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RTC offers loans for bulk buyers

By Nancy Miller
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The government on Monday said it would provide up to $2 billion in loans to private investors willing to take soured real-estate assets off its hands in bulk transactions.

The trial program is designed to hasten the snail-like pace of sales by the Resolution Trust Corp., the agency marketing $170 billion in assets from failed savings and loans.

The RTC already has $1 billion to lend, but it has to be able to sell those loans within a year. In the program for bulk buyers, the RTC can keep the loans for five years, which puts it at more risk.

In turn, the rewards are greater. RTC gets private interests to manage its most difficult assets while it shares in the profits. The RTC foresees bundling $500 million in commercial loans, properties, and multifamily units. To qualify for financing, buyers need 15% down payments.

Randy Lynch, Century 21 Real Estate Corp. commercial investment director, applauded the move. "It's a good way to get that stuff out."

▶ Affordable housing, 2B

Uncle Sam's savings and loan bailout agency, Resolution Trust Corp., said Monday it will give away properties that it is finding more expensive to manage than they're worth.

Public and non-profit agencies can apply for the properties — once owned by failed S&Ls — for such uses as day care, housing for the homeless and low-income housing.

Even though the RTC Oversight Board says it expects the giveaway guidelines to apply to only a few properties, the news may relieve some of the heat RTC has been getting from proponents of affordable housing. The latest attack came Sunday and Monday from the Association for Community Organizations for Reform Now.

"They are more concerned with the shopping malls than they are with single-family housing," Maude Hurd, national president of ACORN, fumes about RTC officials.

So Monday, 800 ACORN members from 20 states, led by Jesse Jackson and U.S. Rep. Joseph Kennedy II, D-Mass., took over the Chicago headquarters lobby of the U.S. League of Savings Institutions. The league is the voice of an industry now in need of a massive taxpayer rescue. Sunday, sledgehammer-wielding ACORN members forced their way into abandoned RTC properties to make their point.

By Eugene Garcia, AP

BAILOUT PROTEST: Rep. Joe Kennedy leads march to promote housing.

ACORN executive director Steve Kest says the RTC has failed to provide discounts and financing to help low-income families buy homes, although the S&L bailout law provides for such help. More infuriating to Kest: RTC long ago adopted policies for reducing prices and providing up to $1 billion in financing for every other kind of property.

So far, 17,632 houses priced under $67,500 qualify for the affordable housing program. In a three-month pilot program of 100 properties, only 39 were sold. RTC admits its bungling delayed a program designed to provide low-cost loans for buyers of 3,500 homes in Texas, although it says the snafus are now fixed.

Rep. Bruce Vento, D.-Minn., head of an RTC task force, says the slow pace certainly doesn't match the spirit of the law. "And it's questionable whether they are complying with the law."

Peter Monroe, president of the policymaking RTC Oversight Board, is upbeat. He promises comprehensive affordable housing guidelines in a few weeks. And the agency recently signed programs in Florida, New Mexico and Arizona copying the Texas plan. If successful, the four-state program would sop up 26% of RTC's affordable housing portfolio. Also, Monroe says, RTC has engaged 8,000 contractors to market the properties.

RTC's biggest help to low-income buyers, he says: The average RTC home costs $36,000, in reach of families with $16,000 incomes.

ACORN activists laugh at such statements. Even at that price, they say, most of their constituents can't scrape together a down payment or closing costs.

Still, the S&L overhaul law hasn't been a complete dud on affordable housing. As mandated, the Federal Home Loan Banks, owned by S&Ls, have set aside 5% of earnings to fund low- to moderate-income programs. Monday, the Federal Housing Finance Board awarded $47.2 million to help finance $669 million in housing construction, rehabilitation and finance.

— Nancy Miller

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