

## *Market for Fixer-Uppers Traps Low-Income Buyers*

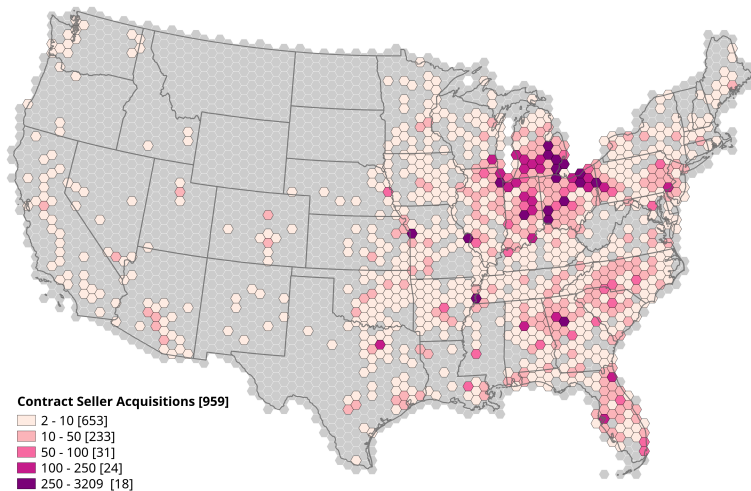


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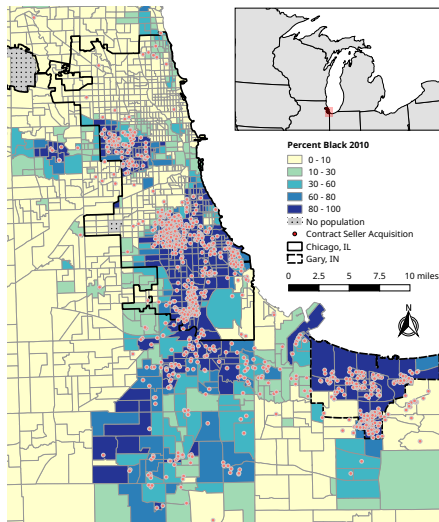
Matthew Goldstein and Alexandra Stevenson,  
*The New York Times*, Feb 20, 2016

# 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

# Contract outcomes in Detroit

- 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



**B L A C ★ S T A R**  
**S T A B I L I T Y**

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DISTRESSED DEBT FUND

**Keys to Opportunity in the  
Housing Market**

**October 2, 2023**

# INVESTMENT STRATEGY

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

 Inception Date	 Fund Size	 GP Commitment	 Leverage
June 29, 2021	\$100 million	\$2 million	50% Max LTV (portfolio debt)

## OUR PROCESS

### ACQUISITION

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

### CONVERSION

Partner with licensed mortgage originators & third-party servicers.

