

Next Step in FHFA REO-to-Rental Initiative Announced

By: Jann Swanson | Mon, Feb 27 2012, 3:41 PM

Investors who have prequalified to purchase lender owned real estate (REO) under a program unveiled February 1 by the Federal Housing Finance Agency (FHFA) were notified on Monday about the next step in the program. FHFA announced that it **will soon begin accepting applications from investors** to demonstrate their financial capacity, experience, and specific plans for purchasing pools of Fannie Mae foreclosed properties in **Atlanta, Chicago, Los Angeles, Phoenix, and parts of Florida**. Central to the program is the requirement that the **properties must be rented** for a specified number of years **before they can be resold**.

In order to ensure compliance with applicable securities laws and regulations, **details of the sales announcement** will be sent to prequalified investors. Those who subsequently post a securities deposit and sign a **confidentiality agreement** will be given more detailed, property specific information and can then submit a comprehensive application. The applications will be **reviewed by an outside firm** and only investors who are qualified through what FHFA called **"this rigorous process"** will be eligible to bid.

Michael Stegman, Counselor to the Secretary of the Treasury for Housing Finance Policy said, "We believe that this initiative holds promise for providing support to local neighborhoods that were especially hard hit by the housing crisis and will help meet the rising demand for rental housing in many communities."

Any investors interested in the pilot program who have not prequalified may still do so by completing the forms available on the [FHFA REO Initiative page](#).

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