

Fannie Mae REO and Neighborhood Stabilization: A Guide for Public Entity and Nonprofit Buyers




Table of Contents

- I. Meet Your Goals
- II. Overview
- III. Possible Funding Sources
- IV. Buyer Responsibilities
- V. Timeline
- VI. Questions and Answers



Meet Your Goals

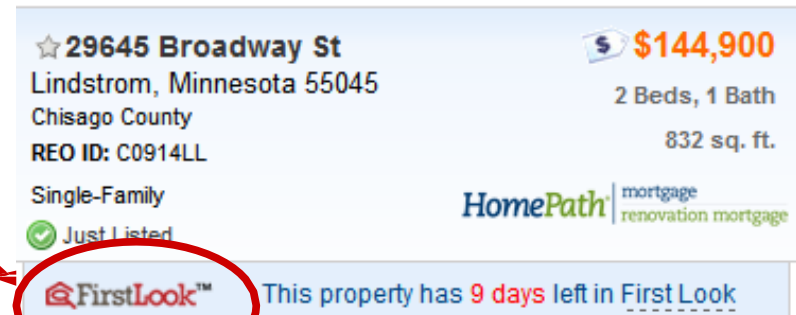
You want...	Fannie Mae provides...
...an equitable opportunity to place responsible occupants in quality homes and keep speculation at bay	<ul style="list-style-type: none">• A  at properties for buyers using public funds
...to implement strategic neighborhood revitalization within the constraints of limited capital and capacity	<ul style="list-style-type: none">• An initiative designed to work with public funds programs• A dedicated team to help navigate the process• An earnest money waiver for public entities and eligible non-profits and reduced earnest money for individuals (as little as \$500)• Extra time for due diligence and closing




Initiative Overview: FirstLook™

During the initial marketing period of Fannie Mae-owned properties, **only** offers from owner-occupants, public entities, non-profits and similar organizations are considered

- First Look is tracked based on days listed on HomePath.com, not the MLS.
- Properties in the First Look marketing period can be identified with this logo:
- Each property in the First Look marketing period will have a First Look timer on HomePath.com indicating how many days remain in the First Look marketing period.
- HomePath.com is the definitive source for the First Look status of a property.
- Properties that go under contract before the end of the First Look marketing period and subsequently fall through will be relisted with a new 10-day First Look marketing period.



☆ 29645 Broadway St \$144,900
Lindstrom, Minnesota 55045
Chisago County 2 Beds, 1 Bath
REO ID: C0914LL 832 sq. ft.
Single-Family HomePath | mortgage renovation mortgage
✓ Just Listed

 This property has 9 days left in [First Look](#)



Additional Benefits

The initiative offers these additional potential benefits:

Reserved Contract Period:

Buyers can submit a revised offer for consideration after obtaining a required appraisal if original offer is not program compliant.

Deposit Waivers:

Fannie Mae will waive the earnest money requirement for public entities* and designated partners using public funds to purchase a Fannie Mae-owned property.

Extra Time:

The public fund buyer receives up to 45 days to close- 15 days more than is usually permitted for purchases of Fannie Mae-owned properties.

*Individual homebuyers using public funds to purchase a Fannie Mae-owned property do not have to meet the full 5% earnest money requirement. Deposits can be as low as \$500.



