



National Community Stabilization Trust Program Guide



NCST Property Acquisition Program Guide

Overview of Community Buyer Eligibility Requirements & Guidelines for Program Participation

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Section 1: About the National Community Stabilization Trust

1.1 Organizational Mission

The National Community Stabilization Trust (NCST) is a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight. Our programs facilitate the rehabilitation of vacant but structurally sound homes, enable safe, targeted demolition when necessary, and support productive reuse of vacant land. We help community-based housing providers make affordable and safe homeownership and rental opportunities available to low- and moderate-income families. NCST was created in 2008 by Enterprise Community Partners, Housing Partnership Network, Local Initiatives Support Corporation (LISC), UnidosUS (formerly National Council of La Raza (NCLR)), National Urban League, and NeighborWorks America.

NCST facilitates the transfer of properties between participating financial institutions (“Sellers”) and eligible local housing providers/developers (“Community Buyers”) and supports the property transaction needs of Community Buyers. This support includes, but is not limited to:

- Establishing standard pre- and post-purchase procedures.
- Making REO listings available through REOMatch®, a web-based property mapping and acquisition tool.
- Coordinating price offers for the acquisition of REO properties.
- Facilitating communications during real estate transactions.
- Assisting with coordinating transaction closings.

NCST does not engage in the following activities:

- Taking title to properties during property transfers that it facilitates.
- Acting as a retail broker for individual real estate transactions.

1.2 Acquisition Programs

NCST’s Property Acquisition programs aim to provide our Community Buyers with an opportunity to purchase properties aimed towards stabilizing neighborhoods and removing blight.

1.3 Purpose of the Program Guide

The purpose of this Program Guide is to define the eligibility requirements and program participation standards for organizations that seek to obtain REO properties through NCST. NCST maintains these requirements and standards to meet Sellers’ needs and to ensure our Property Acquisition Programs support the mission to stabilize communities.

The Program Guide contains the following:

- Buyer Eligibility Guidelines (Section 2)
- Program Participation Standards and Requirements (Section 3)
- Property Acquisition, Maintenance, Rehab and Disposition (Section 4)
- Post-Acquisition Reporting and Performance Monitoring (Section 5)
- Detailed Guide to Reporting in REOTrack (Section 6)

NCST will periodically amend the Program Guide, providing a minimum of 30 days' notice to Community Buyers of changes that would affect their work. The current version of the Program Guide is always available on NCST's website. For anyone using a hard copy of the Program Guide, please check the date on the hard copy against the date of the Program Guide on the website to ensure you are using the most updated version.

All approved Community Buyers and their associated sub-buyers must meet eligibility and participation requirements outlined in the Program Guide. Program requirements apply to all properties acquired by both public and private organizations.

If a Community Buyer wants to seek an exception to stated program requirements, the Buyer should provide NCST a written request for exemption. NCST will review all requests on a case-by-case basis.

Section 2: Buyer Eligibility Guidelines

2.1 Application Process

To be eligible to participate as a Community Buyer in the NCST Property Acquisition program, a housing provider/developer must apply to NCST demonstrating that it meets the Buyer Eligibility Guidelines contained in this section. NCST determines a Community Buyer's eligibility based on the documentation and representations submitted during the application process. Once approved, Community Buyers must inform NCST immediately of any material changes to their operations, funding sources, or tax or corporate status. Failure to report such changes may result in temporary or permanent suspension from NCST Property Acquisition Programs.

Here is a step-by-step description of the qualification process:

Step 1: Community Buyer Pre-Qualification Questionnaire

NCST will provide interested applicants with a Pre-Qualification Questionnaire. Once an applicant completes the questionnaire and submits a history of property development, NCST will determine if the applicant is eligible to move forward in the onboarding process.

Step 2: Community Buyer Overview/Introduction Webinar

Once prospective Community Buyers are invited to move forward in the process, they must attend an introductory

webinar where they will receive in-depth information about NCST programming, timelines, and pricing and an outline of the application and onboarding process.

Step 3: REO Acquisition Program Application

Upon completion of the introductory webinar, Community Buyers will complete an in-depth REO Acquisition Program Application consisting of an application form and additional supporting materials on organizational structure, IRS status, housing development experience and access to capital. The complete list of supporting materials required is included with the application form. NCST will then review the completed application and formally approve or decline an applicant.

