Innovations In Homeownership Strategies

Mike Loftin
Homewise, Inc
Homewise Mission

The Homewise mission is to help create successful homeowners so that they improve their financial wellbeing and contribute to the vitality of our communities.
Homewise’s Innovation in Home Purchase:

A customer-centered, integrated home purchase model that aligns the homebuyer’s success with the organization’s success.

Homewise Business Model

Successful Homeownership
Each function is aligned with the next, building the foundation for customers’ long term financial security and the organization’s self-sufficiency
Essential Elements of Integration

Number 1: Customer Centric Path
Does the client need to know which number to dial to get started?
Number 2: Alignment between steps

THERE'S A BETTER WAY. HOMEWISE CAN HELP YOU BUY, IMPROVE, REFINANCE.

#OFNCONF #RETHINK
2016 OPPORTUNITY FINANCE NETWORK CONFERENCE

Homewise Business Model

<table>
<thead>
<tr>
<th>Outreach</th>
<th>Buyer Assessment</th>
<th>Buyer Preparation</th>
<th>Real Estate Sales Services</th>
<th>Real Estate Development</th>
<th>Lending</th>
<th>Loan Servicing</th>
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Number 3: Alignment of interests

Traditional Transaction

- **Originator**
  - Cost
  - Reward
  - Risk

- **Homeowner**
  - Cost
  - Reward
  - Risk

- **Investor**
  - Cost
  - Reward
The single biggest item in our earned income revenue is portfolio interest, which is tied to borrowers’ long term success.

**Financial Drivers**

- Outreach
- Buyer Assessment
- Buyer Preparation
- Real Estate Sales Services
- Real Estate Development
- Lending
- Loan Servicing

- Cost
- Cost
- Cost
- Income
- Income
- Income
- Income
Number 4: Measurability and Accountability
FY 2016

Credit Score
Average increase of clients who started with score under 640 and became Buyer Ready.

63 points

Monthly Debt Payment
Average decrease of clients who started with 10% or more debt ratio and became Buyer Ready.

$224

Savings
Median increase of clients who started with less than $5,000 savings and became Buyer Ready.

$6,906

Benefits of Integration

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Value for the Homebuyer

On a $200,000 Home Purchase

<table>
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<tr>
<th></th>
<th>PITI</th>
<th>Cash Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homewise Mortgage</td>
<td>$1,232</td>
<td>$4,000</td>
</tr>
<tr>
<td>FHA Mortgage</td>
<td>$1,338</td>
<td>$14,000</td>
</tr>
</tbody>
</table>

The Homewise Mortgage is the equivalent of a downpayment assistance grant of $30,000.

Value for the Homebuyer and Organizational Sustainability

![Graph showing the value chain for Homewise and FHA mortgages]
Organizational Sustainability

Self-Sufficiency Ratio

- 2011: 112%
- 2012: 86%
- 2013: 112%
- 2014: 102%
- 2015: 82%
- 2016: 89%

Scale

Santa Fe Home Purchase Loans Under $200K/$250K Market Share and Rank by # of Loans

- 2008: 17%
- 2009: 22%
- 2010: 16%
- 2011: 19%
- 2012: 18%
- 2013: 18%
- 2014: 17%
- 2015: 15%
- 2016: 15%
Meet our 3,000th Homebuyer!

Annette and daughters Kameka and Kiara

Long Term Buyer Success

Over 30 days delinquent
(National Delinquency Survey June 2016)
Increasing Demand

2005-2014

Buyers Ready at Intake 825
Developed Buyers 615
Total Homebuyers 1,440

Effective homebuyer preparation increased demand by over 75%

Wealth Building

Median net wealth:
Owners $195,500
Renters $5,400

Years of homeownership is the single biggest factor explaining the wealth gap between black and white Americans.

Sources: Joint Center for Housing Studies of Harvard University. The State of the Nation’s Housing. 2016.
Wealth Building

Eliminating disparities in homeownership would erase

47% of the black-white gap and
69% of the Hispanic-white gap

Welcome Home Loans

*2009 NEXT Award for Opportunity Finance*

Jennifer Hopkins, New Hampshire Community Loan Fund

What are manufactured homes?
Are they trailers?

Not since 1976!

Or substandard housing?
Energy efficient

Bright and comfortable
Whirlpool tubs

Average new home sales price

Source: US Census Bureau, 2007-2015
Low-income housing solution

Median income of families in owned-occupied ...

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<tr>
<th>Type</th>
<th>Income</th>
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<tr>
<td>Manufactured homes</td>
<td>$26,400</td>
</tr>
<tr>
<td>Site-built homes</td>
<td>$50,600</td>
</tr>
</tbody>
</table>

Source: Consumer Financial Protection Bureau, 2014

120 resident-owned communities in New Hampshire
Welcome Home Loans

- Real mortgage loans for manufactured homes
- In ROCs and on own land
- Purchase, refinance, home equity, new home installations

Welcome Home Loans

- As little as 5% down
- Fixed interest rate
- First mortgage
- Full interior appraisal
- Loss rate 2.23%
Affordable

- $49,400 median value
- $898/month for mortgage, lot rent, taxes and insurance

Owning MH vs. renting in N.H.

Saves
$308/month
$3,696/year
Solution for first-time home buyers

Welcome Home Loan borrowers, 2002-16

Source: US Census Bureau, American Housing Survey 2013

Solution for seniors

Source: US Census Bureau, American Housing Survey 2013
“Thank you for making our golden years golden.”

NEXT Award effect

Annual $ loans
Value, security, stability

Thank you!

Jen Hopkins
jhopkins@communityloanfund.org