

U.S. DEPARTMENT OF THE TREASURY

Press Center



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

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Range of Ideas Sought, Including Transition to Rental

WASHINGTON - 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).

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.

"While the Enterprises will continue to market individual REO properties for sale, FHFA and the Enterprises seek input on possible pooling of REO properties in situations where such pooling, combined with private management, may reduce Enterprise credit losses and help stabilize neighborhoods and home values," said FHFA Acting Director Edward J. DeMarco. "Partnerships involving Enterprise properties may reduce taxpayer losses and meet the Enterprises' responsibility to bring stability and liquidity to housing markets. We seek input on these important questions."

"As we continue moving forward on housing finance reform, it's critical that we support the process of repair and recovery in the housing market," said Treasury Secretary Tim Geithner. "Exploring new options for selling these foreclosed properties will help expand access to affordable rental housing, promote private investment in local housing markets, and support neighborhood and home price stability."

"Millions of families nationwide have seen their home values impacted as their neighbors' homes fall into foreclosure or become abandoned," said HUD Secretary Shaun Donovan. "At the same time, with half of all renters spending more than a third of their income on housing and a quarter spending more than half, we have to find and promote new ways to alleviate the strain on the affordable rental market. Taking steps to encourage private investment in REO properties and transition them into productive use will help stabilize neighborhoods and home values at a critical time for our economy."

The RFI calls for approaches that achieve the following objectives:

- 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.

To view the RFI, please visit [link](#) .