Step 4: Purchase Agreement Template Review

Community Buyers will then receive the NCST Purchase Agreement templates for review and approval by the Community Buyer's preferred legal counsel. Written consent to use the purchase agreements is required prior to a Community Buyer's participation. Purchase agreements cannot be amended, and Community Buyers cannot include additional addenda.

Step 5: NCST Memorandum of Understanding (MOU) Execution

All Community Buyers must execute the NCST MOU before moving forward with a Go Live webinar. The NCST MOU confirms a Community Buyer's acceptance of the participation requirements. SDP Program participants will also execute a separate Statement of Work (SOW) during this step.

Step 6: Go Live Webinar

In the final step of the onboarding process, Community Buyers will attend an onboarding webinar to review day-to-day transaction policies and procedures, the closing process, and answer any questions a Community Buyer may have prior to activation.

2.2 Core Eligibility Requirements for Community Buyers

The following entities are eligible to become NCST Community Buyers:

- Government or quasi-government entities.
- Non-profit organizations with active corporate status and a 501(c)(3) designation from the IRS currently in effect. Additional conditions apply as described in Section 2.3.
- Non-501(c)(3) organizations, including for-profit entities, with active corporate status. Additional conditions apply as described in Section 2.4.

To avoid potential conflicts of interest, NCST does not permit the directors, trustees, officers, or employees of the applying organization to share an identity of interest with participating financial institutions. If it is determined that a potential conflict exists, NCST will evaluate on a case-by-case basis whether the conflict is material.

2.3 Additional Eligibility Requirements for 501(c)(3) Non-Profit Organizations

Housing-Related Mission: Non-profit organizations must have a primary mission related to affordable housing or to community revitalization through housing-related activities.

Demonstrated Experience with Acquisition and Rehabilitation: Non-profit organizations must demonstrate at least two years of direct experience with real estate project development as an organizational entity. The experience of third-party developers or parties related to the applying organization is not considered a substitute for this requirement.

Prospective non-profit organizations that do not meet the additional eligibility requirements in this section but meet all other eligibility requirements outlined in the Program Guide will be considered on a case-by-case basis.

2.4 Additional Eligibility Requirements for For-Profit Organizations: The Strategic Development Partner (SDP) Program

NCST has established an SDP Program in select markets. Through the SDP Program, for-profit organizations may participate as Community Buyers, with NCST acting as the non-profit overseeing its acquisition and disposition activities. This program is only available in markets with significant inventory and/or where NCST does not have sufficient non-profit or municipal partners relative to existing inventory. For these reasons, NCST reserves the right to decline for-profit organizations that may otherwise meet the core eligibility standards.

Statement of Work and Memorandum of Understanding. SDP Program participants will be required to execute a SOW and MOU detailing the roles and responsibilities of NCST and the SDP. SDP-acquired properties are subject to additional inspections (and associated fees) and other requirements. SDP Program participants must also meet the community presence requirement laid out in Section 2.5.

Demonstrated Experience with Acquisition and Rehabilitation. For-profit organizations must demonstrate at least two years of direct experience with real estate project development as an organizational entity. The experience of third-party developers or parties related to the applying organization is not considered a substitute for this requirement.

Demonstrated Experience with Resale Disposition to Low- and Moderate-Income End-Users. While alternative dispositions are allowed in rare circumstances, including affordable rentals, NCST is not accepting for-profit buyers whose primary disposition strategy is rental.

2.5 Community Presence Requirement

All Community Buyers must maintain an established physical office in reasonable geographic proximity to the communities in which they propose to acquire properties. Community Buyers must also be registered and maintain good standing with the local Secretary of State or applicable governing office where they acquire properties.

In the absence of a physical office, Community Buyers may qualify if they demonstrate a clear history of direct involvement in the geographic area, including prior experience providing services in collaboration with organizations physically located in targeted geographies.

2.6 Proof of Funds and Eligible Funding Sources

As part of the eligibility review process, Community Buyers must demonstrate that they have access to sufficient funding sources to acquire properties. NCST permits a range of capital sources for financing the acquisition and development of properties, including but not limited to the following: federal, state, or local public funding or grants; disaster relief funds; philanthropic funding; program income; and other public and private sources.