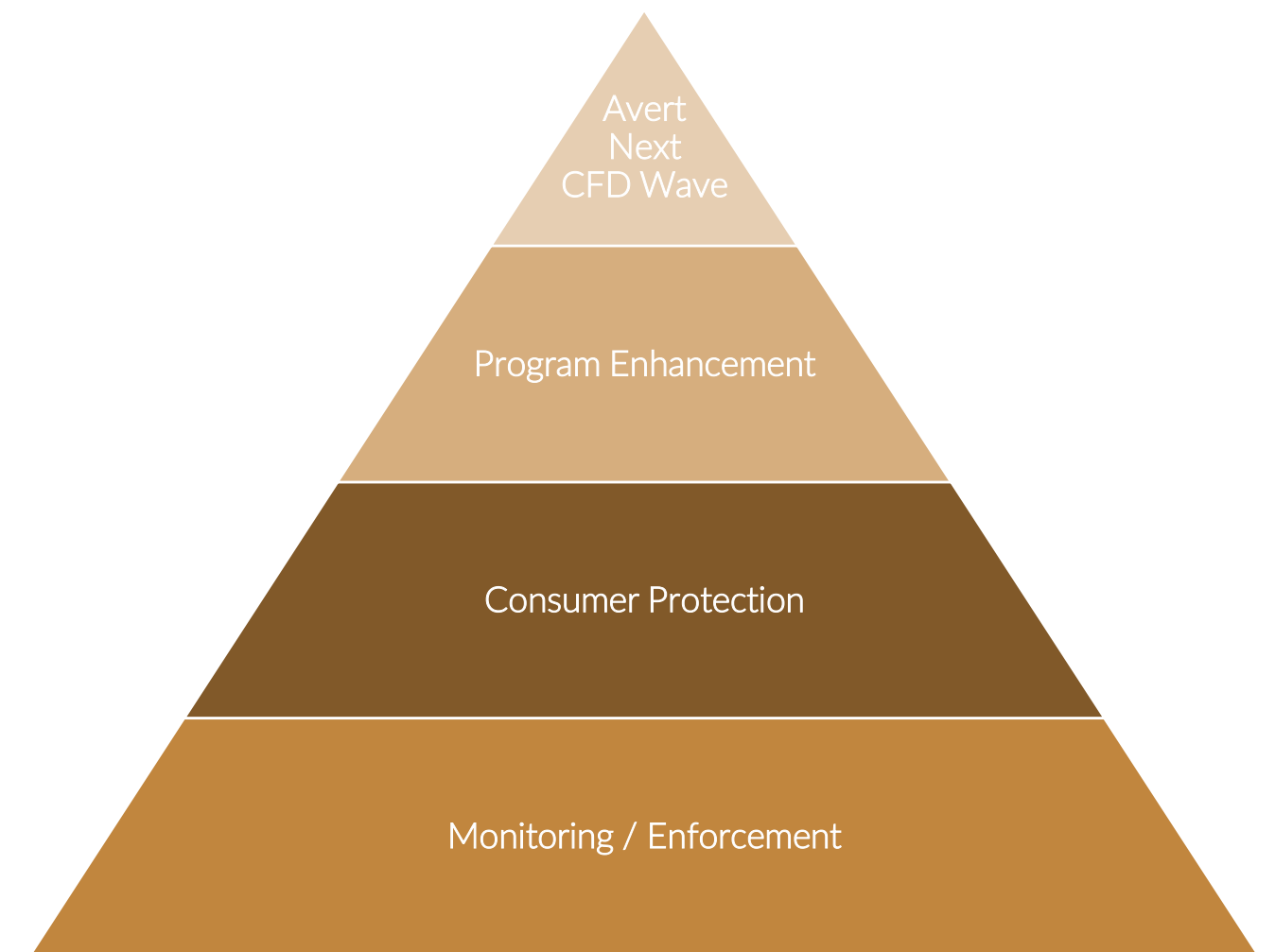
### HOLD & SEASON

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

### DISPOSITION

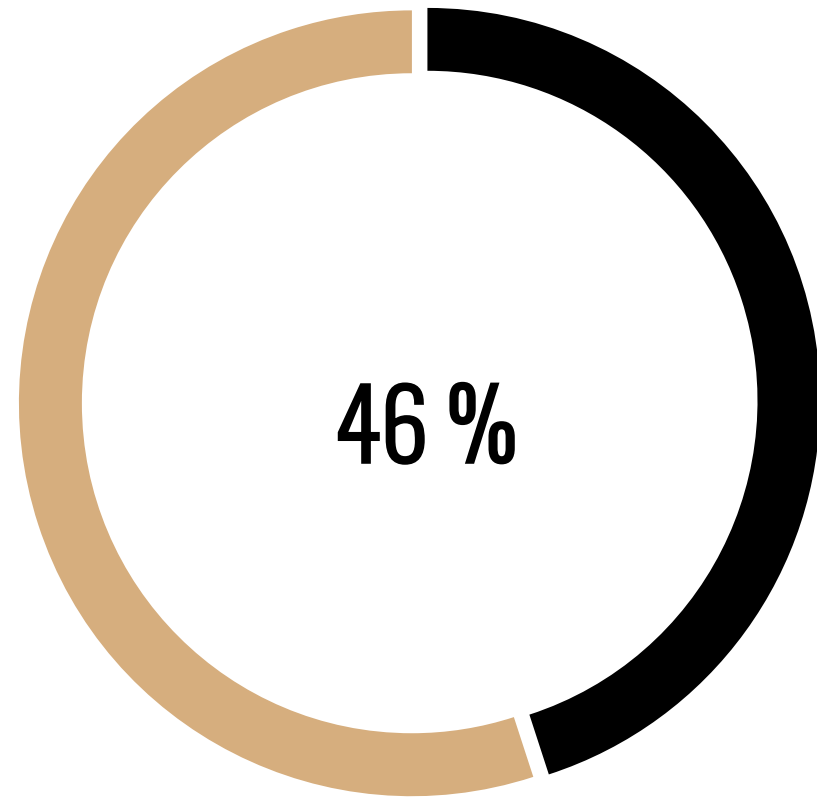
Sell seasoned assets in the secondary whole loan market.

