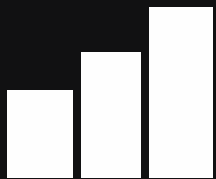


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OCTOBER 14–17, 2014 • THE SHERATON DOWNTOWN DENVER, COLORADO

Rebuilding the LMI & CRA Mortgage Delivery System

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Problem Statements

- CRA and Conforming 1st mortgages designed to assist in affordability for LMI borrowers and communities are underutilized while the need/demand remains strong as seen by non-profit/HUD-approved homeownership organizations and CDFIs.
- Banks large and small struggle to deliver CRA eligible mortgages in cases where those mortgages are not captured through existing market share.

Problem Statements

- Non-profit mortgage and down-payment assistance lenders (especially NeighborWorks organizations post NHSA), struggle with capital markets access, liquidity for long term lending, market-products match, and reaching requisite volumes to optimally participate with secondary market partners.
- Successful non profit/CDFI models rely too heavily on local capital sources, most having saturated those relationships, and need secondary market access for continued growth and sustainability.

Strategic Solutions

- **Organize, enhance, and aggregate 1st mortgage originations of non-profit brokers, lenders and CDFIs.**
 - Hub and Spoke Model of Broker/Originators & Back-office Production Centers:
 - Provide regional hubs through which banks may invest in CRA eligible 1st mortgages (Portfolio products, FHA, Conforming) that benefit an array of non-profit origination partner spokes.
 - Hubs may specialize in product types and areas of service.
 - Spokes will be non-profit originators of single family mortgage loans and/or down-payment assistance programs.
 - Existing and new bank lender partners will participate in CRA eligible activities through capital investments and mortgage lending (both correspondent lending and loan sale/purchase).

Strategic Solutions

- **Size and grow the non-profit origination market share.**
 - NeighborWorks SHOP organizations that are in lending are looking for major expansions.
 - HPN members that lend at scale are looking to continue growth and acquire new capital partners.
 - Others...who are they?

Strategic Solutions

- **Create a Secondary Market Cooperative for the Non-Profit/CDFI Regional Hubs to to further aggregate originations and access new products as applicable to their markets.**
 - National & regional banks and institutional investors need volumes greater than \$100M, which are only sustainable through greater volumes than regional hubs can provide/maintain.
 - Hubs can take part in the cooperative board and oversight of the marketplace operations and direction.

Strategic Solutions

■ Create a Secondary Market Cooperative...

- This optimization of capital placement for LMI communities and CRA eligible activities reduces costs for investors/capital sources, and should therefore reduce costs and provide sustainable premiums that can fund borrower education and preparation that further enhances the asset performance.
- This collaborative effort allows the non-profit industry to tell a shared story, better help those we serve, create sustainable revenue streams, and find new opportunities to meet the ever challenging needs of those struggling to build assets through homeownership.

Next Steps

- What part will you play?
- Interesting in becoming a Hub or Spoke?
- Get involved!