NCST reserves the right to review sources of capital used by Community Buyers to acquire properties. All Community Buyers will be required to submit proof of funds and, upon request, must furnish background information on private capital providers. Funding agreements with private capital providers cannot require title to properties to be transferred to a capital provider(s) after closing. The financing terms should not prioritize profit over the purpose of neighborhood stabilization and the requirements contained in the Guide, and there should be no identity of interest between a capital provider and individual directors, trustees, officers, or employees of the Community Buyer. Profit sharing relationships may require a reasoned opinion of counsel that such an arrangement is consistent with a Community Buyer's 501(c)(3) status.

If the Buyer obtains financing for the purchase, financing must be obtained in the name of the Community Buyer. It is not permissible for a Community Buyer to essentially act as a straw buyer in acquiring a property for another purchaser using that purchaser's capital.

NCST reserves the right to pause or terminate a buyer's participation in the Property Acquisition Programs if funding is not available at the time of closing.

Section 3: Program Participation Standards and Requirements

3.1 Purchase Volume and Capacity Requirements

Community Buyers must demonstrate adequate capacity to purchase properties on an ongoing basis and apply a high standard of rehab to properties acquired. Community Buyers may temporarily deactivate their participation with NCST for periods of time when they cannot actively consider new acquisitions due to capital or capacity constraints.

For all new Community Buyers, NCST will either (1) cap the maximum number of properties the Buyer can accept; or (2) require regular meetings with NCST staff to review the status of properties accepted. NCST will make this decision upon onboarding, taking into account the Buyer's staff and financial capacity as well as availability of properties.

For Community Buyers with a cap, NCST will “pause” the Community Buyer’s transactional access and REOMatch® Portal when the cap is reached, meaning the Community Buyer will not receive new properties and cannot transact on existing property opportunities. NCST will then schedule a meeting to review the Community Buyer’s existing capacity and adherence to the Program Guide. At the conclusion of that meeting, Community Buyers may be reactivated or may remain paused until all properties have reached their ultimate disposition or the Buyer’s funding has been replenished. Upon reactivation, NCST will determine a new property cap.

For Community Buyers without a cap, which will generally be those that accept a large volume of properties and/or have a larger active portfolio of NCST properties than most Community Buyers, NCST will set up a series of periodic meetings to review ongoing capacity and ensure all program requirements are being met. After such a meeting, NCST may decide to pause the Community Buyer temporarily. Community Buyers who are paused for taking a large volume of properties and exceeding their capacity may be reactivated after NCST determines they have adequate additional capacity. It is possible NCST may decide at that time to impose a property accept cap on the Buyer.

NCST reserves the right to impose or change an acquisition cap on Community Buyers at any time based on concerns arising from review of property outcomes, program performance and/or changes in funding availability.

3.2 Target Areas

Community Buyers must articulate a clear, geographically targeted acquisition strategy that focuses on markets with demonstrated need. Community Buyers will propose a target area, i.e., the geographic area for which the Buyer will see properties made available by NCST, that directly corresponds with the Buyer’s community presence. NCST may either accept the proposed target area or work with the Buyer to adjust it based on current program needs.

Generally, target areas must be geographies where foreclosures, property abandonment, and investor purchases have had a demonstrable negative impact and/or geographies that are determined by state or local law or governmental authority to be blighted and in need of stabilization. NCST may exclude specific geographies from its acquisition programs if they are not subject to any governmental determination of stabilization need and NCST determines in its discretion that the proposed target area does not require stabilization.

3.3 Community Buyer Prioritization in Shared Target Areas

NCST can accommodate the participation of multiple Community Buyers in the same geographic area. In markets where target areas overlap, NCST uses a priority system for awarding properties on a property-by-property basis, considering the following factors in determining priority:

- Entity type (units of government or nonprofit organizations are favored)
- Intended disposition (homeownership is favored)
- Funding type used (public funds are favored)

- Buyer's community presence (local organizations are favored - the Buyer's **primary** office location determines the Buyer's community presence)
- REOTrack reporting compliance and quality (Buyers who are current on their reporting are favored)
- Buyer's cancelled transaction history (Buyer-caused cancellations on NCST transactions can negatively affect a Buyer's priority)

NCST scores each factor and awards the property to the organization with the highest score. If a score is tied, NCST will use its discretion to determine to whom to award the property considering a number of additional factors, including but not limited to recent property award patterns, special property needs, and/or particular neighborhood focus.

