



# An Innovative Approach to Expanding Homeownership in Underserved Communities

*An Implementation Study of the Inspire 100  
Mortgage Pilot*

Michael Neal

Aniket Mehrotra

Bryson Berry



RESEARCH REPORT

March 2026



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# Acknowledgments

This report was funded by the Housing Partnership Network with support from JPMorganChase, as a part of their shared objective to advance economic mobility through data and research. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Housing Partnership Network, JPMorganChase, or the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at [urban.org/fundingprinciples](https://urban.org/fundingprinciples).

We thank the interviewees who helped inform us of the Inspire100 pilot. The overall analysis of the pilot benefited from the collective input provided by the following interview participants:

- » Linda Marin, cdc | come dream. come build.
- » Greg Perelka, CHN Housing Capital, dba Believe Mortgage
- » Laura Meadows, Fahe
- » Misty Brewer, Fahe’s JustChoice Lending
- » Janel Lawson, Fahe’s JustChoice Lending
- » Mark Vanderlinden, Homewise
- » A former Homewise employee
- » Meaghan McCarthy, Housing Partnership Network
- » Natasha Encarnacion, Housing Partnership Network
- » Noel Poyo, formerly of Housing Partnership Network
- » Abigail Suarez, JPMorganChase
- » Tucker Bartlett, Self-Help
- » Mike Bauders, Self-Help
- » Neill Goslin, Self-Help
- » Janice Crawford, NLS Inc., an affiliate of NHS Chicago
- » Zoila Jennings, Robert Wood Johnson Foundation

We also thank Laurie Goodman and Janneke Ratcliffe for their thoughtful comments and David Hinson for his editorial review.

# Expanding Homeownership in Underserved Communities

Homeownership remains a key vehicle for economic mobility and financial stability, made possible in large part by the US housing finance system. Accessing homeownership often requires a mutually beneficial agreement between a mortgage borrower and the housing finance system. That is, the borrower can obtain a mortgage they can sustain, and the system can receive a return on investment without absorbing excessive risk. This relationship is critical to ensure that families can safely build wealth and that the housing finance system can continue to provide the capital to make it possible.

Founded in the 1990s, the Housing Partnership Network (HPN) is a collaborative of more than 120 leading housing and community development organizations, dedicated to fostering peer-to-peer exchange to accelerate innovation to address the affordable housing industry's challenges. HPN created the Equitable Homeownership Collaborative (EHC)—a partnership among HPN, six community development financial institution (CDFI) partners, Self-Help Credit Union, and Federation of Appalachian Housing Enterprises (Fahe)—to catalyze systems change in the mortgage market to make homeownership more accessible for underserved communities.<sup>1</sup>

The EHC seeks to leverage the collective power of mission-driven CDFIs to break down barriers to homeownership for traditionally underserved communities. With a combination of an aggregation and liquidity strategy and specially designed mortgage products, the EHC aims to provide flexible financing solutions that empower individuals and families to achieve sustainable homeownership.<sup>2</sup>

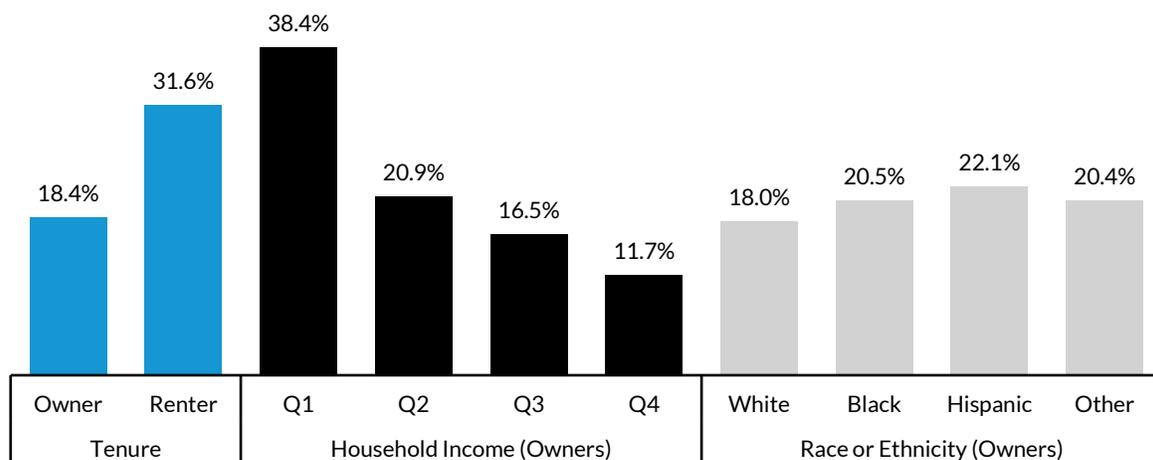
Beginning in 2021, HPN and the EHC sought to remedy the disparities between some borrowers and the financial system and to expand access to mortgage credit by strengthening the links that connect communities with capital. In 2024, the EHC launched the Inspire100 mortgage pilot, through which its CDFI lending partners originate low-cost, sustainable mortgages to low-income and low-wealth borrowers, with an innovative strategy to provide CDFIs the liquidity they need to do so. In this report, we explore HPN's theory of change behind this mortgage product, analyze the successes and obstacles in its design and implementation, and provide considerations to expand and replicate the product.