## POLICY OUTCOMES

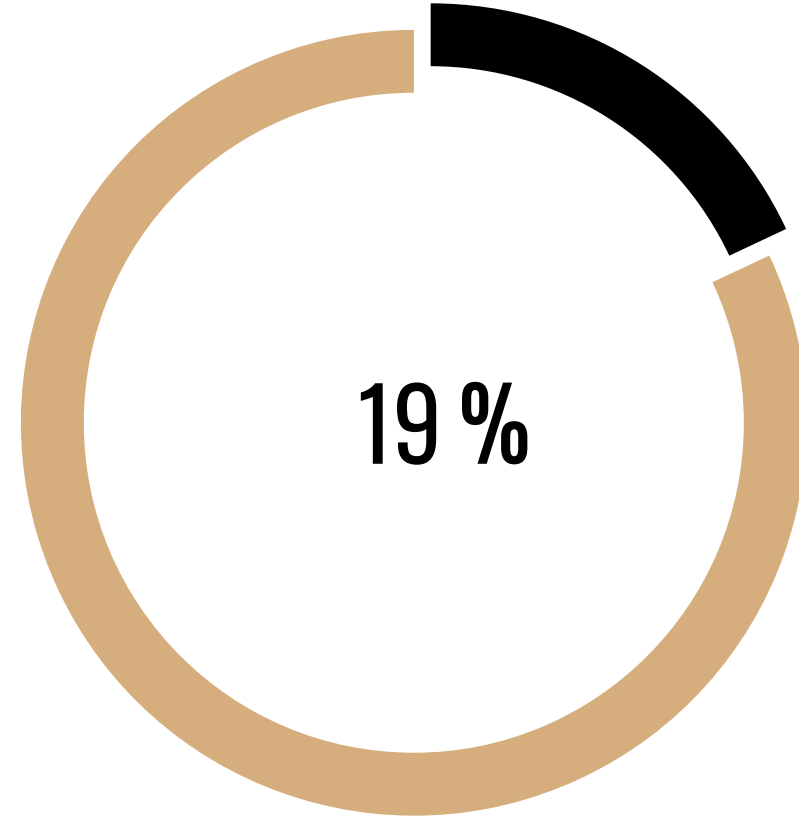


Extinguish predatory practices, convert existing.