3.4 REOMatch and Acquisition Timelines

REOMatch is a web-based property mapping and acquisition tool used by NCST and its partners to show properties. It is the portal through which Community Buyers receive information on available properties, including property addresses, access information, and offers (if requested). All Community Buyers will be set up with their own personalized REOMatch portals to view and transact on properties. Community Buyers are expected to respond to property offerings in REOMatch within the established timelines. In other words, for every property presented, the Community Buyer must either express interest in it or affirmatively decline it. NCST may pause a buyer from seeing future inventory if the buyer consistently fails to respond within established timelines which may differ based on seller requirements, but will always be noted in REOMatch.

Community Buyers shall not share information received through REOMatch with unapproved third parties. Any Community Buyer found to have shared information with an unauthorized third party may face termination from the program.

3.5 Property Inspection

Community Buyers are strongly encouraged to physically inspect properties during the inspection period prior to requesting pricing or accepting a property (except for properties that are part of Acquisition Programs that do not allow for inspections). All access information provided by the Seller will be available in REOMatch. Community Buyers should contact the listing agent to schedule an inspection. Agents should be present during inspection unless the seller has expressly waived the requirement. For the few NCST inventory programs that do not allow for a physical inspection, Community Buyers will be provided initial property information to conduct a drive-by inspection and order due diligence items.

During inspection, Community Buyers should estimate the current fair market value of the property and the scope and cost of rehabilitation work to determine if the property is suitable for their acquisition program. Community Buyers should only request pricing on those properties where the fair market value less the typical discount would make it economically feasible to move forward with the property. After receiving pricing, the Buyer should consider the price along with the results of the physical inspection to decide whether to accept or decline the property.

3.6 Property Closing Extensions and Cancellations

After accepting a property, Community Buyers should order closing items in a timely way, including but not limited to title work, environmental inspections, surveys and additional property inspections. During this process, information may be identified that could not have been discovered as part of the initial inspection process, or damage may occur on the property between the time of initial inspection and closing. In either of these instances, or if financing challenges have arisen that result in the need to extend the date of a closing or cancel the transaction, the Buyer must notify NCST as quickly as possible so that NCST can work with both Buyer and Seller to manage the situation.

If a Community Buyer cancels a transaction after a purchase agreement for a property has been executed with the Seller and the cancellation is based on information that should have been obtained with a physical inspection prior to the contract for the property being signed, NCST may temporarily or permanently pause a Buyer from participation in NCST Property Acquisition programs. NCST may also temporarily or permanently pause a Buyer from participation in the case that a transaction is cancelled due to lack of funding. Additionally, Buyer-caused cancellations may affect a Buyer's prioritization score on future offer accepts.

Section 4: Property Acquisition, Maintenance, Rehab and Disposition

4.1 Property Selection

Community Buyers agree to use their best efforts to make affordable and safe homeownership and rental opportunities available to low- to moderate-income families for properties acquired through NCST's Property Acquisition programs. In reviewing and selecting properties for acquisition, Community Buyers should be mindful of this goal, and only acquire properties of accessible value, defined as:

- When the fair market value of a property at acquisition is within the reasonable purchase range for a low-, moderate-, or middle-income homebuyer (up to 120% of Area Median Income) using conventional financing products; and
- When the sales price of the property post-rehabilitation will be within the reasonable purchase range for a low-, moderate-, or middle-income homebuyer using conventional mortgage financing products.

The determination whether a property is of accessible value ultimately falls to the Community Buyer. However, NCST reserves the right to remove any property from consideration if it does not meet the mission and goals of NCST's acquisition programs.

4.2 Chain of Title

NCST requires that Community Buyers take title on properties acquired through NCST Property Acquisition programs and remain on the title through the end-disposition of the properties. It is also acceptable for a Community Buyer to take title to a property through a wholly owned and controlled subsidiary of its parent organization. If a Community Buyer wants to transfer or sell a property to a third party entity or non-owner occupant (e.g. an investor), the Buyer will be required to obtain explicit approval from NCST for the alternate disposition prior to moving forward with the transaction.

If an alternate disposition is approved by NCST, the following guidelines apply:

- Community Buyers should only participate in resale transactions with third party entities that are established and operated in accordance with applicable state and federal law, including limited liability companies, corporations, trusts, and other real estate holding entities.
- The Community Buyer and third party entity should have a written agreement governing disposition of properties upon resale to ensure the dispositions by the third party entity are consistent with the requirements of the applicable NCST Property Acquisition program as set forth in this Guide.
- There should be no collusion or inappropriate agreement, including profit sharing agreements, between a Community Buyer and third party entity.
- The Community Buyer or any of its directors, trustees, officers, or employees are prohibited from sharing an identity of interest¹ with any third party entity to which properties are resold.

