Post-crisis contract sales

Market for Fixer-Uppers Traps Low-Income Buyers

Selected contract seller acquisitions, 2008–2016

Source: Author’s analysis of CoreLogic
Selected contract seller acquisitions, 2008–2016

Source: Author’s analysis of CoreLogic; 2010 Census
About 35% followed by eviction or foreclosure
More than 40% for Harbour and Vision
Worse outcomes for some local speculators
Few instances of transfers to buyers
Credit to coauthor Joshua Akers, Mid America Regional Council
INVESTMENT STRATEGY

Acquire, restructure and sell pools of single-family home debt products (CFDs, LTOs & NPLs) to stabilize families impacted by adverse market conditions.

<table>
<thead>
<tr>
<th>Inception Date</th>
<th>Fund Size</th>
<th>GP Commitment</th>
<th>Leverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2021</td>
<td>$100 million</td>
<td>$2 million</td>
<td>50% Max LTV (portfolio debt)</td>
</tr>
</tbody>
</table>

**OUR PROCESS**

**ACQUISITION**
Purchase pools from network of brokers, operators, distressed sellers and investors.

**CONVERSION**
Partner with licensed mortgage originators & third-party servicers.

**HOLD & SEASON**
Maintain mortgages on Fund balance sheet until seasoned (12-18 months) to garner strong pricing in secondary markets.

**DISPOSITION**
Sell seasoned assets in the secondary whole loan market.

**POLICY OUTCOMES**

- Avert Next CFD Wave
- Program Enhancement
- Consumer Protection
- Monitoring / Enforcement

Extinguish predatory practices, convert existing.
PORTFOLIO OVERVIEW: SIZE AND COMPOSITION

- Converted Mortgages: 46%
- Contract-for-Deed: 19%
- Lease-to-Own: 13%
- REO Sold: 14%
- REO Marketing: 3%
- Payoffs: 5%

Note: As of June 30, 2023

189 Assets
### KPIs: WEALTH CREATION AND PAYMENT REDUCTION

#### Borrower Average Net Assets

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>Pre-Conversion</th>
<th>Post-Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$5,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$10,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$15,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$20,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$25,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$30,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$35,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
<tr>
<td>$40,000</td>
<td>$-</td>
<td>$40,000</td>
</tr>
</tbody>
</table>

**Increase:** 20.1x

#### Reduction in Average Monthly Debt Service

<table>
<thead>
<tr>
<th>Debt Service</th>
<th>Pre-Conversion</th>
<th>Post-Conversion (All Borrowers)</th>
<th>Post-Conversion (adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction</td>
<td>29%</td>
<td>Reduction of 35% for borrowers selecting to minimize</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Adjusted post-conversion reflects borrower’s that selected to reduce monthly debt service, defined as borrowers with a reduction in monthly debt service and that selected a 30-year mortgage.
KPIs: PENALTIES AND ARREARAGES FORGIVEN

Families Receiving Penalties and Arrearages Forgiveness

33%

Average Penalties/Arrearages Forgiven vs Average Net Assets

Average Payments Forgiven: $4,000
Average Net Assets: $1,333

3x