



# Expanding Markets

## Getting Back to Basics



*Making Risk Rewarding™*

# The 1-2-3 of Getting Back to Basics



**1. Education**

**2. The Right Loan**

**3. Sustainable Homeownership**

# Step #1 – Educate Borrowers



- **Financial Literacy** - Help first-time homebuyers and low- to moderate-income borrowers prepare for the responsibility of homeownership
- **Free Counseling Services** - Many mortgage industry organizations offer multilingual, financial counseling services (online, telephone, in person)
- **Assistance Programs** - Banking programs, grants, Individual Development Savings Accounts, etc.

# Step #2 – Right Loan for Borrower

## MI Coverage Scenario\*:

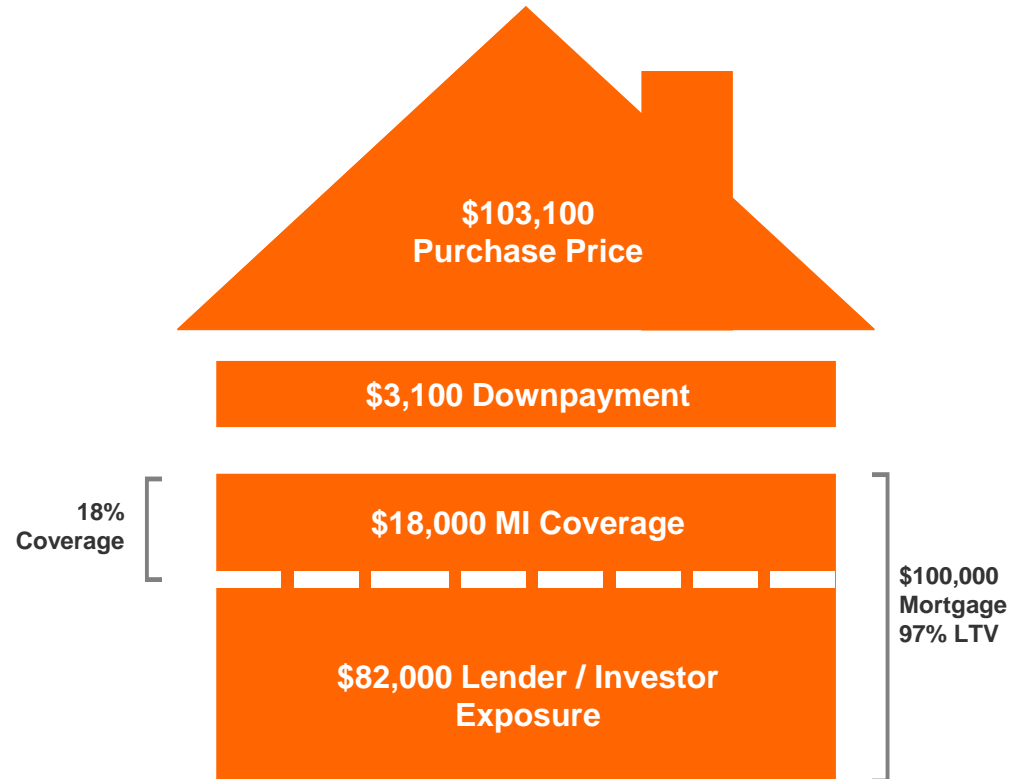
- Value/Price \$103,100
- Loan Balance \$100,000
- Coverage Level 18%
- $\$100,000 \times 18\% = \$18,000$

## Result:

- Loan Balance \$100,000
- MI Coverage \$18,000
- Lender Exposure \$82,000

## Borrower can have:

- Potentially lower payment
- Equity in home
- Tax deduction (if applicable)



\* Reduced MI coverage for GSE products

## If there is a chance of default, be sure you know all the options to help borrowers:

- Financial post-purchase counseling services
- Reinstatement or repayment plan
- Loan modification
- Loan assumption

## In the event of default, there are options to help lenders:

- Forbearance agreement
- Loan assumption
- Pre-foreclosure sale
- Deed-in-lieu

## Education

- Informed borrowers can make better decisions

## The Right Loan

- Loans that fit the borrowers' needs

## Sustainable Homeownership

- Loss mitigation services that support borrowers & lenders