If a Community Buyer transfers a property to a third party, the Buyer still must continue to monitor the rehab and disposition of the property and provide status updates in REOTrack on a quarterly basis. Community Buyers regularly reselling properties to third parties without monitoring the rehab or disposition of properties after transfer may be temporarily or permanently paused from participation in the NCST Acquisition Programs.

4.3 Ineligible Resale or Reassignment (Property Flipping)

Property flipping is not permitted. While there is no generally accepted definition in the industry for property flipping, NCST uses the term to refer to the practice by which a property is acquired through NCST and is quickly resold to a third party for a substantial profit. NCST becomes concerned about property flipping when properties are resold in “as-is” condition or with only minor cosmetic improvements soon after acquisition. Property flipping can also occur when the Community Buyer has identified a known third party as an outlet for the property prior to the acquisition.

¹ NCST uses the HUD definition of “identity of interest” for the purposes of resale restrictions for its programs. Identity of interest means any relationship (generally based on family ties or financial interests) between (a) the seller and property purchaser (prospective owner), (b) the owner and/or general contractor and the subcontractor, material supplier or equipment lessor, or (c) the owner and the lender, which would reasonably give rise to a presumption that the parties to the transaction may operate in collusion in establishing the purchase price of the property, the cost of the rehabilitation work, or the terms of the financing.

To determine if property flipping has occurred, NCST will consider the following factors: (1) the type of entity to which the property was resold; (2) the level of renovation completed on the property prior to resale; (3) the relationship between parties in the resale transaction; and (4) whether the end use of the property is consistent with program goals.

If a Community Buyer participates in a resale transaction in furtherance of any of these goals with a non-owner occupant third party entity, the following guidelines apply:

- Community Buyers should only participate in resale transactions with third party entities that have been established and are operated in accordance with applicable state and federal law. This includes limited liability companies, corporations, trusts, and other real estate holding entities.
- The Community Buyer and third party entity should have a pre-established written agreement on how properties will be utilized upon resale ensuring the reuse of properties by the third party entity are consistent with the requirements of the applicable Acquisition Program as set forth in this Guide.
- There should be no collusion or inappropriate agreement, including profit sharing agreements, between a Community Buyer and third party entity.
- The Community Buyer or any of its directors, trustees, officers, or employees are prohibited from sharing an identity of interest with any third party entity to which properties are resold. Similarly, Community Buyers are prohibited from participating in resale transactions to owner occupants with whom there is an identity of interest. Additionally, Directors, trustees, officers, employees, consultants, and their family members are not eligible to occupy, purchase, or lease properties.

If NCST or any of its financial institution partners determine that a Community Buyer has been involved in property flipping, NCST reserves the right to immediately discontinue the participation of that Community Buyer in all NCST Property Acquisition programs. NCST may also suspend or terminate the participation of a Community Buyer at the explicit request of one or more of its financial institution partners for property flipping violations.

4.4 Property Maintenance

Community Buyers are responsible for the security and maintenance of properties upon closing, including vacant land. During holding periods, Community Buyers are expected to provide ongoing stewardship of properties such that properties do not impose additional blight or create health or safety hazards in the neighborhood. Maintenance duties include but are not limited to securing structures, keeping property lot free of debris, mowing grass, and clearing leaves and snow.

Community Buyers must maintain properties to a standard that meets and does not violate local codes. Community Buyers are responsible for any code violations and fines assessed by local authorities for lack of property maintenance and are expected to promptly remediate any code deficiencies. Repeated failure to maintain properties and/or citations for code deficiencies could lead to the Community Buyer to be temporarily or permanently paused from participation in the NCST Property Acquisition programs.

4.5 Rehabilitation Timeline

Community Buyers should commence rehabilitation work on properties within 90 days of closing when possible. NCST recognizes that 90 days will not always be possible due to local permitting timelines, geographic seasonality, capital requirements, etc. However, Community Buyers who are unable to start rehab within 90 days of closing must notify NCST via REOTrack (see section 5.2).

4.6 Rehabilitation Standards

Community Buyers must apply a reasonable standard of repair to properties acquired through the NCST Property Acquisition programs prior to the end disposition and re-occupancy of a property. The minimum standard considered reasonable in most cases will require the Community Buyer to rehabilitate the asset to FHA Housing Quality Lending standards or local building codes, whichever is more rigorous.

