4th Annual Native CDFI Capital Access Convening

June 25–27, 2019 • Lihue, Hawaii
How Native CDFIs Can Support Native Homeownership Beyond Lending
Introductions

• Name
• Organization
• Location and Target Market
• Why You Selected This Session
Preventing Foreclosure, Preserving Homeownership: How Native CDFI’s can use High-touch Servicing to support Homeowners

Kate Davidoff, Ph.D.
June 26, 2019
Native CDFI Capital Access Convening
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Affordable Homeownership

- Prepare low-and-moderate income families for homeownership
- Expand the supply of affordable homes
- Reduce the risk of homeownership
High – Touch Servicing

- 12 Community Development Financial Institutions (CDFIs), state housing finance agencies (HFAs) and other mission-oriented servicers
  - Directly service a portfolio of loans
  - Implement unique solutions in their outreach to borrowers
Overview of Foreclosure Process

Homeowner fails to make a certain number of payments

Mortgage holder/servicer decides to initiate foreclosure proceedings

Servicer required to notify borrower by 36th day after last payment

Notice of foreclosure sale

Governed by state law
Judicial vs Administrative
Options for Borrowers

- HUD housing counseling
- Federal programs in 2009/2010
  - HAMP
  - MHA
- Work with servicers for loan modification
  - Bank servicers
  - Nonbank lenders
  - Mission-driven and nonprofit
High-touch servicing solutions

- Timely and proactive initial contact
  - Partner with nonprofits to gain trust

- Hands-on interaction with the borrower
  - Full-time staff for contacting borrowers

- Provide targeted modifications/resolutions
  - Understand the “why”
Potential for Native CDFIs

- Portfolio lending
- Starting programs for the ground-up
- Close relationship with borrowers
Questions?

Kate Davidoff, Ph.D
Prosperity Now
Director, Affordable Homeownership
kdavidoff@prosperitynow.org
202-373-0083
ONE DAY every person will have an affordable home in a vibrant community, filled with promise and the opportunity for a good life.

OUR MISSION is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities.
Enterprise’s Approach

What sets Enterprise apart is how we work.

We’re one of the only social enterprises in the U.S. with deep expertise in each of the **three catalysts for systems change:**

- **Capital.**
  At Enterprise, we direct public and private capital to the right places, having delivered more than $36 billion to low-income communities across the U.S.

- **Policy.**
  Enterprise is a crucial voice for America’s low-income communities with a strong presence in Washington, D.C., and city halls across the country.

- **Solutions.**
  We work with local partners to test and scale new solutions to some of the most pressing housing and economic problems facing low-income communities.
Enterprise’s Native CDFI Grant Partners

- Mazaska Owecaso Otipi Financial
- Lakota Funds
- Four Directions Development Corporation
Section 4 Capacity Building Grants Funding Opportunity

• Call for Letters of Interest – June 17th
• Overview Webinar for Rural & Native American – June 27th, 2:00 Eastern
• LOIs Due – July 15th
Native Homeownership Learning Communities Cohort

- **Training**: Kicks off with the curriculum
- **Workshopping & Coaching**: Helps participants *make decisions* and *take actions*
- **Resources**: Participants are eligible to receive targeted technical assistance and grant funding to support their homeownership program
- **Community and Accountability**: Not just information. The cohort fosters peer to peer networking and developing a supportive community of professionals
Role of CDFIs with SD Native Homeownership Coalition
Convened in 2013

- USDA Rural Development
- SD Housing Development Authority
- SD Department of Tribal Relations
- SD Governor’s Office
Mission

To increase homeownership opportunities for South Dakota’s Native people to build strong and healthy communities.
Coalition Structure

- Statewide coalition
- Governed by executive committee
- Volunteer working committees
- Paid facilitators
- Fiscal agent
Coalition Members

- Tribes
- Tribally Designated Housing Entities (TDHEs)
- Federal, State, and Tribal Agencies
- Native and Non-Native Nonprofits
- Housing Developers and Contractors
- Lenders
- CDFIs
- Philanthropic Supporters
Working Committees

Physical Issues
Homebuyer Readiness
Sustainability
Policy
Veterans Homeownership
Annual Coalition Activities

Tribal Site Visit

SD Housing Conference
Native Homeownership Track
CDFI Members

Native CDFIs
• Black Hills Community Loan Fund, Inc.
• Four Bands
• Mazaska Owecaso Otipi Financial, Inc
• Lakota Funds
• Lakota Federal Credit Union

Non-Native CDFIs
• Dakota Resources
• Grow South Dakota
• Homes Are Possible Inc.
• Neighborworks Dakota Home Resources
Lakota Funds

- SDNHOC fiscal agent
- Construction internship program
- Residential construction professional industry
- Homebuyer education – SD HERO Partner
- Veterans TA
Four Bands

• Home improvement loans
• 502 relending demonstration
• Homebuyer education – SD HERO partner
• Partner with TDHE
• Construction internship program
• Credit builder loan
Mazaska

- First mortgage, rehab loan
- Construction loan
- Down payment and closing cost assistance
- Contractor assistance
- 502 loan packaging and relending demonstration
- Homebuyer education – SD HERO partner
- Credit builder
Black Hills Community Loan Fund, Inc.

