

# Neighborhood Stabilization Program

Real Estate Owned (REO) Disposition Process

January 9, 2009



## Agenda

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- Review of Bank of America's REO Disposition Process
  - The REO Sales Process
  - Fair Market Value
  - Further valuation details
  - Purchase Opportunities for NSP Recipients
- Bank of America contacts

## Partnering with NSP recipients

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- **Bank of America recognizes the increase in home foreclosures has negative social and economic consequences for families and communities across the country.**
- **We are committed to being part of the solution and will partner with NSP recipients to make REO properties available for purchase consistent with the regulations published by HUD for the Neighborhood Stabilization Program.**
- **NSP Recipients may designate one or more sub-recipients (not-for-profit or for-profit entities) to use the NSP funds.**

## The Real Estate Owned (REO) Sales Process

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- **The process begins after the bank takes title through the foreclosure auction and at the end of any applicable redemption period.**
- **The property enters the “Pre-Marketing” phase:**
  - Property is assessed to determine if sellable (condition, title issues, and occupancy)
  - If rehabilitation is needed to reach basic code requirements and/or eviction of occupant is required, these actions can take up to 60 days.
  - Once the property is secure the asset is marketed (listed) with a local real estate agent who handles property maintenance, receipt and submission of offers to the bank, the communication of acceptance, rejection or counter offer to the purchaser, and manages the closing between the purchaser, the bank and the escrow company.

## Determining Fair Market Value

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- **Current market value is determined based on both an interior inspected appraisal and a Broker Price Opinion (BPO) of value.**
  - Valuation takes approximately 10 to 14 days from the time the property is secured and an appraisal is ordered.
  - Determination of market value is based upon current market and property conditions and is not based on original sales price or current outstanding debt.
  - A list price is determined based upon a review of the appraisal and BPO values.

## Re-Establishing Current Market Value - Unsold Properties

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- **Each unsold REO property is re-evaluated periodically to determine if the marketing plan and the sales price needs adjustment.**
  - Every 21 to 30 days a marketing assessment discussion occurs between the bank's asset manager and the listing agent regarding the marketing strategy. The listing price may be lowered if it is believed that market conditions warrant the decrease.
  - If a property has not sold, values are updated approximately every 90 days to re-establish current market value. Market value is determined based on an updated Broker's Price Opinion and a Reconciliation of Value from a licensed appraiser. A new listing price is established based on the results.

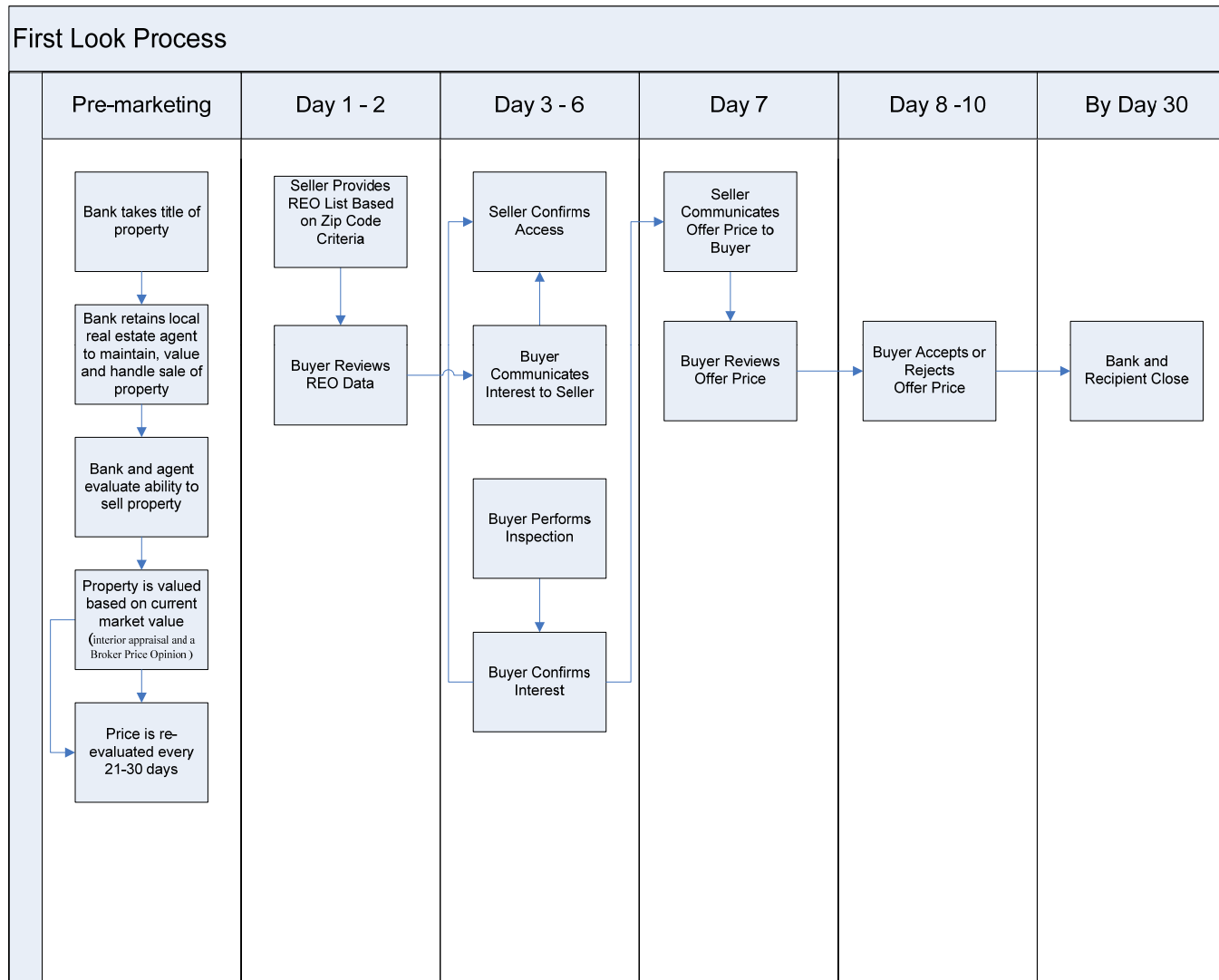
## Process Overview of Three (3) NSP Purchase Programs