NCST encourages all Community Buyers to ensure the safety and soundness of renovation work for occupants of the properties post-rehab by offering warranties on renovation work completed by the Community Buyer or contractors. Community Buyers are required to furnish all manufacturers' and suppliers' written warranties to owner upon resale of property.

Third party contractors engaged by a Community Buyer to assist in rehabilitation should not have any identity of interest with the individual trustees, officers, or employees of the Community Buyer. Contracts should be at arm's length, should provide no more than reasonable compensation for the services provided based on the prevailing market conditions, and should not contain profit sharing or other provisions that could undermine the mission or requirements of NCST Acquisition Programs.

4.7 Permissible Disposition Methods

Properties that Community Buyers acquire through the NCST Property Acquisition programs must meet qualified end uses that are consistent with neighborhood stabilization needs and provide a clear benefit to the community and occupants. Homeownership is the preferred disposition strategy. However, if homeownership cannot be realized, Community Buyers may pursue the following alternative disposition strategies: affordable rental, lease-purchase (with prior approval), transitional housing, or land banking.

If the condition of the property is so poor that rehabilitation and resale or re-occupancy is not feasible, reselling the properties for program income is an allowable disposition strategy if proceeds will fund other programmatic activity directly related to acquiring and rehabilitating housing, removing blight, or otherwise furthering the Community Buyer's housing mission. A Community Buyer selling properties for program income must obtain approval from NCST prior to the sale and may not share an identity of interest with the purchaser. If a monetary contribution from the donating financial institution had been made available with the property, the Community Buyer must use the monetary contribution toward the benefit of the property, but may resell the property for program income after the

contribution has been appropriately expended. Note that Community Buyers who regularly sell properties for program income without making a reasonable effort to achieve re-occupancy may be temporarily or permanently paused from the program.

NCST prohibits Community Buyers from reselling properties acquired through its programming entities for the sole purpose of realizing a profit, i.e., “property flipping.” For more information on property flipping restrictions, please see Section 4.3.

Community Buyers may also pursue demolition of the property when the poor or deteriorated condition of a property renders redevelopment for occupancy economically infeasible. Property demolition should be completed within one (1) year of property closing. If demolition cannot occur within that timeline, Community Buyers will be required to contact NCST to obtain an approval for extension of the demolition timeline from the Seller. Community Buyers do not need to receive NCST approval to demolish a property, but if the financial institution provides a monetary contribution to the Community Buyer to fund the demolition of that property, the Community Buyer must use that contribution toward demolition. If a property is demolished, the Community Buyer must facilitate an end use for the vacant land that is consistent with neighborhood stabilization goals. Allowed disposition strategies for a vacant lot following demolition include but are not limited to the following:

- **Affordable Housing Construction:** The preferred disposition strategy for vacant land is the redevelopment of the land with a newly constructed, affordable home.
- **Community Green Space:** Vacant land may be re-conveyed to non-profit or civic groups for reuse as community recreational or green space, including community gardens, playgrounds, or to promote green open space in urban neighborhoods. Vacant land may also be re-conveyed to owners of directly adjacent property.
- **Land Banking/Land Assembly/Long-Term Hold:** If Community Buyers defer the redevelopment of vacant land parcels for future construction or resale, the property or vacant lot must be secured and regularly maintained so that it will not become hazardous or impose blight on the surrounding neighborhood.
- **Parcel Sale for Program Income:** Vacant land parcels may be resold for the purpose of generating program income for a Community Buyer if proceeds will fund other programmatic activity that is directly related to acquiring and rehabilitating housing, removing blight, or otherwise furthering the Community Buyer’s housing mission. Community Buyers who will be selling properties for program income cannot share an identity of interest with the purchaser of the vacant land parcel, as detailed in Section 4.7.

Community Buyers must provide a description of how the land will be reused and the expected timeline upon which reuse will occur and re-certify the status of vacant land on a semi-annual basis until redevelopment commences or resale takes place.

4.8 Qualified End-Users

Community Buyers agree to use their best effort to source income-eligible end users for properties acquired through the NCST Property Acquisition programs. Income-eligible is defined as an individual or family whose income is up to 120% of local Area Median Income (AMI). Community Buyers are prohibited from participating in resale transactions to owner occupants with whom there is an identity of interest.² Additionally, Directors, trustees, officers, employees, consultants, and their family members are not eligible to occupy, purchase, or lease properties.

