

Property Donation Program

*Supporting Local Housing and Property Resolution
Initiatives*

September 2012



National Community
Stabilization Trust

Overview

- The National Community Stabilization Trust maintains a national platform to facilitate the sale or donation of single family properties from financial institutions to community stabilization practitioners.
- Recently, financial institutions have increased their donation of these assets, due in part to the terms of the National Mortgage Settlement.
- Property Donations can provide an unprecedented opportunity for local housing or property disposition initiatives.
- Success of such initiatives will depend on the quality of the donated properties, availability of local resources, and the disposition strategy used.
- NCST is actively seeking scalable program opportunities, in partnership with government and non-profit organizations, to present to financial institutions.

Why Financial Institutions Donate Properties

- **Establish** an additional vehicle to liquidate distressed assets
- **Comply** with terms of National Mortgage Settlement
- **Foster** CRA credit potential
- **Promote** new referral opportunities for lending
- **Reduce** exposure to property fines and liens
- **Enhance** corporate reputation
- **Strengthen** relationship with communities and local organizations

Donation Opportunities for Communities

- Enhance existing efforts through acquisition of additional properties in support of neighborhood stabilization efforts
- Leverage limited funding by reducing costs to acquire, thereby redirecting capital to other uses such as rehabilitation and occupant sourcing
- Land banking for future disposition
- Approach unique initiatives that may have previously been cost prohibitive
- Further your nonprofit housing mission
- Create ancillary revenue streams
- Clean up neighborhood eyesores

NCST Overview and Role

- The National Community Stabilization Trust (NCST) is a national nonprofit organization that serves as a catalyst across the nation for the revitalization of neighborhoods hard hit by foreclosures and abandonment.
 - NCST works with local housing providers in more than 400 communities in 46 states to acquire foreclosed and abandoned property and reposition these assets for productive reuse in neighborhoods that have been disproportionately impacted by the housing crisis.
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NCST's Role in Donation Properties:

- **Approve and recommend** eligible donation participants
- **Source** donation properties to support local initiatives
- **Serve** as single point of contact to create efficiency
- **Administer** purchase agreements and other closing documents
- **Monitor** participants and properties to ensure desired outcomes

Strategic Segments



Neighborhood Stabilization

- Blighted Neighborhoods
- Housing for Low- to Moderate-Income Families
- Public Housing



Veterans Housing

- Disabled & Returning Troops
- Access to Healthcare or Employment
- Trade Skills Development



Housing for First Responders

- Police, Firefighters, Emergency Medical
- Incentives for Employment
- Security Zones



Disaster Relief

- Housing for Displaced
- Staging Centers for Disaster Response
- Housing for Disaster Responders



Green Space

- Urban Gardens
- Parks and Recreation
- Property Supplementation (e.g. neighbor, public lands, etc.)

Property Donation Types

STATUS

Pre-Foreclosure

Property is vacant, but not yet foreclosed upon.

Participant agrees to take possession after completion of foreclosure and clearing of title subject to interior inspection.

REO

Property has been foreclosed upon and is owned by financial institution.

VALUE BAND

No Value

- Severely Damaged Properties
- Vacant Lots
- Demolition Candidate
- Land Banking
- Troubled Neighborhood
- Deep Rehab Subsidy

Low Value

- Moderately Damaged
- Potential Demolition
- Challenged Neighborhood
- Land Banking Potential
- Moderate/No Rehab Subsidy

Of Value

- Light to No Damage
- Rehab to Sell/Rent
- Stable Neighborhood
- No Rehab Subsidy
- Potential income generator to subsidize No/Low Value assets
- Support Strategic Segments

Donation Paths

PROACTIVE

NCST participants respond to lists of properties provided by Servicers

Servicer Driven
Non-Targeted
Multiple Participants
Less Strategic
Less Impactful
Low-Value Assets

REACTIVE

NCST participants propose donations to support explicit objectives and Servicer attempts to assist

Participant Driven
Highly Targeted
Select Participants
Most Strategic
Most Impactful
Diverse Asset Values

RESPONSIVE

NCST participants request specific properties for donation from First Look or listed inventories

Participant Driven
Potentially Targeted
Individual Participants
Potentially Strategic
Potentially Impactful
Diverse Asset Values