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### **“First Look” Purchase Program**

- NSP recipient will have a “First Look” of properties as they “flow” into the REO sales process.
- NSP recipient will enter into an agreement with Bank of America to view properties which have entered the REO Sales process, but have yet to be listed in the MLS.
- The bank will provide NSP recipient with an updated list of newly acquired REO properties in a timely manner.
- If a property is of interest to NSP recipient, they will notify the bank’s NSP REO contact of their interest to purchase.
- The NSP recipient may coordinate a property inspection if necessary.
- The bank will provide NSP recipient with a discounted offer price upon receipt of the “As-Is” value of the property.
- The NSP recipient will accept or reject the offer within the designated timeframe as set forth on the flow chart detailed on the next page.

# “First Look” Process under NSP (Bank = Seller)



## Process Overview of Three (3) NSP Purchase Programs (continued)

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### **Bulk Purchase Program (5 or more REO properties)**

- A single point of contact will be established for the NSP recipient.
- The NSP recipient will provide the bank with a list of zip codes and acquisition requirements.
- The bank will provide the NSP recipient with a list of properties for sale.
- The NSP recipient is to identify properties of interest on an excel spreadsheet including the REO ID number and offer price per property (Bulk Purchase Request).
- The bank will provide the purchaser with a discounted sale price per property.
- The purchaser shall have three business days to accept or reject the bank's offer.
- Bulk Purchase Requests should be sent to: [reobulkinfo@countrywide.com](mailto:reobulkinfo@countrywide.com)
- "Aged Properties" are those which have been listed and on the market typically more than 120 days.
- For Aged Properties, a larger discount may be provided.

### **Individual REO Sales Program**

- For individual properties currently being marketed by the bank (listed), the NSP recipient should engage the listing agent. An offer using NSP funds containing a discount off of the list price of 5% will be acceptable.
- To obtain listing agent contact information go to:
  - <http://bankofamerica.reo.com/search/>
  - [http://www.countrywide.com/purchase/f\\_reo.asp](http://www.countrywide.com/purchase/f_reo.asp)

## Contacts

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- **NSP Program and the bank's process**
  - Questions about the program should be directed to Rob Grossinger at:  
[robert.grossinger@bankofamerica.com](mailto:robert.grossinger@bankofamerica.com); 312.904.9677
- **NSP REO Purchase Contact**
  - Purchase Requests should be sent to Tom Lin at:  
[tom.lin@countrywide.com](mailto:tom.lin@countrywide.com); 805.579.5803