

FACT SHEET: FHA July 2015 Distressed Asset Stabilization Note Sale

On July 16, the Federal Housing Administration (FHA) held their first note sale of 2015. Under the note sale program, severely delinquent FHA-insured loans are sold competitively to approved bidders at a market-determined price.

Through the DASP program, FHA offers notes for sale in two types of pools: national pools and neighborhood stabilization outcome pools. The Neighborhood Stabilization Outcome (NSO) pools contain notes concentrated in a specific geographic area and put additional requirements on purchasers designed to help borrowers remain in their homes and, or to stabilize neighborhoods.

In April, FHA significantly revised the DASP program, modernizing it to ensure that the program design keeps pace with changing market conditions. The new requirements include delaying foreclosure for a full year and assessing all borrowers for HAMP-style loss mitigation.

Additionally to encourage greater nonprofit participation in sales, further enhancements announced in April included offering a non-profit only pool, giving nonprofits a first look at vacant properties and allowing purchasers to re-sell to nonprofits

This is the first sale since those changes have been implemented. Thus, all the loans sold will be subject to the new requirements. And in this sale, FHA offered its first non-profit only pool. The pool contained loans in Detroit, Michigan, an area hard hit by the foreclosure crisis. It was successfully traded.

More Details of the July 2015 Sale

7,837 defaulted Single Family loans

\$1.4 billion in Unpaid Principal

12 pools

- 5 National Pools

- 6 Neighborhood Stabilization Outcome Pools

- 1 Neighborhood Stabilization Outcome Pool for Non-Profit or Unit of Local Government Bidders

Loans from 47 States and Territories