



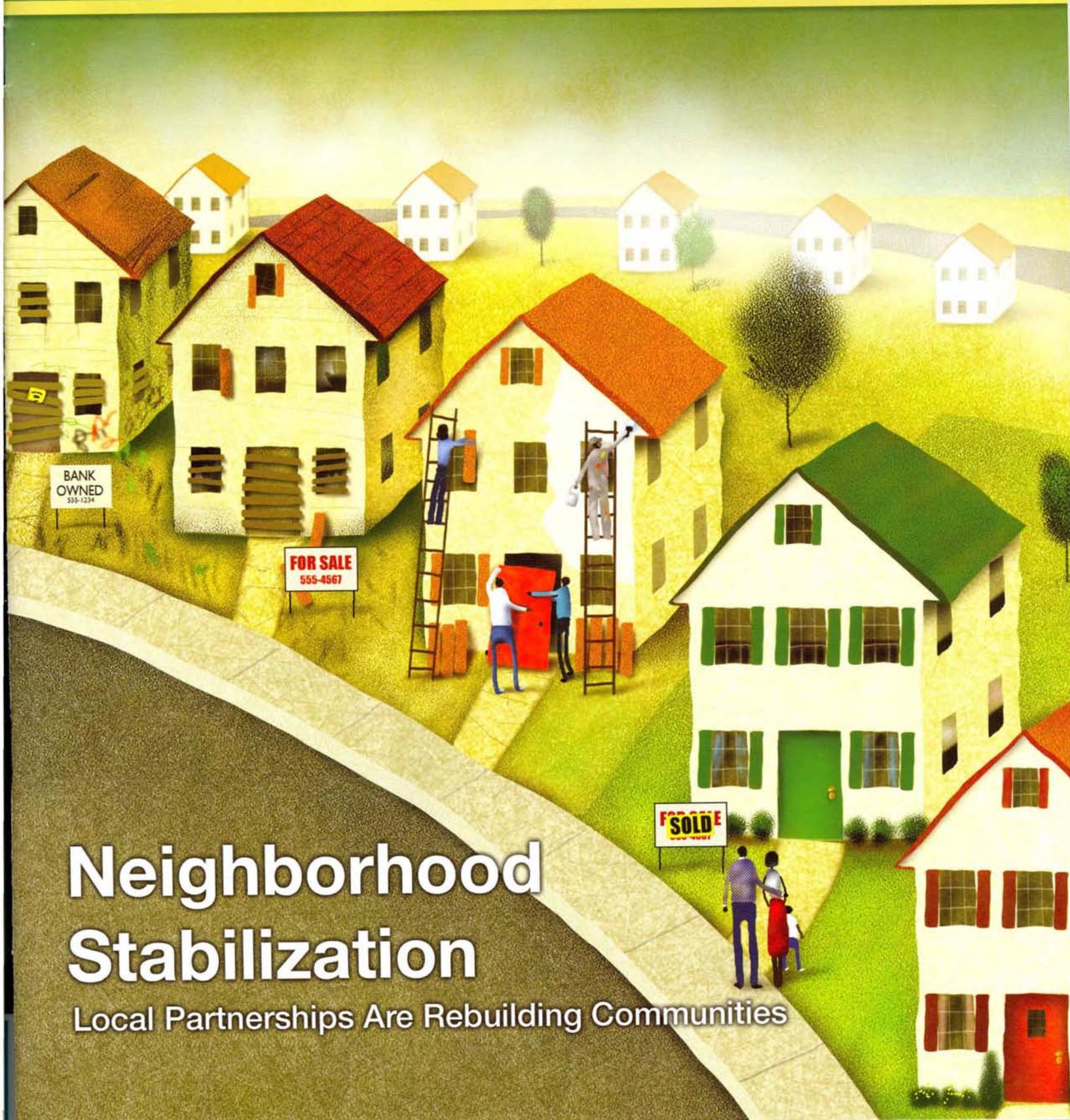
Comptroller of the Currency  
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US Department of the Treasury

# Community Developments

Fall 2009

The OCC's Community Affairs Newsletter



## Neighborhood Stabilization

Local Partnerships Are Rebuilding Communities

to be key participants in community stabilization efforts nationwide. Because local partners rely largely on NSP funds to buy, renovate, and sell REO properties, neighborhood revitalization efforts are likely to expand and gain momentum as more NSP grants are issued and grantees demonstrate the effectiveness of

their work. Similarly, as NSP funds become available and local partners expand in number and capacity, a greater share of the properties that Wells Fargo refers to the Stabilization Trust will likely be purchased by the Stabilization Trust's local partners.

As one of the nation's largest lenders and servicers of mortgage loans, Wells

Fargo is committed to supporting community stabilization efforts, and will continue to work with the Stabilization Trust and other partners to revitalize communities as well as housing and lending markets.

For more information, contact Mary "Muffie" Gabler at [mary.s.gabler@wellsfargo.com](mailto:mary.s.gabler@wellsfargo.com).

## **Reno Housing Authority and Wells Fargo**

### **Helping Renew Reno, Sparks, and Washoe County**

**R**eno, Nevada, is renewing neighborhoods devastated by foreclosed and abandoned homes with the help of federal grants and a partnership with a new national nonprofit. Reno offers a model for providing affordable homes for families in need.

In early 2009, with \$4.2 million in grants from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP), the Reno City Council selected the Reno Housing Authority to use the funds to buy real estate owned (REO) from banks and other financial institutions. About \$1.2 million was earmarked to buy housing for low- and moderate-income renters; the rest was to buy and rehabilitate homes for sale to families earning up to 120 percent of the area's median income.

The Housing Authority partnered with the National Community Stabilization Trust and agreed to work with the Stabilization Trust's First Look Program (*see related article, p. 9*). In return, lenders working with the Stabilization Trust agreed to notify the Housing Authority when they had REO

properties to sell in the distressed communities where the housing authority wanted to buy and rehabilitate homes. Lenders also agreed to give the Housing Authority the opportunity to review and buy properties before they were offered for sale to the public through traditional means.

Using ZIP codes, the Housing Authority identified three communities—in Reno, Sparks, and Washoe County—for renewal, communities that the state of Nevada targeted in its NSP grant application (*see NSP article, p. 8*).

When the housing authority got its first look at the REO properties for sale in these communities, David Morton, Executive Director of the Reno Housing Authority, realized that many were in good condition and were for sale by Wells Fargo. Morton and his staff had decided to buy only relatively new properties with few serious problems, to make the homes easier for low- and moderate-income home buyers and renters to maintain. The Housing Authority was less interested in property that needed significant work or had serious problems, such as asbestos tiles.

The Housing Authority was given 24 hours to indicate an interest in buying the property and, if interested, five days to inspect the property. Meanwhile, Wells Fargo agreed to evaluate the property and, according to the Stabilization Trust's requirements, come up with a sales price discounted from what the price might be if sold on the open market. The Housing Authority conducted its own appraisals to ensure that it agreed with the price offered by Wells Fargo. This led to terms agreeable to both sides, and a contract—crafted by the Housing Authority, Wells Fargo, and the Stabilization Trust's legal staff—that conformed to Nevada law and local requirements.

As of early September 2009, the Housing Authority with the help of the Stabilization Trust had purchased 17 properties from Wells Fargo. The Housing Authority plans to use NSP funds and loans to buy more properties and to provide additional housing for low- and moderate-income families.

For more information, contact David Morton at [dmorton@renoha.org](mailto:dmorton@renoha.org).