
Gateway Neighborhood Mortgage



Background

- Metropolitan St. Louis CRA Association (MSLCRA) Board Committee formed at the request of the Fed in fall 2017
- Appraisal gap identified by committee as the greatest challenge to mortgage lending in depressed communities
- Committee considered programs that contribute to the stabilization of home values and communities
- SLEHCRA conducted outreach and research on appraisal gap mortgage barriers beginning in 2017
- MSLCRA and SLEHCRA began collaborating in early 2018
- A Greenlining Fund was one of the recommendations in the *Segregation in St. Louis: Dismantling the Divide* report released in April 2018
- A steering committee was later formed



First and Second Mortgage Structure

- A. Product parameters: Owner-occupied single family residences, LTV of 97% with 3% cash brought by borrower, DTI of 43% or less, and Minimum Credit Score of 620
- B. Rotation process for the First Originating Lenders
- C. CDFI: Administrator of the program and holds the second
- D. Loss Reserve Established to Protect Lenders and Consumers



Loan Scenario

\$25,000 – sale price of home

+\$75,000 – rehab costs

\$100,000 – total cost

-\$60,000 – appraised value

\$40,000 gap in financing (initial second amount)

\$1,639 – approx. fees

\$58,200 – first mortgage (appraised value minus 3%)

\$1,800 – amount from the borrower (3%)

\$41,639 – second mortgage with fees



Gateway Neighborhood Mortgage

	First Year	Second Year	Third Year
Counseled	50	100	125
Home Purchases	15	20	25
Greenlining Mortgage	\$525,000	\$700,000	\$875,000
Loan Loss Reserve	\$105,000	\$140,000	\$175,000

Investment Capital Raise (3yr Pilot)

Greenlining Mortgage \$2.1MM

Loss Reserve \$420,000



Proposed Investment Structure