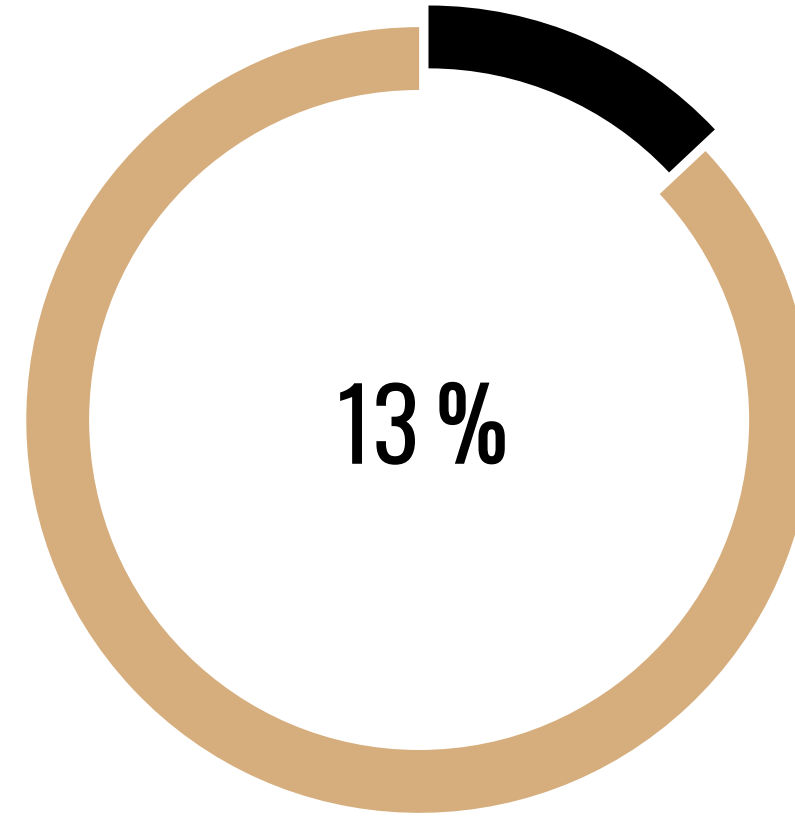
# PORTFOLIO OVERVIEW: SIZE AND COMPOSITION



