



Models for Residential Lending: Strategies and Success Stories for Native CDFIs

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**Broker Mortgage
Lending**

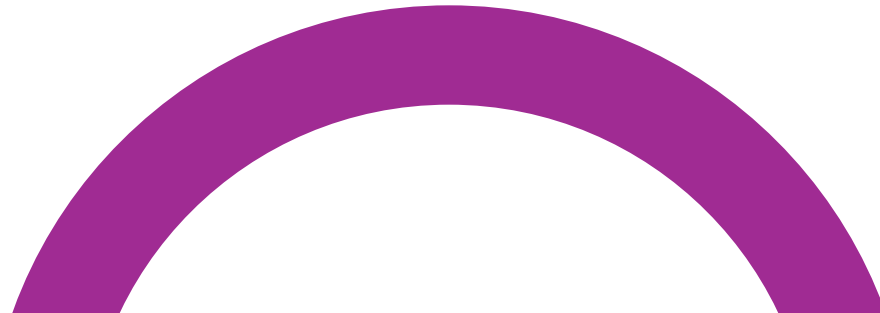


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**Broker Mortgage
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**Correspondent
Mortgage Lending**



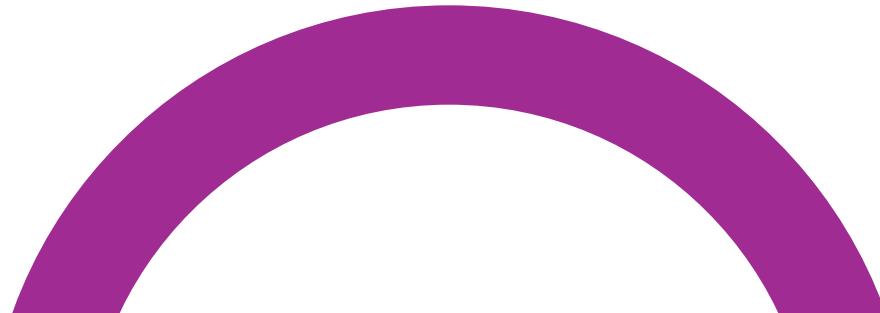
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**Correspondent
Mortgage Lending**

**Portfolio Mortgage
Lending**

**Broker Mortgage
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**Correspondent
Mortgage Lending**

**Portfolio Mortgage
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**Broker Mortgage
Lending**



DPA



Core Lending Models



B

C

P

D

Broker Lending

B

C

CDFIs serve as a “matchmaker” between borrowers and lenders, finding the most suitable mortgage products to meet the specific needs of our community members.

P

D

Broker Lending

B

C

CDFIs serve as a “matchmaker” between borrowers and lenders, finding the most suitable mortgage products to meet the specific needs of our community members.

P

Key Advantages

D

- Lower capital requirements since you are not funding the loan directly
- Access to a broader range of loan products
- Reduced risk exposure since loans are not held in the portfolio

Broker Lending

B

C

CDFIs serve as a “matchmaker” between borrowers and lenders, finding the most suitable mortgage products to meet the specific needs of our community members.

P

Key Advantages

D

Challenges

- Limited control over underwriting decisions
- Dependency on partner lenders
- Relationship management with multiple lenders
- Mortgage loans do not count toward CDFI/Native CDFI certifications

Broker Lending

B

C

CDFIs serve as a “matchmaker” between borrowers and lenders, finding the most suitable mortgage products to meet the specific needs of our community members.

P

Key Advantages

D

Challenges

Best Practices

- Carefully select lending partners who understand Native communities (Chickasaw Community Bank, 1st Tribal Lending, FAHE)
- Develop clear processes for application submission and tracking
- Maintain strong communication channels with both borrowers and lenders

Correspondent Lending

C

P

CDFIs originate and fund loans with the intention of selling them to lenders and investors.

D

B

Correspondent Lending

C

P

CDFIs originate and fund loans with the intention of selling them to lenders and investors.

D

Key Advantages

B

- Greater control over underwriting decisions
- Potential for higher revenue through loan sales
- Ability to serve more borrowers

Correspondent Lending

C

P

CDFIs originate and fund loans with the intention of selling them to lenders and investors.

