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WCDA
HOME$TRETCH DPA

Dialogue on Down Payment Assistance

Thursday, January 11, 2018

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A NEW DPA? WHY?

- Our low interest rate advantage disappeared
- Balance sheet was shrinking
  - $971 MM at 6/30/11 vs $750 MM at 6/30/16
- Need to compete with “grant dollars”
- Our traditional DPA had been abandoned as lenders adopted premium priced first mortgage loans

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FINANCIALLY RESPONSIBLE

- Obvious need to restructure our traditional DPA
- Goal to create a financially responsible option
- No premium pricing to the borrower
- WCDA wanted to recycle DPA funding

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HOME$TRETCH

- $4 MM initial allocation for use with all first mortgage products – funded with WCDA capital

- $2 MM additional funds for use with MRB products ONLY – funded with WCDA capital

- Approx $2 MM – funded with MRB

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HOME$TRETCH

- 0% interest rate
- No monthly payment
- Due on sale, transfer or refinance or 30 year maturity
- Minimum borrower contribution; $1,500
- Maximum loan $10,000

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MARKETING

- Memos
- Emails
- Postcards
- Personal visits
- Radio
- Billboards
- Social media
- Cinema advertisement

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IT'S WORKING!

First Home$tretch loan purchased May 1, 2016

Comparing MRB loan volume 2016 to 2017

- First mortgage volume increased by $39.3 MM or 53%
- 240 more families achieve homeownership
- Balance sheet has stabilized as of 12/31/17

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IT’S WORKING!

Comparing second mortgage loan volume 2016 to 2017

- Second mortgage volume increased by $806,000 or 21.5%
- 117 more second mortgages
- More borrowers utilize and keep their savings
- Average loan is $6,242

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IT'S WORKING!

Comparing Secondary Market loan volume 2016 to 2017

- Non-MRB/Secondary Market products (HFA Preferred and Ginnie MBS), increased significantly with Home$tretch

- After removing the 0% Home$tretch, volume levels dropped to pre-Home$tretch levels

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FUTURE OF HOME$TRETCH

- Began funding with MRB in November, 2017
- Effect on spread is minimal at 4-5 bps
- It’s economically viable
- Volume continues to increase

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THANK YOU

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