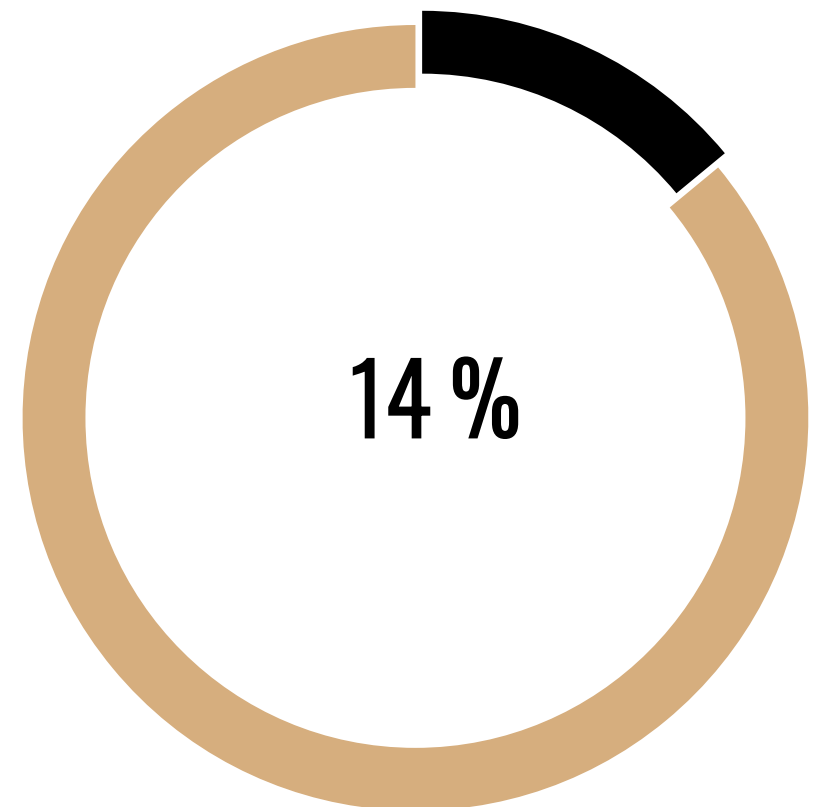
Converted Mortgages



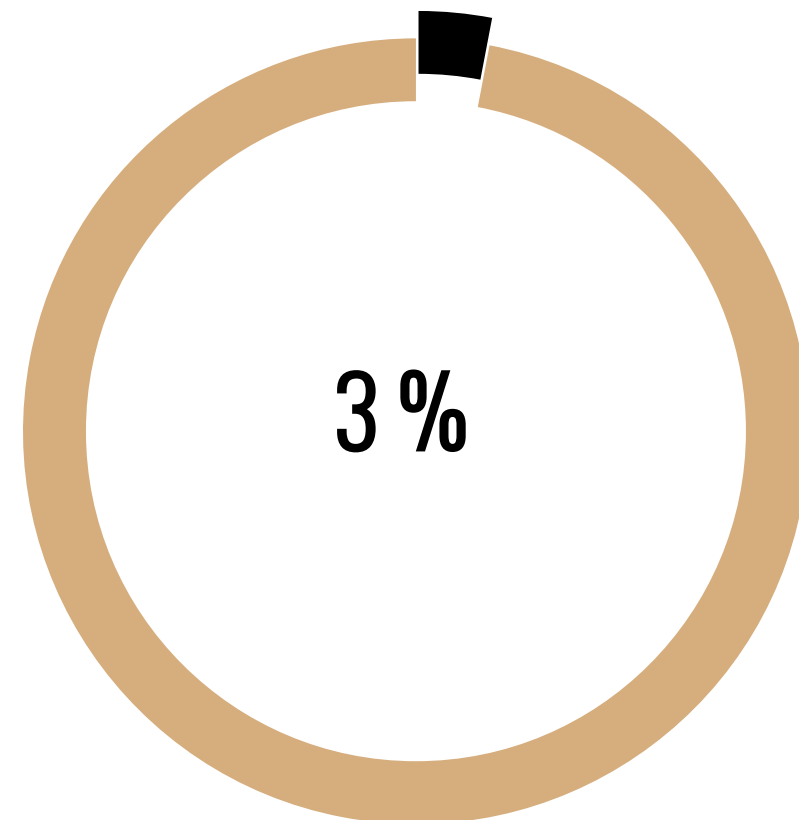
Contract-for-Deed



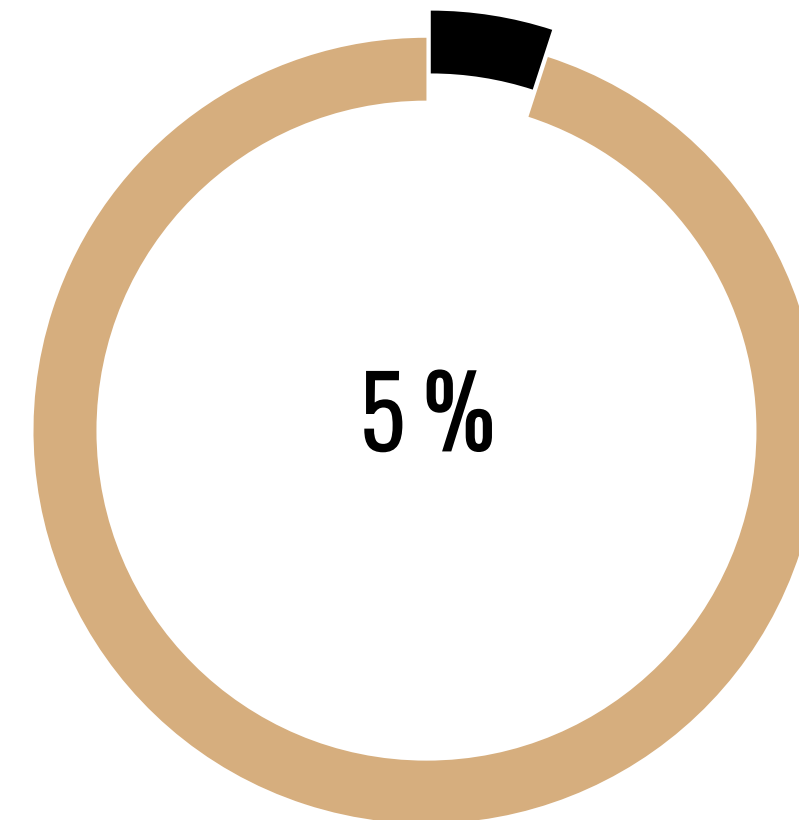
Lease-to-Own



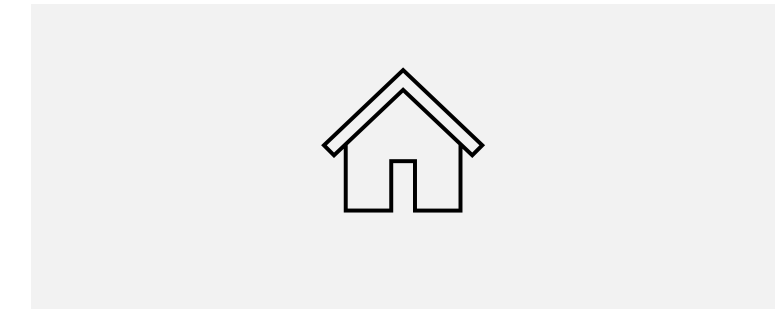
REO Sold