D

Key Advantages

B

Challenges

- More upfront capital
- More sophisticated operations and compliance systems, including additional personnel for underwriting, closing, etc.
- Market risk until loans are sold

Correspondent Lending

C

P

CDFIs originate and fund loans with the intention of selling them to lenders and investors.

D

Key Advantages

B

Challenges

Best Practices

- Building solid relationships with investors
- Maintain robust quality control processes, checks, and balances
- Effective pipeline management, including post-closing

Portfolio Lending

P

D

The most effective and customizable mortgage lending options are loans that are held in your portfolio.

B

C

D

The most effective and customizable mortgage lending options are loans that are held in your portfolio.

B

C

Key Advantages

- Complete control over loan terms and underwriting
- Ability to create truly customized solutions
- Long-term relationship building with borrowers

Portfolio Lending

P

D

The most effective and customizable mortgage lending options are loans that are held in your portfolio.

B

Key Advantages

C

Challenges

- Requires the most upfront capital
- You retain all of the credit risk
- Need to maintain strong servicing capabilities

Portfolio Lending

P

D

The most effective and customizable mortgage lending options are loans that are held in your portfolio.

B

Key Advantages

C

Challenges

Best Practices

- Developing clear underwriting guidelines
- Implementing strong risk management protocols
- Building adequate loan loss reserves

Down Payment Assistance

D

B

C

P

With the rising cost of housing, down payment assistance is becoming crucial for borrowers seeking a mortgage loan.

Down Payment Assistance

D

B

With the rising cost of housing, down payment assistance is becoming crucial for borrowers seeking a mortgage loan.

C

Loans

P

- Deferred payment loans
- Forgivable loans
- Principal and Interest Loans

Down Payment Assistance

D

B

With the rising cost of housing, down payment assistance is becoming crucial for borrowers seeking a mortgage loan.

C

Loans

P

Grants

- Individual Development Accounts
- Matched Savings
- Direct Grants

Down Payment Assistance

D

B

C

P

With the rising cost of housing, down payment assistance is becoming crucial for borrowers seeking a mortgage loan.

Loans

Grants

Key Funding Sources

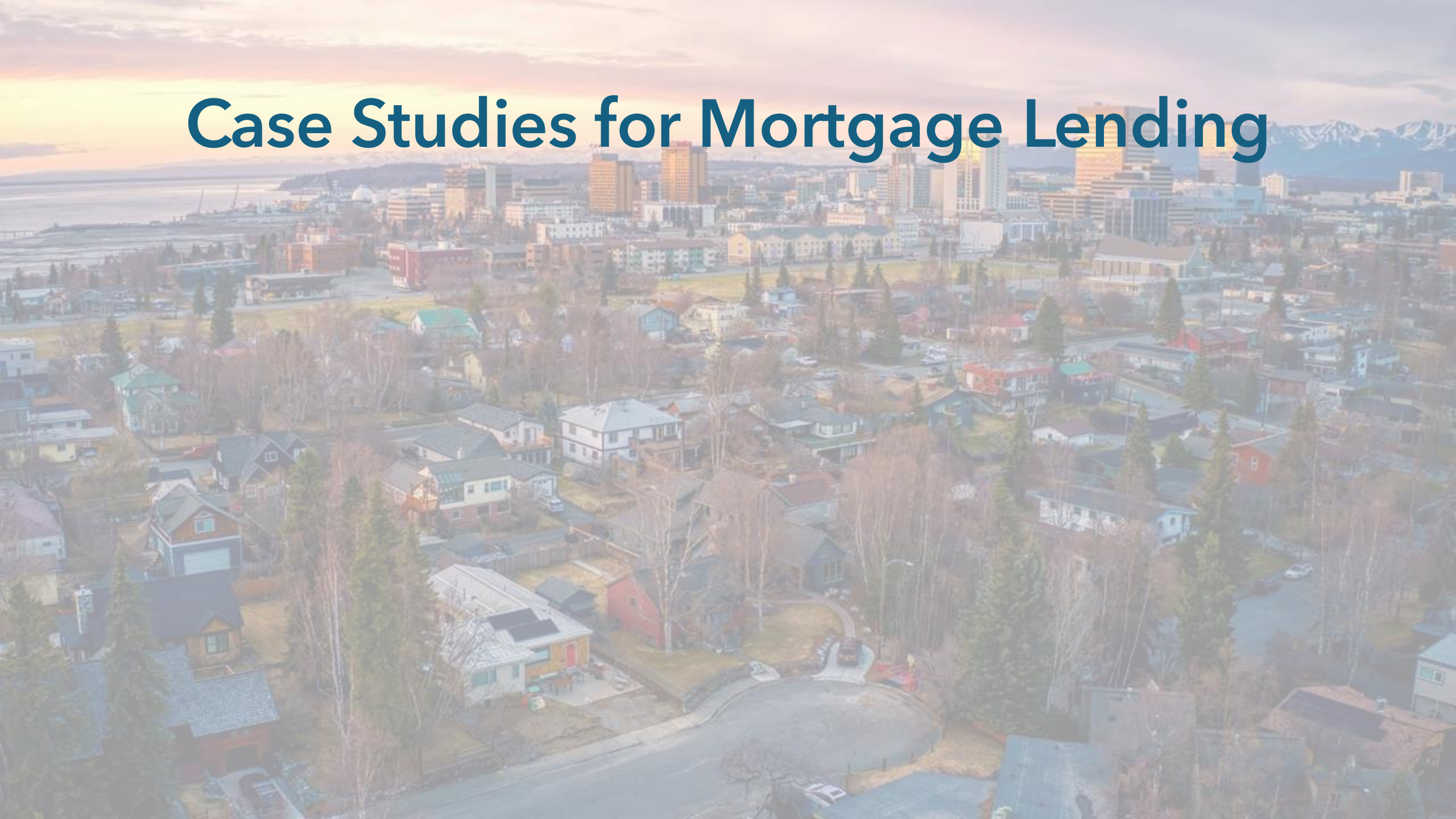
- Existing revolving loan funds
- TDHEs and other Tribal Organizations | State Housing Finance Agencies
- Federal Home Loan Banks | Philanthropic Partners