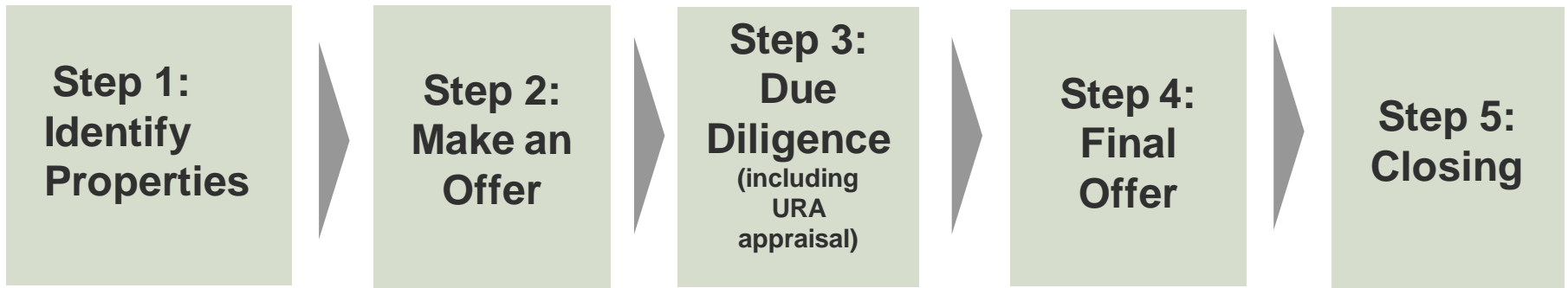
Possible Funding Sources

Some types of public funds include, but are NOT limited to:

- Bond, Down Payment Assistance and Grant Programs
- Charitable foundation funds
- Community Development Block Grant (CDBG) funds
- Federal Home Loan Bank (FHLB) funds
- Funds from a specific County, City, State, Housing Authority/Agency
- HOME Investment Partnerships Program funds
- Land Banks
- Mortgage Credit Certificate (MCC) Programs
- Mortgage Revenue Bond Programs
- Neighborhood Assistance Corporation of America (NACA)
- Neighborhood Stabilization Program (NSP) funds
- Leveraged private financial institutions and/or consortium funding



Buyer* Responsibilities



*In the context of this presentation, “Buyer” refers to a public entity, non-profit or a designated for-profit partner



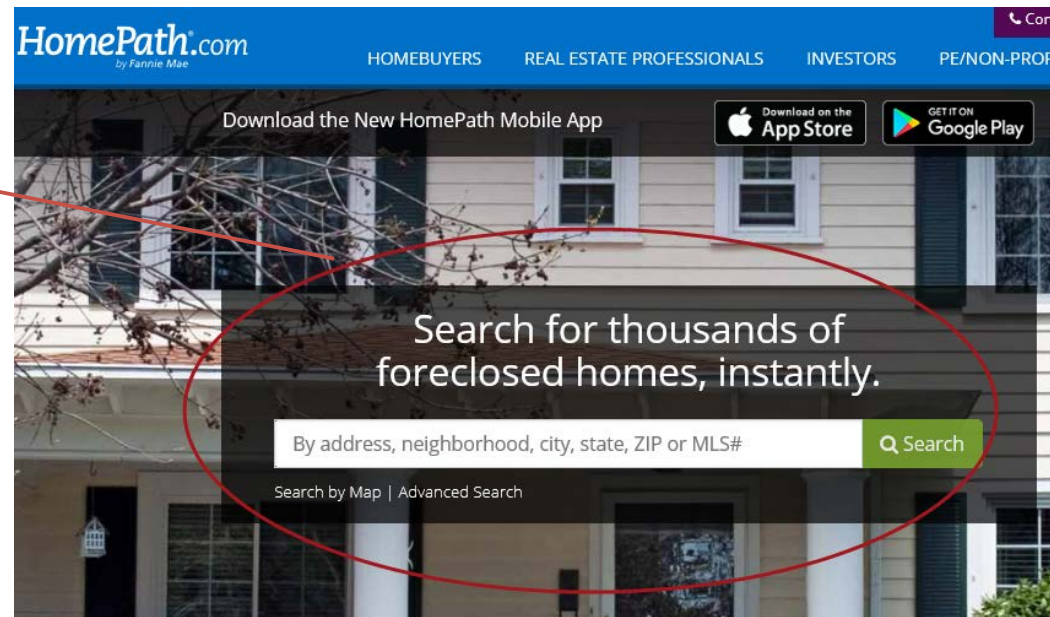
Buyer Responsibilities

Step 1: Identify Properties

- **Secure a “proof of eligibility”** form from public entity (if buyer is not a public entity)
- **Research and visit homes** that meet funding program requirements, including Fannie Mae-owned homes (www.homepath.com)

www.HomePath.com has several innovative tools to help you identify local Fannie Mae-owned properties, including the ability to:

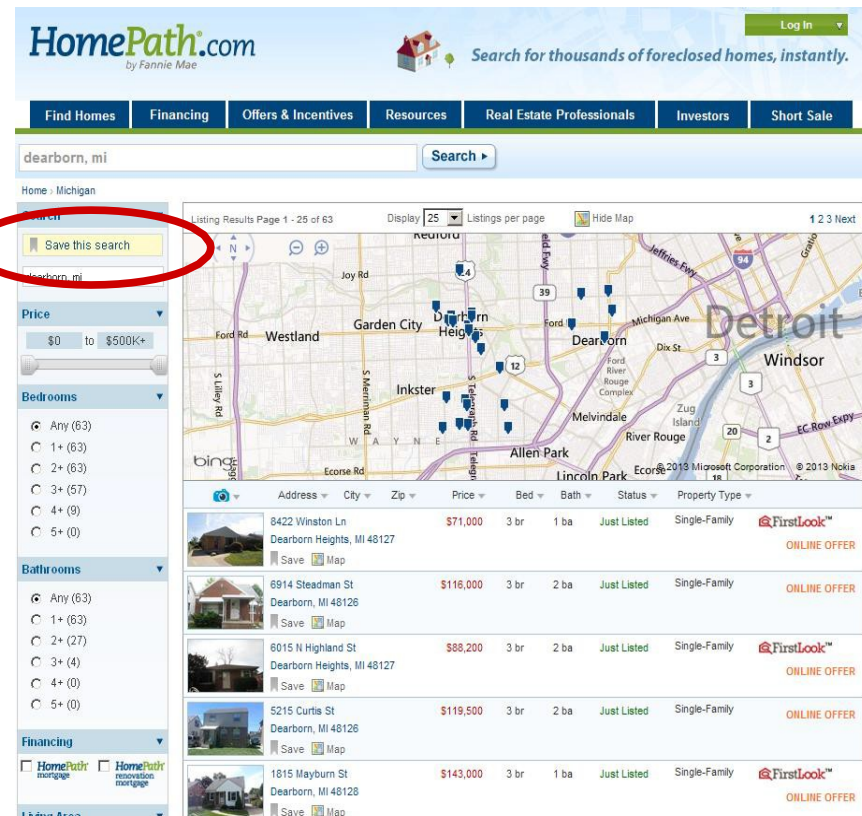
- Search by property type, ZIP code, and listing status using text or the map
- Research homeownership rates, population, school, and other neighborhood information



Buyer Responsibilities

www.HomePath.com has several innovative tools to help you identify local Fannie Mae-owned properties, including the ability to:

- Search by property type, ZIP code, and listing status using text or the map
- Create an account to:
 - Save properties of interest
 - Subscribe to HomePath Property Alert, which e-mails you new listing information in your desired areas
 - Download search information into an Excel spreadsheet



The screenshot shows the HomePath.com website interface. The search bar contains 'dearborn, mi'. The search filters on the left include a 'Save this search' button, which is circled in red. The main content area displays a map of Dearborn, MI, and a list of property listings. The listings table includes columns for Address, City, Zip, Price, Bed, Bath, Status, and Property Type.

Address	City	Zip	Price	Bed	Bath	Status	Property Type
8422 Winston Ln	Dearborn Heights, MI	48127	\$71,000	3 br	1 ba	Just Listed	Single-Family
6914 Steadman St	Dearborn, MI	48126	\$116,000	3 br	2 ba	Just Listed	Single-Family
6015 N Highland St	Dearborn Heights, MI	48127	\$88,200	3 br	2 ba	Just Listed	Single-Family
5215 Curtis St	Dearborn, MI	48126	\$119,500	3 br	2 ba	Just Listed	Single-Family
1815 Mayburn St	Dearborn, MI	48128	\$143,000	3 br	1 ba	Just Listed	Single-Family