REO Marketing



Payoffs

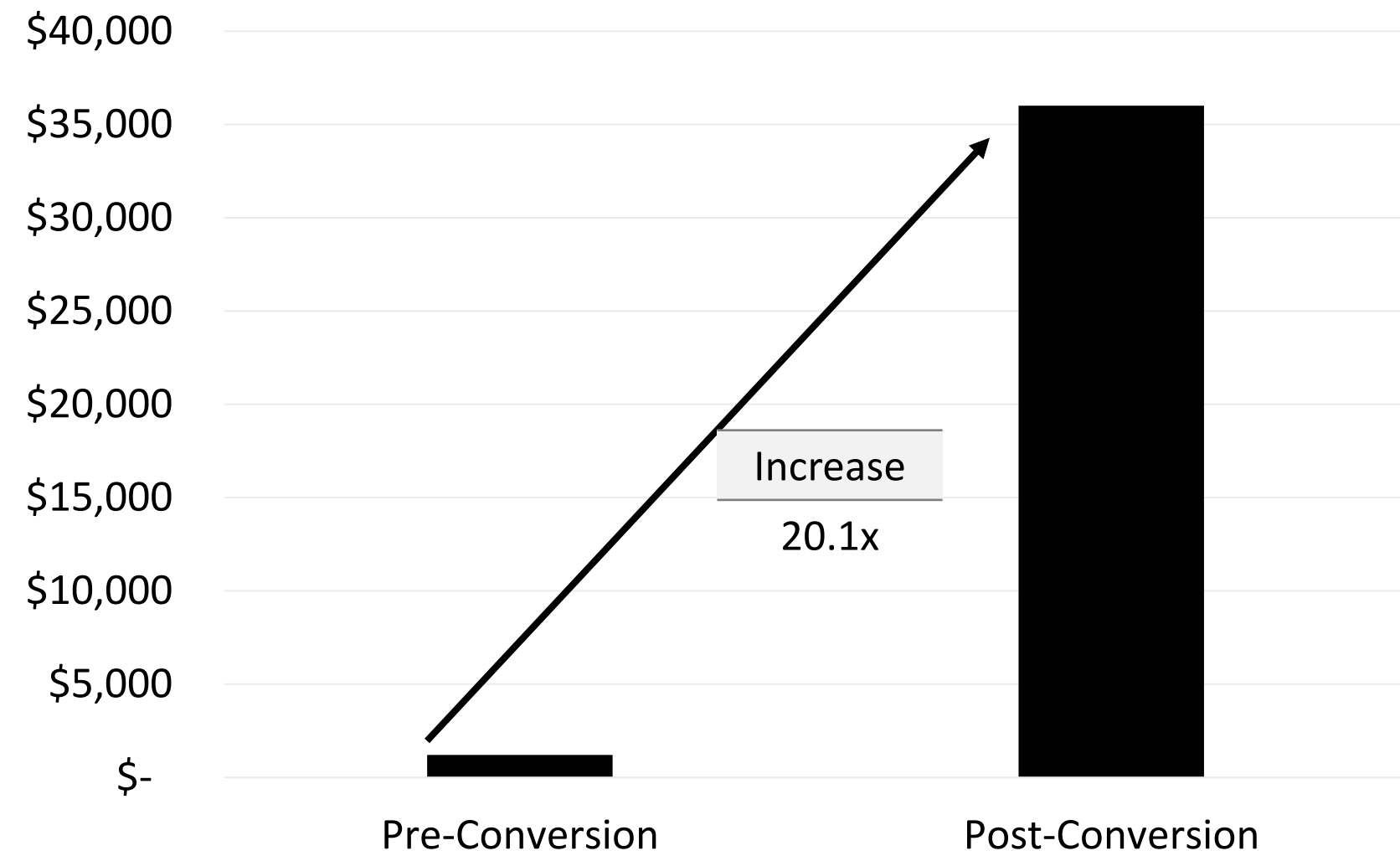


189  
Assets

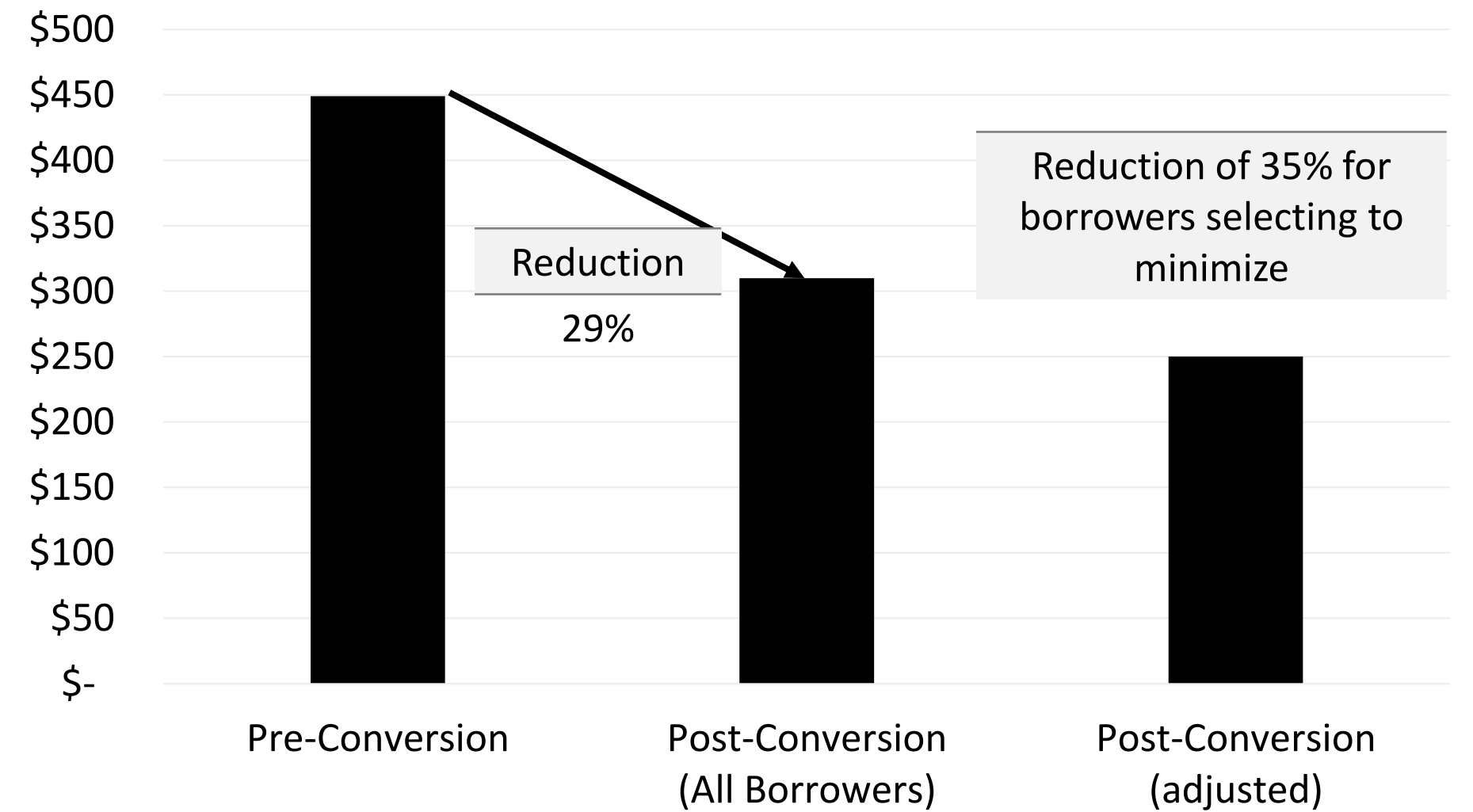
Note: As of June 30, 2023

# KPIs: WEALTH CREATION AND PAYMENT REDUCTION

## Borrower Average Net Assets



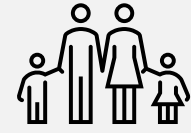