Case Studies



Case Studies for Mortgage Lending



Case Studies for Mortgage Lending



Aikū'e Kalima
Lending Director
Hawai'i Community Lending



Shaun Guthrie
HYFC Manager
Haa Yakaawu Financial
Corporation



James Davis
Director of Mortgage Operations
JustChoice Lending – A Division
of Fahe



Aloha kākou!



Hawai'i Community Lending

- 501c3 Nonprofit organization
- U.S Treasury certified native community development financial institution
- Subsidiary of nonprofit, Hawaiian Community Assets
- Provide grants, loans and technical assistance to help local and Native Hawaiian families in Hawaii build, buy, and save homes from foreclosure
- 40 full-time staff statewide + 5 Board of Directors



Our Mission

To build the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency with a particular focus on Native Hawaiians.

Our Vision

All Native Hawaiians will own a home and reconnect to ‘āina for spirituality, food security, economic self-sufficiency, and healing of generational trauma from the systematic separation of our people from our ancestral lands.



Loan Programs Offered



We fund homebuyers, homebuilders, and homeowners

Impacts



GRANTS AND LOANS ORIGINATED

4,485



GRANTS AND LOANS DISBURSED

\$160+ MILLION



‘OHANA IN HOMES

4,572

Mortgage Broker Arm - Challenges

1. Deciding to be NMLS Licensed
2. Developing a Quality Control Process
3. Selecting the right Brokers

National Mortgage Licensing System (NMLS)



Mortgage Brokers generally require a mortgage loan originator license



Complete pre-licensing training, pass exam, and register with NMLS



Non-Profits may not be required to be licensed, but must register with NMLS

Quality Control Process



Policies and Procedures regarding loan origination process



Compliance with all Investor, Federal and State Laws



Monitor and update NMLS registration

Broker Selection Process



Engage and Interview potential broker lending partners



Identify the mortgage needs of your community



Include your loan origination team in the selection process

Native Hawaiian Access to Capital - Challenges

Limited financing options on Hawaiian homestead

- Loan Products
- Banks/Financial Institutions
- Experienced mortgage loan originators

Portfolio Loan Products

- Pre-Construction
- Construction
- Renovation – Rehab/Home Repair
- USDA Direct Mortgage
- Investor Direct Mortgage

Deferred Payment Loan (DPL) - Challenges

1. Only available in Maui and Hawai'i County
2. Funding is limited
3. High Demand

DPL Impacts

- Maui County
 - 10 Awards
 - \$1,900,000.00
- Hawai'i County
 - 5 Awards
 - \$700,000.00



Contact Information

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HYFC Loan Portfolio Strategy: Advancing Sovereignty Through Sustainable Lending

Shaun Guthrie
Haa Yakaawu Financial Corporation



HYFC Mission and Values

Our mission is to provide financial opportunities for Southeast Alaska communities and to Tlingit and Haida tribal citizens wherever they reside

Vision

We envision thriving, self-sufficient tribal citizens and communities in Southeast Alaska.