# The Importance of Homeownership and Barriers to Access

For millions of US households, owning one’s home offers financial stability and wealth-building potential. The traditional 30-year fixed-rate mortgage generally allows for relatively predictable payments and immediate and sustainable wealth creation through fixed and amortized payments and long-term maturity. The widespread availability of the 30-year fixed-rate mortgage in the US is largely attributable to the substantial backing of the mortgage market provided by government-sponsored and government-owned entities.

A household’s monthly mortgage payment (less interest, taxes, and insurance) is a forced savings mechanism, translating into gradually accumulating equity in one’s home that can be accessed upon sale, tapped for other investments, and passed to the next generation. Owning a home, compared with renting, protects against annual lease changes and rent increases. To that end, homeowners of all income and demographic groups are significantly less likely to be housing cost burdened than renters (figure 1). Homeownership also provides better financial outcomes than renting and investing in a diversified portfolio (Neal et al. 2020).

**FIGURE 1**  
**Median Cost Burden, by Household Characteristics**



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**Source:** 2023 American Housing Survey.

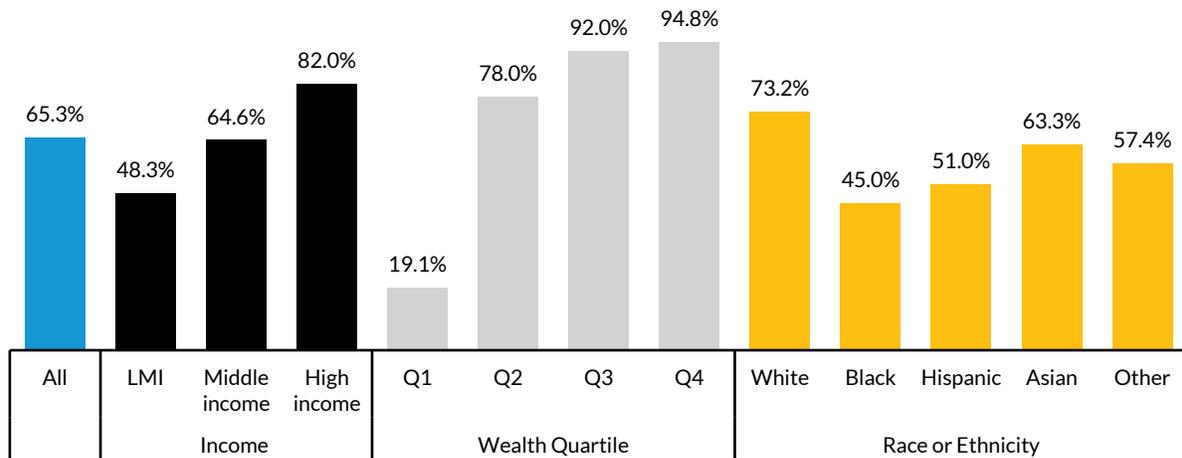
**Notes:** Quartiles refer to homeowning households earning up to the 25th percentile of household income (Q1), from the 25th to the 50th percentile (Q2), from the 50th to the 75th percentile (Q3), and from the 75th through the 100th percentile (Q4).

The benefits of homeownership manifest beyond individual households. Homeowners are less likely to live in physically inadequate homes, contributing to neighborhood property values and mitigating negative health outcomes (Neal et al. 2024). Greater investment in properties and greater wealth accumulation among homeowners drive investment in local economies from property taxes, consumer spending, and business ownership.

## Barriers to Accessing Homeownership for Low-Wealth Households

To access homeownership, households must have adequate credit, capacity, and collateral. Wealth is largely a driving force in meeting these criteria and prohibits some underserved communities from attaining homeownership.<sup>3</sup> The bottom 20 percent of households are significantly less likely to be homeowners than those with more wealth, and this persists across income levels.<sup>4</sup> Similarly, high-income, low-wealth Black and Hispanic households are less likely to be homeowners than low-income, high-wealth white households (figure 2).