Buyer Responsibilities

- Manage your saved listings and saved search alerts
- Download up to 1000 properties to an Excel file

The screenshot shows the HomePath.com website interface. At the top, the logo 'HomePath.com by Fannie Mae' is visible. Below the logo is a navigation bar with tabs for 'Find Homes', 'Financing', 'Offers & Incentives', 'Resources', and 'Real Estate Prof'. A search bar contains 'dearborn, mi' and a 'Search' button. To the right, there is a user profile for 'Jane' with a 'Jane' dropdown menu and an 'Upload photo' button. Below the search bar, there are filters for 'Price' (ranging from \$0 to \$500K+) and 'Bedrooms' (ranging from Any to 5+). A map shows the search results for 'dearborn, mi' with several blue pins. Below the map, there is a 'Download properties' button circled in red. To the right of the map, the user's account information is displayed, including the name 'Jane Severn', email 'jane_e_severn@fanniema.com', and a dropdown menu with options 'Account', 'Saved Listings', and 'Saved Search Alert', which is also circled in red. Below the map and filters, there is a table of search results with columns for 'Address', 'City', 'Zip', 'Price', 'Bed', 'Bath', 'Status', and 'Property Type'. The table lists three properties in Dearborn Heights, MI, with prices ranging from \$88,200 to \$116,000. Each property listing includes a 'Save' button and a 'Map' button.



Buyer Responsibilities

Step 2: Make an Offer

- **Verify** that the targeted property meets funding program requirements
- **Communicate** to Fannie Mae listing agent that the offer will be using public funds – and specify the local program-required discount if applicable.
- Obtain from the Fannie Mae listing agent the **local or state contract and the Fannie Mae purchase addendum** document
- Work with a real estate sales professional and the Fannie Mae listing agent to **submit an initial offer**
 - Offer should be submitted as a “Public Entity using public funds” if buyer is Public Entity
 - Offer should be submitted as “Other entity using public funds,” if buyer is a Nonprofit or designated for profit partner
- Initial offer may be subject to negotiation if Fannie Mae does not approve initial offer



Buyer Responsibilities

Step 2: Make an Offer (continued)

- When submitted, an **initial offer should include:**
 - Proof that the buyer is eligible for public fund assistance (if buyer is not public entity) or copy of IRS 501c(3) designation letter if buyer is a non-profit organization
 - Purchase addendum, which will specify the price concessions the public entity requires, if applicable
 - Specified closing date (within a maximum 45 days after acceptance of the offer by Fannie Mae)
 - Any other requirements that are important to the buyer



Buyer Responsibilities

Step 3: Due Diligence

- If the initial offer is accepted, inspect property and procure a **Uniform Residential Appraisal (URA)** if required by buyer, within 10 days of offer acceptance. Copies are sent to the public entity and the lender
- **Submit revised offer** for consideration within five days of receipt of URA appraisal if initial offer is not program-compliant. Otherwise, the initial offer becomes final and buyer proceeds to Step Five
- Be sure to **communicate URA value** to the Fannie Mae listing agent
- A maximum of 15 days are allowed from original contract date to **resubmit offer if a reduction in sales price is required due to the appraisal**
- Obtain from the Fannie Mae listing agent a **contract amendment** stating the final offer.



Buyer Responsibilities

Step 4: Final Offer

- If necessary, **sign the contract amendment** and submit it to the Fannie Mae listing agent
- The **signed contract, along with signed amendment, represents the final offer**, which will be reviewed by Fannie Mae and any applicable third parties



Buyer Responsibilities

Step 5: Closing

- If the final offer is accepted, **follow the traditional process** for closing on the home
- **Coordinate with the public funds provider** to determine specific requirements for accessing funds and closing on the property (for designated partners, if necessary)



Questions?

- Talk with your Fannie Mae representative. They are available to walk you through the process and be a point of contact for property specific issues from initial offering through closing
- E-mail PublicEntity_REOSales@fanniemae.com

