

# Corporate & Financial Weekly Digest

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## **FHFA, Treasury, HUD Seek Input on Disposition of Real Estate Owned Properties**

On August 10, the Federal Housing Finance Agency (FHFA), in consultation with the U.S. Department of the Treasury and Department of Housing and Urban Development (HUD), has announced a Request For Information (RFI), seeking input on new options for selling single-family real estate owned (REO) properties held by Fannie Mae and Freddie Mac (the Enterprises), and the Federal Housing Administration (FHA). According to the release, "The RFI's objective is to help address current and future REO inventory. It will explore alternatives for maximizing value to taxpayers and increasing private investment in the housing market, including approaches that support rental and affordable housing needs." A specific goal is to solicit ideas from market participants that would maximize the economic value that may arise from pooling the single-family REO properties in specified geographic areas.

The RFI calls for approaches that:

- reduce the REO portfolios of the Enterprises and FHA in a cost-effective manner;
- reduce average loan loss severities to the Enterprises and FHA relative to individual distressed property sales;
- address property repair and rehabilitation needs;
- respond to economic and real estate conditions in specific geographies;
- assist in neighborhood and home price stabilization efforts; and
- suggest analytic approaches to determine the appropriate disposition strategy for individual properties, whether sale, rental, or, in certain instances, demolition.

FHFA, Treasury and HUD anticipate respondents may best address these objectives through REO to rental structures, but respondents are encouraged to propose strategies they believe best accomplish the RFI's objectives. Proposed strategies, transactions, and venture structures may also include:

- programs for previous homeowners to rent properties or for current renters to become owners (“lease-to-own”);
- strategies through which REO assets could be used to support markets with a strong demand for rental units and a substantial volume of REO;
- a mechanism for private owners of REO inventory to eventually participate in the transactions; and
- support for affordable housing.

Click [here](#) to read the RFI.

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