

# Borrowers Mutual Insurance Fund

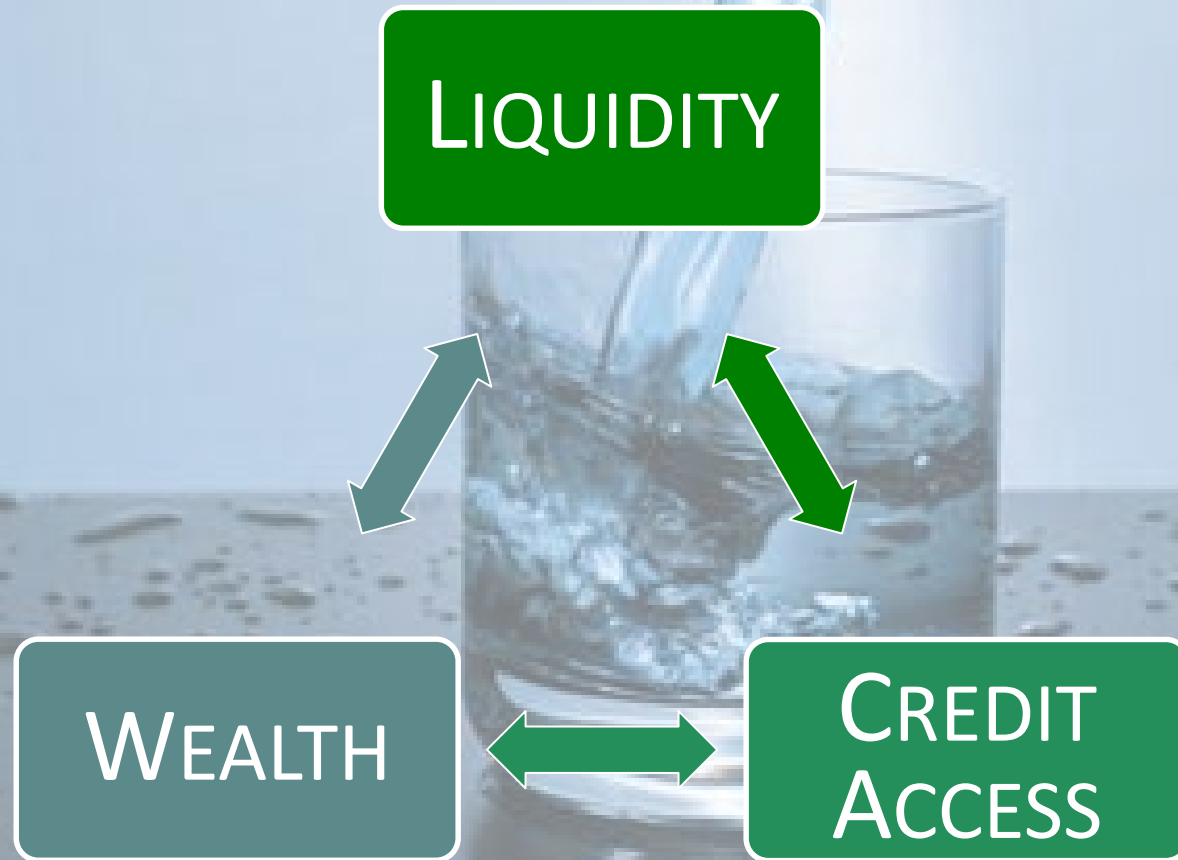
Richard Cooperstein

Access to Credit Forum  
National Fair Housing Alliance  
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# What's the Goal: Really?



# So What's Better?

75 new owners & 5 lose their homes	OR	10,000 new owners & 2000 lose their homes
<b>000's new owners</b>	<b>AND</b>	<b>&lt; 10% lose their homes</b>
3% Down	OR	<b>2.5% Reserves</b>

**SO...**

# The Groundwork

## 1. Educate

- a) Get the under-banked into the system
- b) Get merchants to report their payments

## 2. Data Access

- a) Build better scores for under-banked and under-served populations and markets
  - FICO XD, Vantage 4.0, Finicity, etc.
- b) A data utility with historic performance including new and old scores

# Borrowers Mutual Insurance Fund

**WHAT:** Funds for short-term income interruptions and major maintenance items

**WHO:** Under-served populations & markets

**WHY:** Keep those with fragile liquidity in homes

**HOW:** 2% borrower reserves instead of 3% down + 0.5% from the GSEs: from 10 bps Guar. Fee on all loans

**WHERE:** Administered by: servicers, Board of non-profits and the GSEs?

# Outcomes

**RISK:** Might be lower than low down-payments

**FUNDING:** 80% by the borrowers themselves

**EFFICIENCY:** Mutual structure diversifies risk and extends coverage (4%? per borrower)

**FOCUS:** The key risk facing new buyers: volatility

**ALIGNMENT:** Targeted borrowers, GSEs, Budget