful meeting with FHFA hearing of several concerns and suggestions for additional actions to deal with the inventory of foreclosed properties other than bulk sales.

Earlier in the week FHFA announced the first pilot transaction under its REO Initiative, a plan to sell nearly 2500 Fannie Mae-owned properties in eight locations in some of the hardest hit foreclosure states.

NAR volunteers, led by NAR Vice President for Government Affairs Scott Louser, expressed their concerns that bulk sales will work to lower overall property values in locations where they occur. FHFA indicated that they are in agreement with that concern and will not approve sales that would have that effect. Concerns were also expressed about the lack of sufficient inventory in many areas that makes the REO Initiative unnecessary.

1. FHFA made very clear that this is a Pilot and ***nothing has yet been approved***. The announcement made this week invites proposals that have to be further approved with a workable plan of action and with an earnest money deposit by an investor. As the Pilots evolve NAR and the public will have further opportunity to comment and advise on future program implementation.
2. The FHFA staff emphasized the ongoing challenges with Short Sales. All parties agreed that the short sale is far more cost effective solution than a foreclosure/REO. The FHFA wants to work with NAR to do a Short Sale Pilot Program in selected areas.
3. NAR members also emphasized the need to transition current renters in REO to homeownership. The FHFA wants to work with NAR to do a demonstration project in this regard as well.