

Stabilizing Communities Addressing the Negative Impacts of Foreclosure

Lessons Learned Through REO Programs



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ASSET CONTROL AREA PROGRAM



- Two year contract with HUD to acquire, rehab, and sell properties to homebuyers earning 115% or less AMI.
- Purchased 199 properties
- Sold 159 to clients earning 54.52% AMI (avg)
- Average income \$30,818
- Average sales price \$93,772
- Transferred \$2.28 million in equity to homebuyers through the use of HUD's Homebuyer Enforcement Note
- Average rehab cost \$28,000 (\$12,000 - \$70,000)



- Take the lessons learned from the ACA Program experience and repurpose them into an REO program.
- Create a business model that is financially feasible, scalable and transferable while meeting the social goals of the organization.
 - Community Stabilization
 - Community Redevelopment
 - Affordable Homeownership Creation

PROGRAM DESIGN

- Keep it simple
- Know your purpose
- Don't reinvent the wheel
- Market research is critical
- Don't neglect the politics
- Lenders must be your partners
- Systems, systems, systems!

ACQUISITION

- Property criteria
- Availability of properties
- Don't accept others problems
- Acquisition determines success



REHABILITATION

- Systems are critical
- Well defined standards and specifications
- Contractors must be partners
- Budget for contingencies
- Vandalism happens

HOLDING PERIOD

- The shorter the better
- Inventory costs



SALES

- Homeownership counseling
- Multiple disposition strategies
- DPA Subsidy



Lessons Learned

- Be willing to share your experience
- Look to the future





Homeownership revitalizes and stabilizes neighborhoods!



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