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Bank Gives Cities, States First Shot at REOs

Bank of America is making it easier for states and cities to buy foreclosures before investors purchase them.

The program is a result of the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program, which aims to encourage redevelopment of neighborhoods hit hardest by foreclosure and the resale of properties to home owners.

Bank of America will notify participating cities that properties are available before they are listed on multiple listing services. The company will set the prices with no haggling allowed.

"We're balancing our desire to work with communities that are struggling to stabilize with our fiduciary duty to the investors that hold the paper on all these properties," says Rob Grossman, senior vice president of community affairs for Bank of America. "We will offer them the best price."

Source: Chicago Tribune, Mary Ellen Podmolik (06/19/2009)