• Co-chair, SDNHOC Homebuyer Readiness Committee
• Homebuyer education
• Credit builder loan
• First and second mortgages (gap financing)
Non-Mortgage Activity

**Benefits**
- Homebuyer readiness
- Asset building
- Economic development
- Policy change opportunities

**Challenges**
- Does not generate revenue
- Requires operating income
- Not sustainable
How Native CDFIs Can Support Native Homeownership Beyond Lending – Wells Fargo

June 26, 2019
Connie Wright
Senior Vice President and Assistant Director
Housing Philanthropy
# The Vision, Values & Goals of Wells Fargo

## Our Vision
We want to satisfy our customers’ financial needs and help them succeed financially.

## Our Values
- What’s right for customers
- People as a competitive advantage
- Ethics
- Diversity and inclusion
- Leadership

## Our Goals
We want to become the financial services leader in these areas:

<table>
<thead>
<tr>
<th>Customer service and advice</th>
<th>Team member engagement</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk management</td>
<td>Corporate citizenship</td>
<td>Shareholder value</td>
</tr>
</tbody>
</table>
Wells Fargo Foundation mission

Pave a path to stability and financial success for individuals, families, and underserved communities by applying resources and a problem-solving mindset to three areas critical to economic advancement: **housing affordability, financial health,** and **small business growth.**
The Wells Fargo Foundation focuses on three key areas where we can leverage our expertise and solve big problems:

**Housing Affordability**
Reduce the cost burden of housing and increase access to safe, affordable places to live, including transitional housing, rentals, and home ownership, with a focus on individuals and families historically shut out of the market.

**Financial Health**
Improve the financial health of low- and moderate-income Americans through evidence-based planning and education and innovative financial services.

**Small Business Growth**
Strengthen communities and help create local jobs by investing in underserved small business owners and entrepreneurs through capital, capacity-building education and networks of support.
We’re starting with a renewed focus on housing affordability.

Our renewed focus
Expand and scale ideas across the full housing spectrum – homelessness, transitional housing, rental inventory, and homeownership – with an emphasis on people of color, veterans, seniors, and others historically facing challenges.
We want to make housing more affordable for everyone

We are committing $1 billion over the next six years to help American families find safe, affordable homes.

Our plan

• Collaborate with communities to develop scalable national and local solutions.

• Team up with advocacy organizations and encourage consideration of housing policy issues.

• Implement a $20 million Housing Innovation Challenge to bring forward new housing affordability ideas in the areas of finance, construction and residential support services.

• Educate stakeholders and positively create action around housing issues.
Lead industry (internal/external) stakeholder cross-team to develop innovative pitch solutions to address the Housing Affordability crisis.
Wells Fargo Housing Philanthropy Programs

- **Wells Fargo Builds℠**
  - Provides financial support to nonprofit organizations when Wells Fargo team members help build, renovate, paint, or repair a home for low- to moderate-income households.

- **VeteranWINS®**
  - Provides financial resources to help invest, strengthen, and support sustainable military veteran housing programs focused on addressing safe and secure housing for all veterans, especially homeless and at-risk veterans.

- **Homeownership Counseling Grant Program**
  - Provides financial resources to local nonprofit housing organizations to create sustainable homeownership opportunities for low- to moderate-income families. The goal is to address the demand for all aspects of housing counseling, including homebuyer education and pre-purchase, credit, post-purchase, and foreclosure prevention.
In addition to housing affordability, Wells Fargo will seek new ideas and innovation around small business growth and financial health.

Helping people reach their full potential through financial health
Wells Fargo will examine ways to help lift families out of poverty and help underserved communities by expanding access to financial education, financial coaching, homebuyer counseling, and other programs or products that increase overall financial success.