**FIGURE 2**  
**Homeownership Rates, by Economic and Demographic Characteristics**



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**Source:** Urban Institute calculations of 2023 American Community Survey data and 2022 Survey of Consumer Finances data.  
**Notes:** AMI = area median income; LMI = low and moderate income. LMI households earn up to 80 percent of the AMI, middle-income households earn between 80 percent and 120 percent of the AMI, and high-income households earn above 120 percent of the AMI. Quartiles are distributed as follows: \$0 to \$76,367 (Q1), \$76,368 to \$513,669 (Q2), \$513,670 to \$7,473,162 (Q3), and greater than \$7,473,162 (Q4).

Homeownership and wealth disparities are self-reinforcing. Children of homeownership parents are 7 to 8 percentage points more likely to be homeowners themselves, in large part because nearly half of first-time homebuyers receive assistance from family for the down payment (Choi et al. 2018).<sup>5</sup> In other

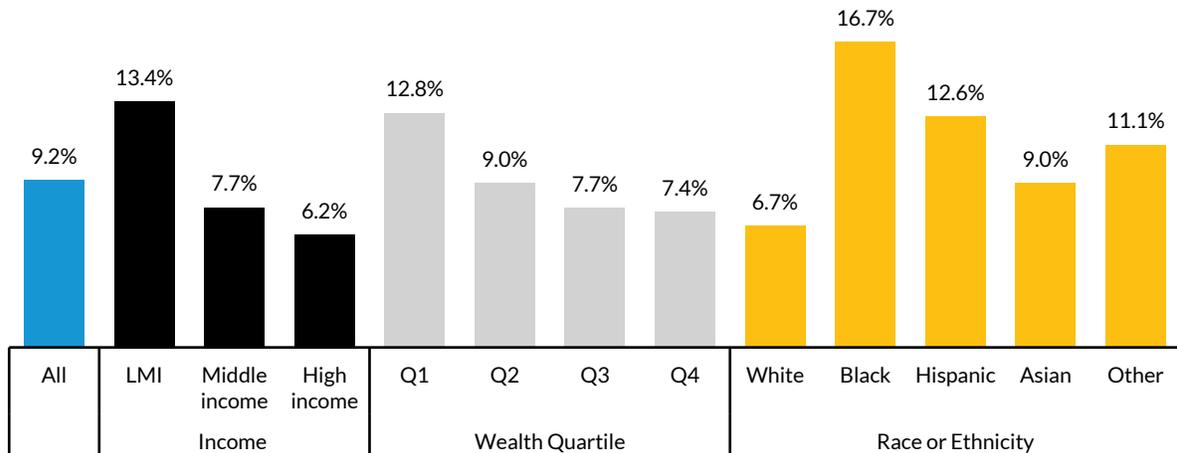
words, if renter households—who are disproportionately households of color—cannot attain homeownership, their children are less likely to do so. Furthermore, although most Black and Hispanic parents want to pass an inheritance to their children, they are less likely to do so than white parents. When they do, the inheritance tends to be smaller, and the recipient is more likely to already be a homeowner (Neal et al. 2024). As a result, this decade, as baby boomers age and transfer their wealth to their children as part of the Great Wealth Transfer, the homeownership rate gap between Black and white households is expected to worsen.

### The Down Payment Obstacle

Not having sufficient capacity for a down payment or closing costs is a key barrier to purchasing a home. Low-wealth borrowers, even those with high incomes, are less likely to have sufficient savings for a sizable down payment. This is also true for many renters of color.<sup>6</sup>

Another key barrier is an applicant’s debt-to-income (DTI) ratio. Households with lower incomes and fewer assets are more likely than others to be denied for a mortgage. Black and Hispanic households are also much more likely to be denied for a mortgage than white and Asian households.