## Reduction in Average Monthly Debt Service



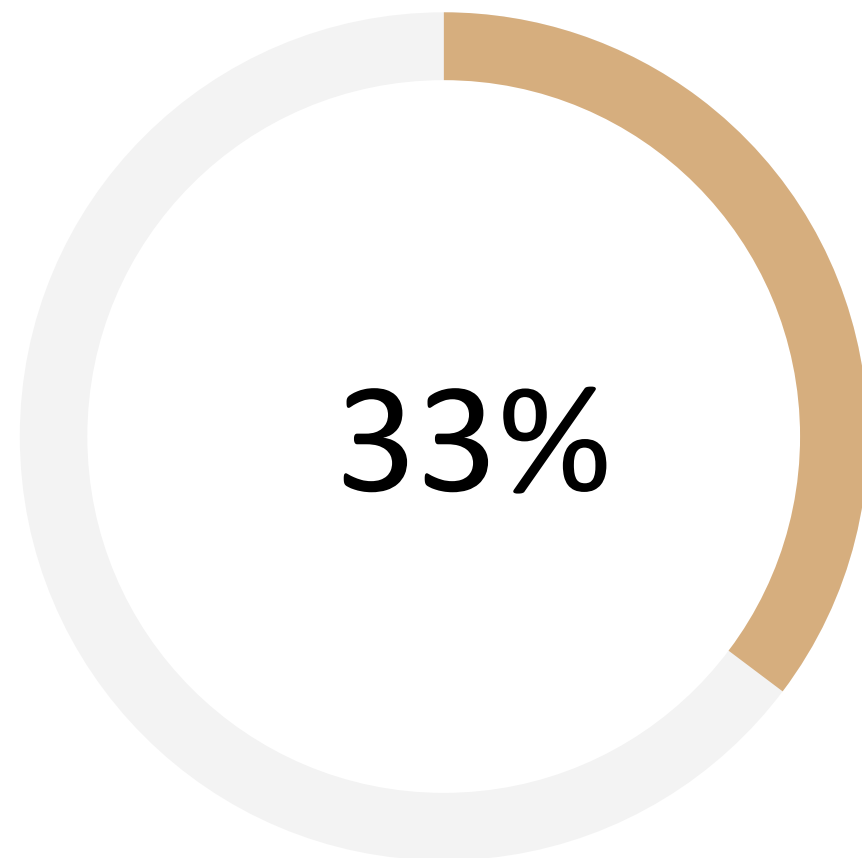
☑ Note: Adjusted post-conversion reflects borrower's that selected to reduce monthly debt service, defined as borrowers with a reduction in monthly debt service and that selected a 30-year mortgage.



# KPIs: PENALTIES AND ARREARAGES FORGIVEN



Families Receiving Penalties and Arrearages Forgiveness



Average Penalties/Arrearages Forgiven vs Average Net Assets

