



Virginia Housing Coalition

Acquiring foreclosed properties through the National Community Stabilization Trust

The National Community Stabilization Trust (NCST) can offer you the opportunity to access foreclosed properties in your community before they are made available to investors and the public. Begun as a collaboration among LISC, Enterprise Partners, NeighborWorks, the Urban League, the Council of LaRaza, and the Housing Partnership Network, the National Community Stabilization Trust was created to promote neighborhood stability and productive property reuse. NCST accomplishes this mission by connecting major national lenders who own foreclosed properties with local housing developers who want to buy foreclosed properties.

In Virginia, NCST works through the Virginia Community Stabilization Corporation (VCSC), an affiliate of the Virginia Housing Coalition, to reach interested local housing developers and facilitate the acquisition of foreclosed properties. Acquiring properties through NCST saves time and effort, simplifies the transaction between buyers and sellers by creating a standardized process, and enables eligible buyers more opportunities to acquire foreclosed properties before they go to market.

What do you gain?

- Through NCST, you can deal with large national sellers like Fannie Mae, Freddie Mac, FDIC, Bank of America/Countrywide, Citibank, Chase, Wells Fargo and others who will set prices below market and make a quick decision on your offer.
- Through NCST's "First Look" program, you have exclusive access as soon as the seller controls the property—before the property has been listed with a broker or offered to other buyers.
- Sellers will grant access to properties for inspection by Buyers or their agents.
- Even if the property has already been listed, the seller may be able to sell at a reduced price.
- Buyers and Sellers share information about property history, property conditions, and local market conditions.
- Sellers working with NCST have agreed to set asking prices based on the savings they realize by selling properties more quickly. Prices will reflect current local market conditions and what would otherwise be the seller's rehabilitation costs, the cost of capital invested in the properties, and holding costs such as taxes and insurance, maintenance, and administrative overhead during a prolonged holding period.
- VCSC's streamlined, statewide closing process reduces costs and increases speed.

How does it work?

NCST has set up system where its participating financial institutions have agreed to provide access to and lower pricing on foreclosed properties in exchange for speedy feedback and expedited closings from potential buyers. When a local developer has identified a property for purchase through NCST's system, VCSC enters into a Purchase and Sale Agreement with the Seller. At the same time, the developer enters into an identical Purchase and Sale Agreement with VCSC. Upon closing, both Purchase and Sale Agreements are simultaneously finalized and title of the foreclosed property passes to the local developer. This streamlined system simplifies the closing process by allowing NCST's multiple Sellers to interact with one Buyer on repeated transactions. Similarly, VCSC serves as the single point of contact for multiple Buyers. Most importantly, the simultaneous closing process preserves the foreclosed property's eligibility for NSP funding.

What do you have to do?

- Enter into a simple Memorandum of Understanding with Virginia Community Stabilization Corporation concerning the acquisition of properties made available through NCST. VCSC charges a flat fee of \$1,000 for each property that is brought to closing.
- Provide information about the kind of property you want to acquire and location (zip codes/ census tracts).
- Review descriptions of available properties provided by VCSC and decide **within 24 hours** whether you want to inspect any of them.
- Inspect the properties you want to inspect, estimate rehab costs, obtain appraisal and be prepared **within five business days** to make a decision on a purchase price set by the seller.
- When a seller offers a price, you must accept, decline or make a counter-offer **within 24 hours**.
- If you make a counter-offer, provide a written explanation of how you arrived at the amount including a third party opinion of value (BPO or appraisal) or describe conditions present at the property of which the seller was unaware.
- If there is agreement on a price, enter into a pre-negotiated Purchase Agreement with VCSC **within the next 24 hours**.
- Close on the purchase **within 30 days** through Stewart Title, the title company selected by VCSC. Additional time may be allowed to complete an NSP-qualifying appraisal or lead and environmental review.
- Purchase the property with cash. Closing costs are estimated to be less than \$3,000 for a \$100,000 property. This amount covers the property's simultaneous closings and includes the VCSC fee.

The standardized timeline, process, documents, and closing costs are designed to simplify and expedite the acquisition a large inventory of foreclosed properties. You don't have to do any work you wouldn't otherwise be doing as an NSP developer, and you don't pay a transaction fee unless you close on a property.

If you want to find out more about the option of purchasing properties through the National Community Stabilization Trust and the Virginia Community Stabilization Corporation, let us know.

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