Values

HYFC is grounded in our Tlingit and Haida values:

Committed: We are committed to investing in individuals, families, and communities.

Innovative: We bring creativity to our collaborations and partnerships.

People-oriented: We customize our products and services to meet the needs of our people and their communities.

Trustworthy: We respect and treat our people with professionalism and integrity in all that we do. HYFC will fulfill its mission through educational training and technical assistance classes, providing quality loan products, and building strong character relationships with its clientele and overall community.



HYFC SERVICES

HYFC offers a variety of different types of loan programs and services to best fit the applicant



Affordable
Loan
Programs

Development
Services

Volunteer Income Tax Assistance

- Travel to 16 Alaskan Communities
- Prepared 900 tax returns
- Offer Virtual and In Person tax assistance
- Saved taxpayers \$360,000 in tax preparation expenses

Asset Building through Partnerships

- Local Tribes and consortium
- NeighborWorks America
- Enterprise
- Tlingit Haida Regional Housing Authority
- Oklahoma Native Assets Coalition
- City and State Government



Haa Yakaawu Financial Corporation

Portfolio Trends – Prior to 2021 HYFC had 30 loans for \$1,468,921 in our portfolio

LOAN PROGRAMS	2021	2022	2023	2024
MORTGAGE ACQUISITION	\$2,953,533	\$4,721,957	\$5,052,133	\$8,757,675
NEW CONSTRUCTION	\$648,435	\$3,355,180	\$3,304,445	\$5,169,401
RENOVATION	\$199,520	\$431,726	\$551,797	\$772,132
DOWN PAYMENT ASSISTANCE	\$132,042	\$121,535	\$86,030	\$56,089
SMALL DOLLAR CREDIT BUILDER	\$0	\$10,000	\$55,501	\$137,700
<u>TOTAL PORTFOLIO</u>	<u>\$3,933,530</u>	<u>\$8,640,398</u>	<u>\$9,049,960</u>	<u>\$14,892,997</u>



HYFC Portfolio Strategy Overview

Why we hold our own loans – Risks, Rewards, and Recommendations



- Mission Drive Lending
- Retention of Client Relationships
- Local Economic Impact
- Flexibility in Loan Structuring
- Portfolio Performance Control

“Housing is a stabilizing factor for our Tribal communities. Without access to fair and affordable housing, our communities will die



HYFC Portfolio Strategy Overview

***Why we hold our own loans – Risks, Rewards, and Recommendations
- Continued -***



- Revenue Generation and Sustainability
- Innovation and Pilot of new loan programs
- Future Secondary Market Readiness
- Community Based Risk Tolerance

“Affordable housing is not just an investment in people — it’s an act of sovereignty and survival.”



Potential Negative Impacts from Portfolio Lending



- Liquidity Constraints
- Regional Concentration Risk
- Capacity Strain
- Product Imbalance
- Compliance Burden
- Interest Rate Exposure

“Housing is more than shelter — it’s the foundation for opportunity, stability, and dignity.”



Summary: Strengths and Challenges



- Strength: Mission alignment, sustainability, client trust
- Challenge: Need for capacity, liquidity, product mix



Strategic Recommendations



- Build staff capacity and servicing systems
- Develop a balanced product mix
- Explore selective secondary market sales
- Establish capital reserve and endowment
- Conduct regular portfolio reviews
- Pursue flexible funding sources



THEORY OF CHANGE - SUCCESS STARTS WITH ME

In 2019 we challenged ourselves to create a homeownership program for low-income tribal citizens.