Process Flow Overview

Inspection

- Properties are received in designated target areas
- Inspections are completed as soon as possible

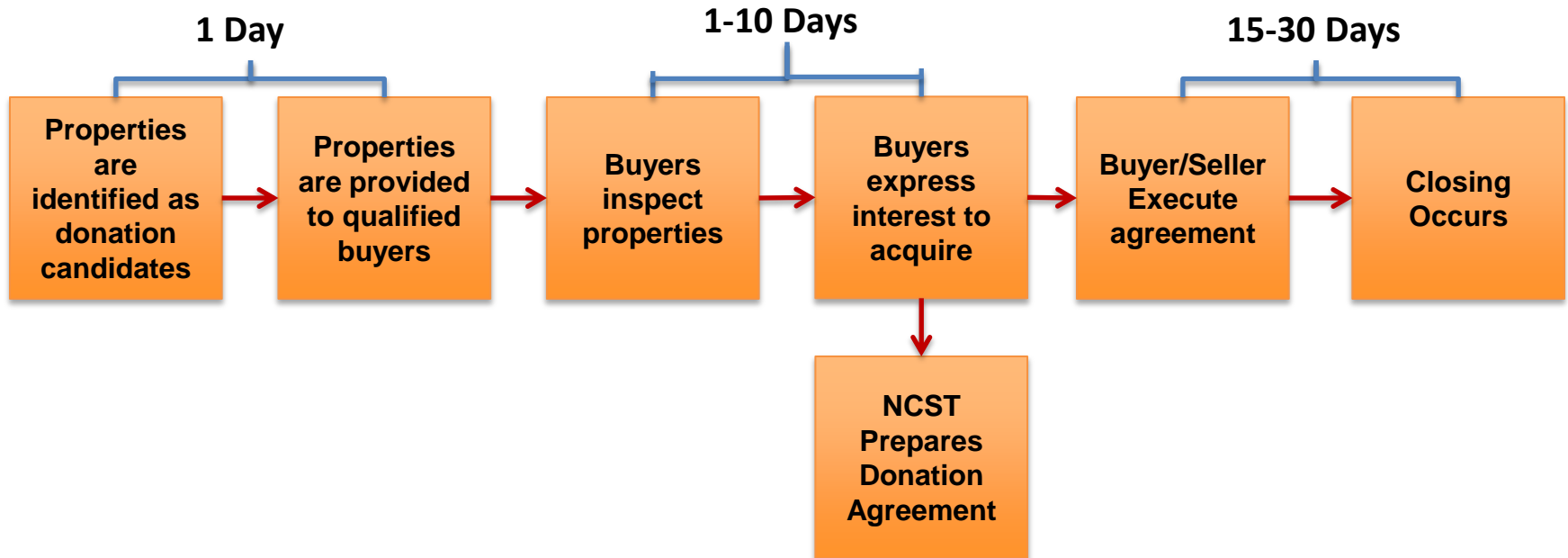
Closing

- NCST administers purchase agreement via Doc Prep
- Donee & Donor split closings costs 50/50, Donee pays for title insurance if wanted
- Buyers close in 15-30 days