Supporting small business growth so we can create local jobs
Wells Fargo will intensify efforts to scale technical assistance — such as business plan development, budgeting and marketing — alongside initiatives that will deliver more capital to startups and existing small businesses.
Wells Fargo Commitment to fund a 5 year $50 MM to Native Community Builder Grant Program
Native American Current Challenges:

Access to Capital/ Banking Services, Education, Economic Development & Housing, Sustainability Opportunities & Challenges, Other Economic and Tribal Services Needs.
### Priorities and 5 year Funding Commitment:
**Effective 2018 to 2022 (for National Native 501c3s)**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Sustainability</td>
<td>Renewable energy, Clean Water Programs</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Community Development Financial Institution (CDFI) and Native 501C3 Capacity Building; Asset Building</td>
</tr>
<tr>
<td>Housing</td>
<td>Affordable Housing, Down Payment Assistance</td>
</tr>
<tr>
<td>Leadership Development</td>
<td>Leadership Certification, Small Business Procurement and Technical Training</td>
</tr>
<tr>
<td>Financial Capability Training</td>
<td>Customized Hands on Banking Curriculum, Student Ambassador Program</td>
</tr>
<tr>
<td>Leverage Existing Programs &amp; Funding</td>
<td>Strategic Philanthropy (Scholarships): Sustainability: Housing Foundation</td>
</tr>
<tr>
<td>Marketing Support</td>
<td>Segment Insights, Sponsorships, Media Advertising, Program Activations</td>
</tr>
<tr>
<td>Wholesale and Middle Market Banking Support</td>
<td>Diverse Segment Full Time Employee AI/AN Relationship Manger</td>
</tr>
</tbody>
</table>
$10 Million Capital Pool

• Due to increased lending demand on the local level Native CDFIs need access to long-term capital to meet their local demands for their loan products

• Oweesta worked with Native CDFIs steering committee members and potential investors to develop the structure of capital pool

• 13 Native CDFIs will now have access to 10 year patient capital in the amounts of $500,000 to $1,000,000 per organizations

• 9 investors funded the pool of $10,000,000 including Wells Fargo with $1,000,000 investment
## 2018 – National Housing Grants

<table>
<thead>
<tr>
<th>Non-Profit</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise</td>
<td>Create Native American Homeownership Manual. Previewed on 7/10/18 at Minneapolis Federal Reserve</td>
</tr>
<tr>
<td>Housing Assistance Council</td>
<td>Peer-to-peer learning exchange to include eLearning and place-based training</td>
</tr>
<tr>
<td>Operation Tiny Home</td>
<td>Tiny home builds in support of Lummi Nation in Bellingham, WA 9/20/18 – 9/22/18</td>
</tr>
<tr>
<td>Prosperity NOW</td>
<td>Create education curriculum in support of Native American <strong>manufactured housing</strong> homebuyers. Outreach to attract and retain more Native American representation in the I’m Home Network</td>
</tr>
<tr>
<td>NWA</td>
<td>Partner with First Nations Oweesta to create and offer requisite training for Native CDFI Finance certificate</td>
</tr>
<tr>
<td>Rural LISC</td>
<td>Conduct 3 convenings focused on affordable housing options on tribal land including manufactured housing. Scholarships provided</td>
</tr>
<tr>
<td>First Nations Oweesta</td>
<td>Down payment pool to be used in conjunction with home purchased on tribal land</td>
</tr>
<tr>
<td>First Nations Oweesta</td>
<td>Administration fee for down payment assistance program</td>
</tr>
<tr>
<td>National American Indian Housing Council (NAIHC)</td>
<td>HUD intermediary to provide required housing counseling in conjunction with down payment assistance program</td>
</tr>
</tbody>
</table>
Oweesta and Wells Fargo DPA Program

• Homeownership opportunities for Native Americans has been extremely difficult to attain due to a variety of barriers

• Oweesta has partnered with Wells Fargo to launch a national Down payment Assistant Program to assist with Native American homeownership opportunities in the amount of $500,000

• 5 Native CDFIs will initially participate in the program receiving $100,000 per organization to provide grants for DPA up to $5,000 per family
American Indian/ Alaskan Native Commitment
$500,000 for down payment assistance

The assistance program has been committed to the following five Native Community Development Financial Institutions (CDFIs):

1. Anchorage, Alaska – Cook Inlet Lending Center
2. Orono, Maine – Four Directions Development Corporation
4. Laguna, N.M. – Native Community Finance
5. Isleta Pueblo, N.M. – TIWA Lending Services
Operation Tiny Home – Lummi Nation

Partnering with Operations Tiny Home & Lummi Stepping Stones this 3–day workshop with tiny house specialist and A&E Series Tiny House Nation Co-Host, Zack Giffin, provided hands-on training of the basic tiny home construction process, from the foundation to the finishing trim for Lummi Tribal Members. Tribal Members gained value skills to continue to build Lummi Nation Eagle Haven Tiny Home Village.
2019 – Housing Grant Request Pending

• Grant Repair Program – For Senior and Veterans on tribal land

• Oweesta serves as HUD intermediary: 11 Native CDFIs which would serve as the HUD Housing Counseling network.

• Culturally specific manufactured housing counseling

• Course to consider challenges and the partnerships to be created to develop housing on native lands.

• Building the capacity of Native Community Development Financial Institutions (CDFIs), Tribally Designated Housing Entities (TDHEs), and other federal and tribal agencies, as well as community-based organizations (CBOs)
Thank you