Section 5: Post-Acquisition Reporting and Performance Monitoring

Collecting data on disposition of properties sold through the NCST Property Acquisition programs is exceedingly important. Reporting, along with meetings, portfolio reviews, and site visits, all enable NCST to determine whether a Community Buyer is following program guidelines and achieving appropriate dispositions.

Additionally, participating Sellers require this data for internal tracking, compliance, and accounting purposes, including their own reporting under the Community Reinvestment Act and various legal settlements. Sellers also use this information to support continued participation in the program, including extending pricing concessions and making available donation properties.

Finally, post-closing data helps NCST track the impact of neighborhood stabilization activities at the national level. Reported results help NCST demonstrate how rehabilitating distressed properties can help stabilize neighborhoods, support healthy housing markets, and create new homeownership opportunities.

If a Community Buyer is not reporting adequate information, NCST may take one or more of the following actions:

- Temporarily pause the Community Buyer's ability to accept offers on new properties
- Set a firm property cap (once property cap is reached, buyer is temporarily paused until property disposition of existing properties is completed)
- Require more frequent reporting
- Reduce priority under which buyer is awarded properties
- Limit acquisition target areas
- Permanently remove Community Buyer from NCST's approved buyer list

5.1 Post-Acquisition Reporting in REOTrack

After closing on a property, Community Buyers will provide NCST with regular information on the status of that property. Community Buyers must report on property status within the first 30 days from closing and once every subsequent quarter until the property has been fully redeveloped and/or converted into an acceptable end-use as

² See Note 1.

detailed in Section 4.6. Community Buyers who do not provide quarterly updates on properties can be temporarily paused until updates are made. If reporting every quarter is not possible, the Community Buyer should work with NCST to make alternative arrangements.

To report post-closing information, Community Buyers receive access to REOTrack, the online reporting system of record for all NCST Property Acquisition Programs. REOTrack is located in the REOMatch system. Properties your organization has acquired through NCST but have not yet been completed with REOTrack reporting will appear under the NCST Toolbox, REOTrack bucket.

Community Buyers use REOTrack to report to NCST on the progression of work on all properties acquired by the Buyer, including where properties fall within various stages of redevelopment. Quality of updates is important. Section 6 provides more detail on the reporting fields within REOTrack and the timing and specifics of REOTrack updates.

5.2 Reporting Rehabilitation Start Delays

As noted in Section 4.4, rehab on properties should commence within 90 days of property closing. If rehab cannot begin within that timeframe, Community Buyers must notify NCST in REOTrack with the reason for delay along with an expected timeframe for start of rehab. This information must be updated every quarter until rehab begins. Should NCST find that rehab has not started when there has been no explanation entered into REOTrack, NCST may take one or more of the actions noted in the opening of Section 5.

5.3 Independent Validation through Title Tracking

Using public databases and resources, NCST records information on the transfer of title for properties acquired through the Property Acquisition Program. NCST tracks the entity or person to whom title is transferred, resale date, and recorded resale price. This title tracking provides an independent validation of the information self-reported by Community Buyers through REOTrack and ensures that property dispositions meet program guidelines and standards. As noted in Section 4.2, Buyers must obtain approval from NCST in the instance that title is transferred to another entity before rehabilitation has been completed.

5.4 Strategic Development Partner (SDP) Property Inspection

NCST uses a third-party inspection vendor to conduct regular property inspections throughout the rehab process for SDP buyers. Associated inspection fees will be paid by the SDP, and SDPs must cooperate with all scheduling requests and communicate the current status of the property to the inspection vendor. If the SDP is not responsive to scheduling requests, does not grant access to the property in a timely manner or provides incorrect information to the inspection vendor, the SDP may be paused from program participation.

5.5 Buyer Conferences and Site Visits

NCST will set a regular schedule for meetings with Community Buyers, the frequency of which will be based on their acquisition volume. During scheduled visits, a full portfolio review will be completed and a site visit may occur. The following categories will be assessed during the full portfolio review:

- Pre-Purchase Performance
 - Buyer Responsiveness / Adherence to Timelines
 - Closed Transactions
 - Buyer Cancelled Transactions
 - Decline Reasons
 - Target Area Performance
- Post-Purchase Performance
 - Timeliness of REOTrack Reporting
 - Quality of REOTrack Reporting
 - Number of Properties Outstanding / Status
 - Adherence to the Program Guide (Rehab Timelines, Title Tracking, etc.)
 - Program Metrics
 - Average Rehab Amount
 - Average Length of Rehab
 - Average Profit
 - Average Resale / Rental Amount

Site visits enable NCST to validate the quality of rehabilitation on properties. Community Buyers will receive advance notification if a site visit is to take place. NCST may engage additional third parties for site visits, including representatives from local government housing and community development agencies, non-profit organizations affiliated with NCST's Sponsors, and/or locally based non-profit or private developers, property managers, or real estate professionals.