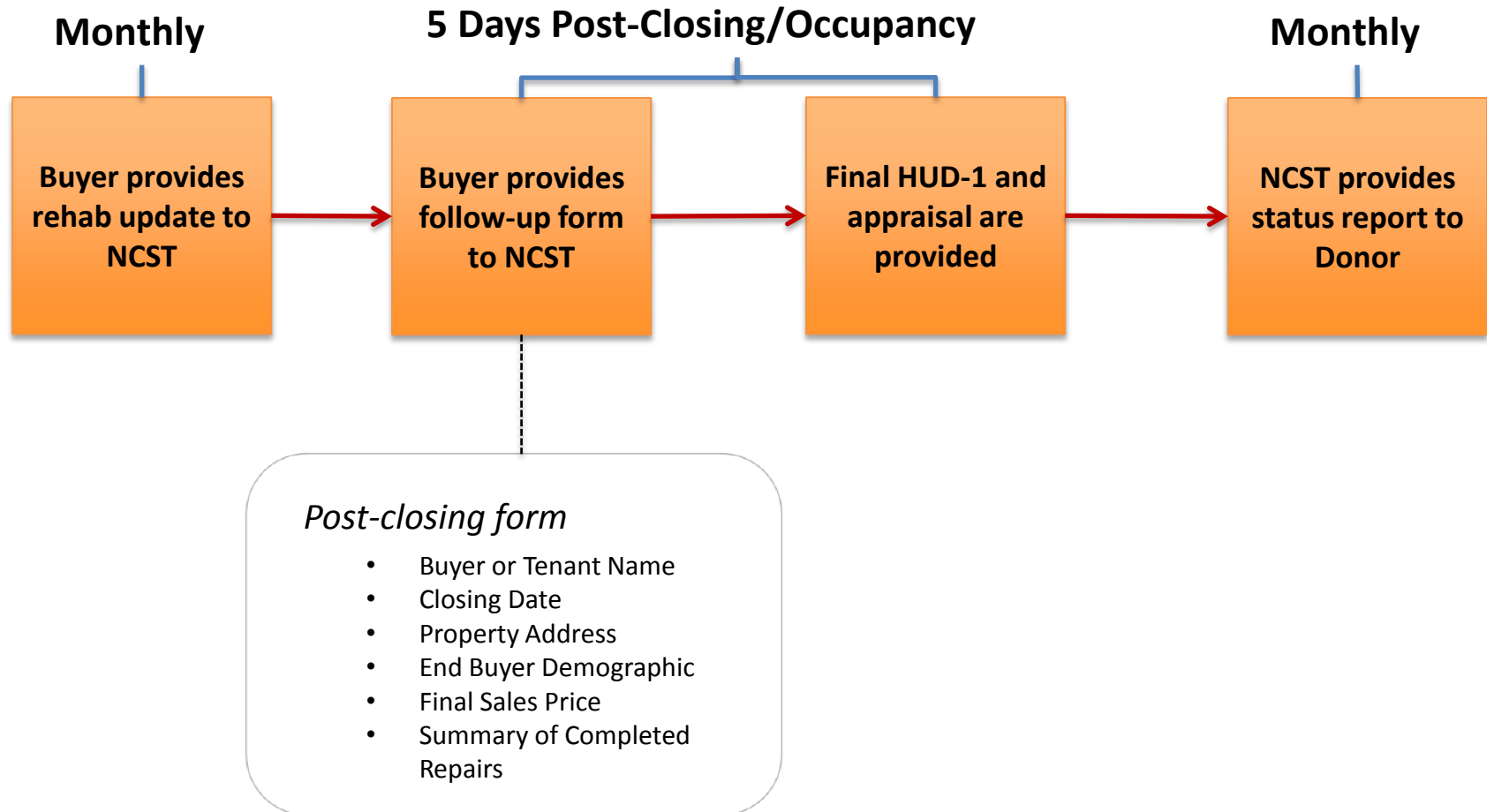
Rehab/Resale

- Property updates provided to NCST
- Post-closing follow up & reporting

Process Flow Timing - Acquisition



Post-Acquisition Process



Donation Participant Eligibility Criteria

- Organizational Mission Statement with stated purpose to support affordable housing/neighborhood stabilization
- Previous Program experience and specific geographic focus
- Principals and Directors, including respective roles
- Public or Quasi-Public entity or Non Profit with IRS issued 501(c)3 designation, in effect for at least two years
- Demonstrated financial standing with specific Capital for property ownership and remediation
- Submission of Program Plan including stakeholders, vendors and partners, occupant eligibility and disposition options
- Property and Program pro-forma projections based on anticipated property values, conditions and dispositions.

Property Usage Eligibility Criteria

- Donation properties may consist of raw land, developed lots, 1-4 family detached structures, condominiums or townhomes.
- Structures may be rehabilitated for sale or rental or demolished. Vacant land may be held for long-term resolution (e.g. Land Banks, Greenspace, etc.) but must be maintained in good standing and local ordinances.
- Generally, occupancy should be targeted for sale or rental to low- to moderate-income persons or families (at or below 80% of Median unless using public funds with greater latitude). Exceptions for serving strategic segments such as Veterans and First Responders.
- Properties may also be used for creative non-resident purposes such as non-profit office space, neighborhood centers, etc. in accordance with local zoning.
- Properties will generally be free of any encumbrances, but participants are required to conduct thorough due-diligence before taking possession.