- 👤 This was the result of a community survey completed in 2019. In this survey each community demonstrated a desire for new homeownership and THRHA's focus went from affordable housing to affordable homeownership
- 👤 In 2020, Tlingit Haida Regional Housing Authority (THRHA) and Haa Yakaawu Financial Corporation (HYFC) challenged itself to demonstrate and share personal financial success with its community members.
- 👤 In 2020, HYFC created the Success Starts With Me program.



THEORY OF CHANGE - SUCCESS STARTS WITH ME

Changing Lives Through Asset Building



- 👤 No down payment or closing costs paid by the homebuyer
- 👤 Flexible approval requirements – able to approve even if no credit score
- 👤 Homeowners may provide sweat equity to lower the price of the home
- 👤 Price of home and purchase is cost of construction expenses or appraised value

THANK YOU

Haa YaKaawu Financial Corporation

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Director of Mortgage Operations

James Davis

- Director of Mortgage Operations for JustChoice Lending.
NMLS# 2302189

With over 10 years of experience in the financial sector, including 4 years specializing in Secondary Market loan production, I bring a strong track record of operational leadership and strategic oversight. Currently responsible for the day-to-day operations at JCL, I manage a monthly loan portfolio exceeding \$9 million, ensuring efficiency, compliance, and performance in a dynamic lending environment.

Who is Fahe?

Founded in 1980, Fahe (Federation of Appalachian Enterprises) is a non-profit CDFI that provides support to a 50+ member association of non-profit housing development and lending organizations serving predominantly rural communities.

We're on a mission to empower all people with the resources, opportunities, and tools needed to build a good life—however they define it.



JustChoice Lending (JCL)

JustChoice Lending was formed in 2007 as the retail mortgage arm of Fahe. We currently offer a variety of mortgage products in 20 states and as well as a Third Party Origination Network to other CDFI's and Non-profit organizations. Our rates compete with national lenders, but our main emphasis is matching clients with mortgage products that help them become successful homeowners that strengthen their communities.



Native Lending Program Overview

Through our Native Lending Program, Fahe provides training, expertise, and support to Native CDFIs in accessing the secondary mortgage market.

We are actively developing TPO/broker network collaborations with Native CDFIs and partnering with Native organizations who are seeking to create greater homeownership in their communities.

Susan Hammond - Relationship Manager for the Native Lending Program at Fahe in their JustChoice Residential Lending division.

Program Goals:

- ❖ Increase capacity and provide equity access to loan capital among Native CDFIs
- ❖ Increase homeownership for Native Americans
- ❖ Address the severe housing needs faced by Native families and communities

Participants in the Native Lending Program have access to Fahe's full scope of services.

Mortgage Lending

Fahe's JustChoice Lending Program offers a variety of mortgage loans and personalized, mission-driven mortgage lending services.



Loan Products

Conventional Mortgages

- ❖ Purchase
- ❖ Refinance
- ❖ Home Equity
- ❖ Down Payment Assistance

Loan Programs

- ❖ USDA 502 – Direct & Guarantee
- ❖ FHA, HUD 184, VA
- ❖ Fannie & Freddie Conventional (80/20)
- ❖ Fannie Home Ready
- ❖ Freddie Home Possible & HeritageOne
- ❖ Inspire 100

Secondary Market

A marketplace where lenders and investors buy and sell existing mortgage loans that are securitized, such as mortgage-backed securities.

Mortgage-Backed Securities (MBS) - Investment securities representing an undivided interest in a pool of loans secured by mortgages or trust deeds. Principle and interest payments on the underlying mortgages are used to pay the P&I on the securities to the investors.

Secondary Mortgage Market = Liquidity

It makes lending in the residential mortgage markets possible by giving mortgage lenders a place to sell their loans. This process helps to provide liquidity to the lenders, allowing for further lending.