**FIGURE 3**  
**Mortgage Denial Rates, by Economic and Demographic Characteristics**



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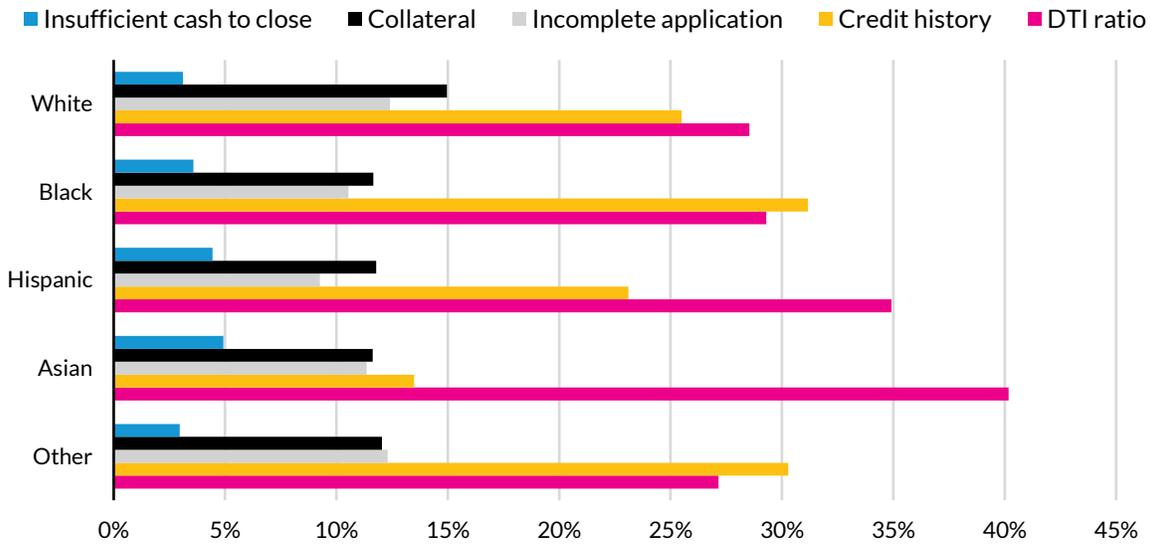
**Source:** Urban Institute calculations of 2024 Home Mortgage Disclosure Act data.

**Notes:** AMI = area median income; LMI = low and moderate income. LMI households earn up to 80 percent of the AMI, middle-income households earn between 80 percent and 120 percent of the AMI, and high-income households earn above 120 percent of the AMI. Property value is used as a proxy for wealth, which is not available in Home Mortgage Disclosure Act data. Quartiles are distributed as follows: \$0 to \$264,999 (Q1), \$265,000 to \$384,999 (Q2), \$385,000 to \$555,000 (Q3), and greater than \$555,000 (Q4).

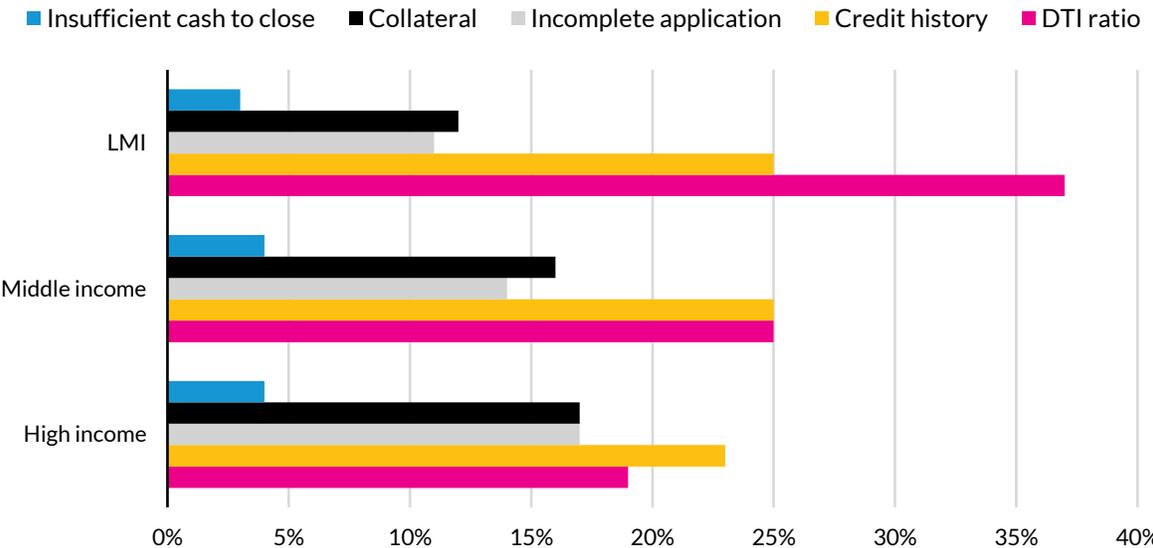
Although DTI ratio is the primary denial reason for all denied mortgage applicants, low-wealth borrowers (identified here by their prospective property value as a proxy in Home Mortgage Disclosure Act data) are more likely to be denied because of DTI ratio, including compared with low-income applicants. This partly reflects the fact that consumer debt (e.g., credit cards, auto loans, and student loans) is high relative to incomes. The lack of a down payment can also increase an applicant's DTI ratio, as a lower down payment increases the unpaid principal balance at closing, increasing the applicant's debt. In addition, for government-sponsored enterprise (GSE) loans, low-wealth applicants often must pay monthly mortgage insurance payments because they tend to have high loan-to-value (LTV) ratios, and their mortgage rates may include a risk-based overlay known as a loan-level pricing adjustment, both of which increase their DTI ratios.