Upon completion of a full portfolio review and/or site visit, NCST will provide the Community Buyer with a full report setting out action plans based on any areas of concern and target dates for resolution if applicable. Should resolution dates be missed, action may be taken by NCST as described in the opening of Section 5.

Section 6: Guide to Reporting

6.1 Guide to REOTrack

As noted in section 5.1, properties that can be updated in REOTrack will appear under the NCST Toolbox, REOTrack bucket.



To enter the reporting form, click on the property you would like to update and select 'Take Action On Property'. From here you can select the general rehab progress of the property. Please select the option that best fits the current status of the property.

The REOTrack form is divided into 4 different reporting groups; Pre-Rehab, Property Rehab, Final Disposition and Buyer/Occupant Info.

6.2 Data Fields in REOTrack

Pre-Rehab

- Closing costs from acquisition - *Buyer Debit subtotal minus property sale price from Acquisition HUD-1*
- Copy of the acquisition HUD-1
- Pre-rehab photos - *Photos of all areas of the property where rehab will be performed*
- Estimated Rehab begin date - *What is your planned rehab project start date?*

Property Rehab

- Rehab/construction Start Date - *When did work begin on the property? That work may include interior demolition or construction*
- Rehab/construction Completion Date - *When was work completed on the property?*
- *Total Rehab Cost*
- Total Holding Costs - *Sum of costs, not related to materials and labor, incurred by your organization prior to disposition*
- Final scope of work - *List of work that was completed on the property along with line item costs for each category*
- Post-rehab photos - *Photos of all areas of the property where rehab was performed*
- Demolition Information (if applicable) - *Was primary structure demolished after acquisition?*
- Subsidy Information (if applicable) - *Were funds contributed from a third party (Municipality, County, State, etc) to assist with cost of acquisition or development?*

- Development Partner Information (if applicable)

Final Disposition (when Resale to Homeowner is the Final Disposition)

- Property List Date
- Property Resale Date
- Property Resale Price
- Net Sales Proceeds - *Calculate the profit your organization made on this property. In general, this should be resale price minus acquisition, rehab, and holding costs. (Could be negative if money was lost. Do not include subsidies or other outside funds)*
- Seller closing costs - *Seller Debit total from Resale HUD-1*
- Good Story flag - *Check this box to highlight this property as a good story that would be worth sharing with our stakeholders to help demonstrate the successful mission of the program.*
- Disposition HUD-1

Final Disposition (when rental/lease is the Final Disposition)

- Property List Date
- Copy of the rental/lease agreement
- Rental Lease Start Date
- Monthly Rental Lease Amount
- Good Story flag - *Check this box to highlight this property as a good story that would be worth sharing with our stakeholders to help demonstrate the successful mission of the program.*

Buyer/Occupant Information

- Head of household Gender
- Head of household Age
- Household Ethnicity
- Household Race
- Is there a disability in the household - *The American Community Survey (ACS) defines disability as someone who has serious difficulty with vision, hearing, cognition, ambulation, self-care, or independent living. Does this describe any members of the household?*
- Is there a member of the Military Service in the household
- Occupant AMI Percentage - *Where does the household's income fall relative to the area median income (AMI)?*
- Counseling Provided - *Was homebuyer or financial counseling provided to the end occupant?*
- Buyer Financing Type
- Was homebuyer assistance provided to the end occupant - *Did the homebuyer receive any Down Payment/Closing Costs/Other assistance?*

The purpose of collecting this information is to help ensure that all households are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. The law provides that NCST and its partners may not discriminate on the basis of this information. End users (occupants) are not required to provide this information but are strongly encouraged to do so, and NCST expects its partners to attempt to collect this information. NCST is committed to equal housing opportunity.

Uploaded Documentation: Documents should include date-stamped, before-and-after photos that demonstrate the condition of the property at acquisition and resale. If available, please also include press releases and/or event photos that commemorate the completion of the property (ex. ribbon-cutting ceremony with new homeowner, community bus tours, etc.).