Secondary Market

1. What is the Secondary Market?

Benefits of the Secondary Market

Access to capital, liquidity, broader product offerings

2. Borrower Qualifications

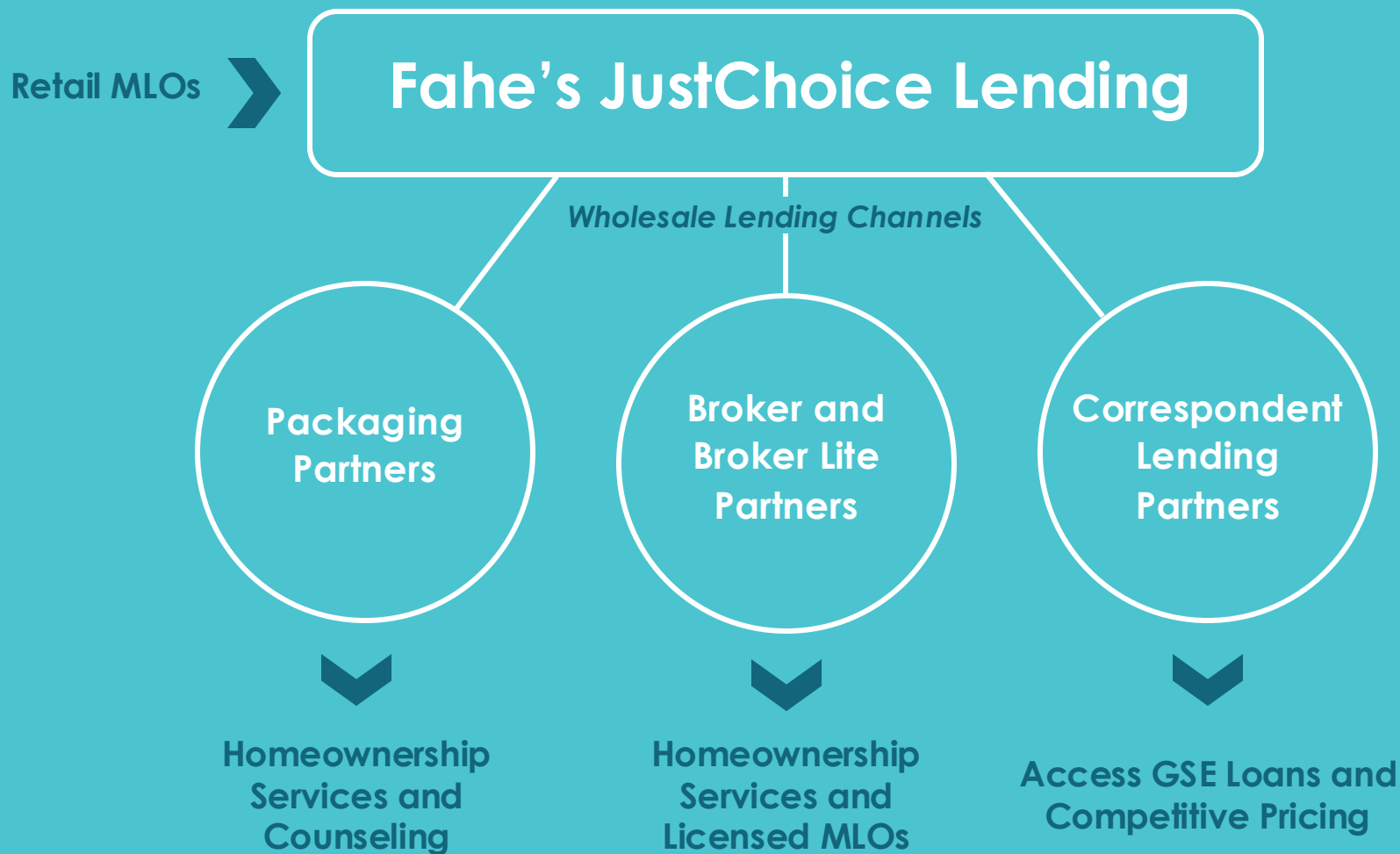
Credit Score, DTI, LTV, Assets/Reserves

3. Advantages of Third Party Origination

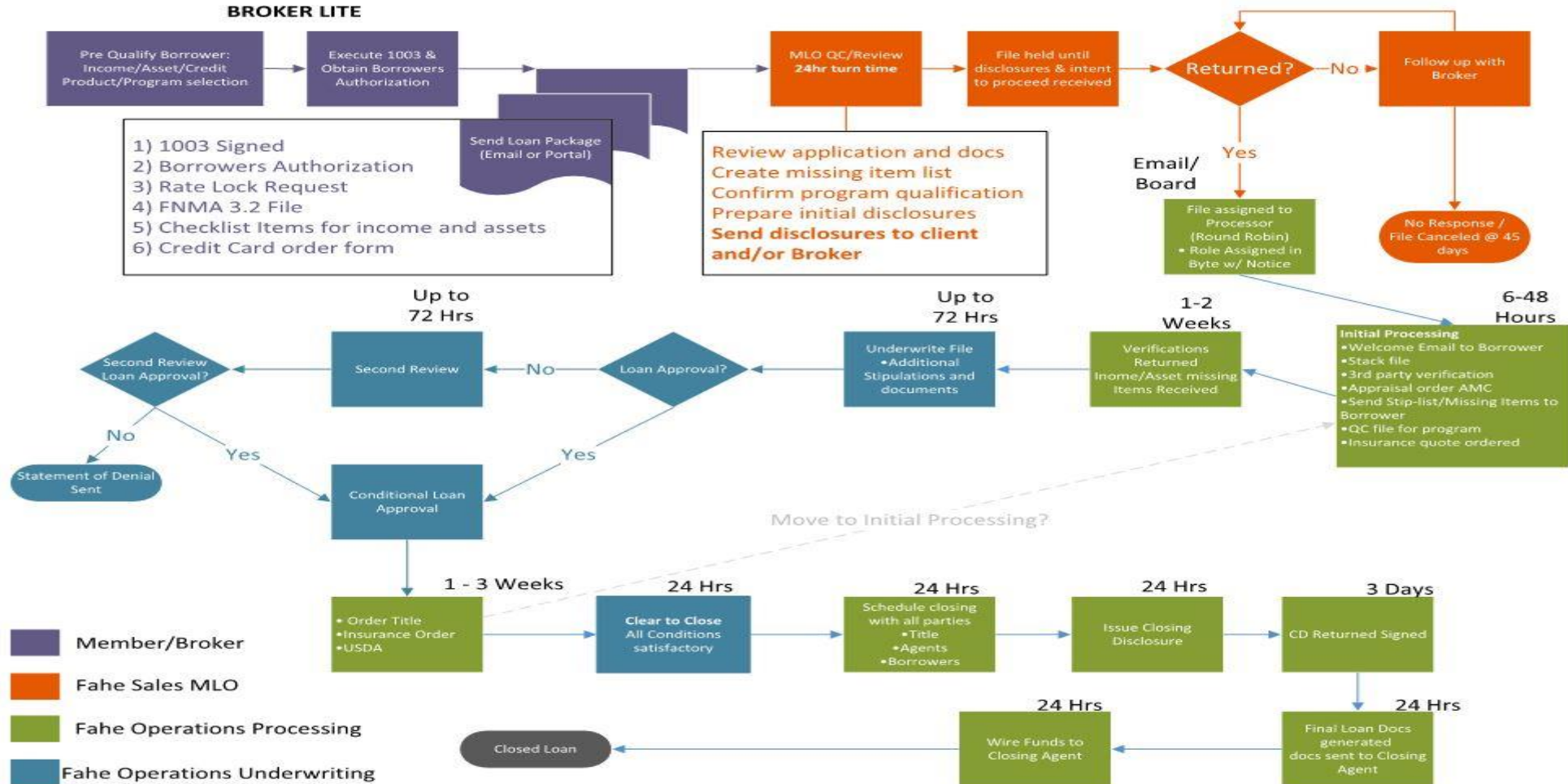
Brokering Network

Lending Channels at Fahe

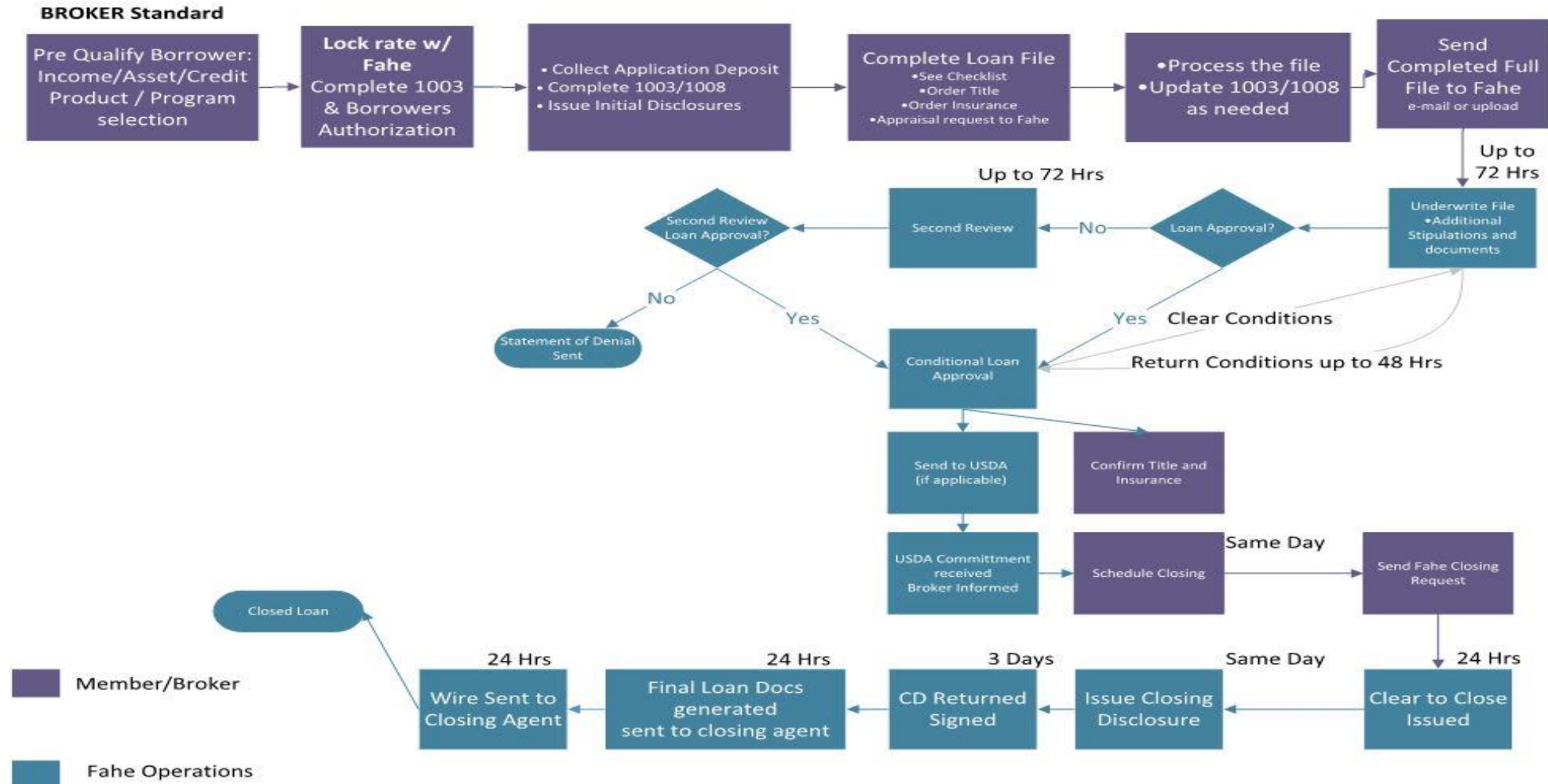
Lending Partnerships + Channels



Broker Lite



Standard Broker



Broker Revenue Potential

At earning 1.0%	At earning 2.0%	At earning 2.5%
\$2,000/loan	\$4,000/loan	\$5,000/loan
<hr/>		
ONE LOAN A MONTH		
\$24,000/year	\$48,000/year	\$60,000/year
THREE LOANS A MONTH		
\$72,000/year	\$144,000/year	\$180,000/year
FIVE LOANS A MONTH		
\$120,000/year	\$240,000/year	\$300,000/year

Revenue based on closed loan with a loan amount of \$200,000 on a per loan basis.

DPA - Home Sweet Home

- \$9,000 Second Mortgage Loan
- 0% Fixed Interest Rate Deferred Mortgage
- Due at 35 years
- CLTV up to 105%
- Primary Residence Only
- Homebuyer Education Required
- Must be paired with JustChoice Lending 1st Mortgage

DPA – Project Reinvest

- \$10,500 Second Mortgage Loan
- 0% Interest Rate, Payment Deferred
- Primary Residence Only
- Used for down payment, and/or closing costs
- Household must be at or below 100% Area Median Income
- Homebuyer Education Required

Questions?

James Davis

Director of Mortgage Operations

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