**FIGURE 4**  
**Denial Reasons, by Race or Ethnicity and by Income**

*By race or ethnicity*



*By income*



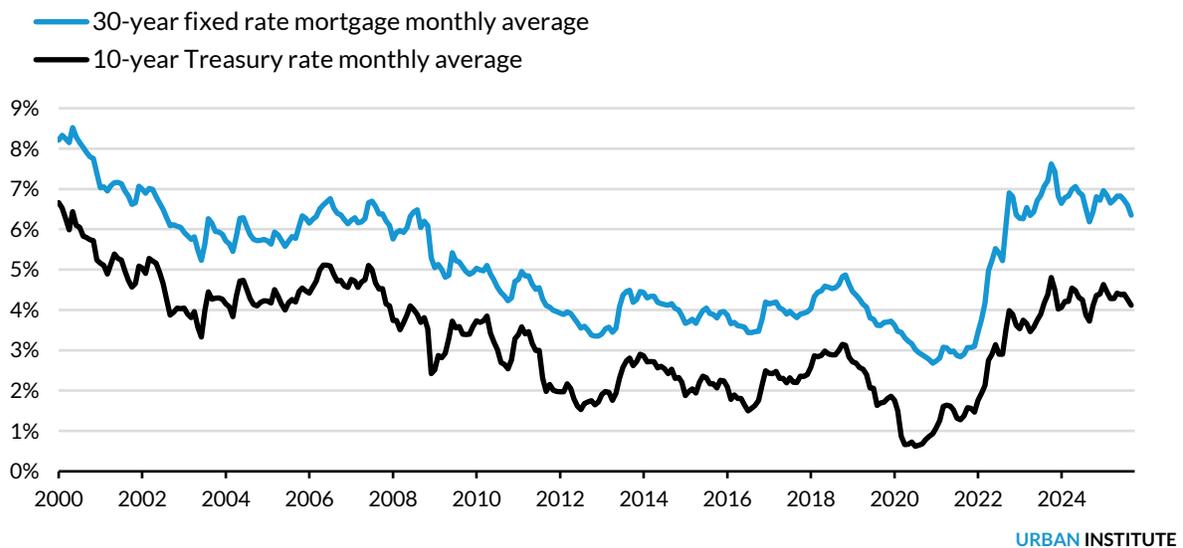
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Source: 2024 Home Mortgage Disclosure Act data.

Notes: DTI = debt-to-income; LMI = low and moderate income. Values do not add up to 100 percent, as not all denial reasons are pictured.

Since 2021, these loan-level pricing adjustments have amplified the credit access and affordability challenges posed by high mortgage interest rates (figure 5).

FIGURE 5  
Mortgage Interest Rates and 10-Year Treasury Rates



Source: Federal Reserve Bank of St. Louis.

## The Case for Safely Expanding the Credit Box

The criteria for obtaining a mortgage are often insurmountable obstacles for households with low incomes or low wealth who are otherwise financially ready to sustain a mortgage. And in rural and other disinvested communities, mortgage credit is often in short supply. CDFIs are chartered to expand credit availability for underserved borrowers and communities, but they often need additional liquidity and capacity to meet their communities' needs. In addition, most CDFIs' primary activities involve serving small businesses, as opposed to mortgage lending. Thus, low-income and low-wealth households could benefit from additional mortgage products designed to increase financial inclusion and, more generally, could benefit from a system that connects capital to their communities.

Importantly, the criteria used to test this relationship in the mortgage underwriting process—to ensure households possess sufficient credit, capacity, and collateral to sustain a mortgage—can be refined as the system evolves and as economic and housing market conditions change. For example, evidence shows that the GSEs Fannie Mae and Freddie Mac can safely expand access to credit for more than 300,000 additional borrowers annually, a result of significant improvements in their loss mitigation programs (Goodman and Zhu 2024). Similarly, the Federal Housing Administration's (FHA's) Mutual Mortgage Insurance Fund is capitalized five times above its required levels (FHA 2024).

## Mortgage Products Accessible to Low-Wealth Borrowers

The federal government and the GSEs support several mortgage products accessible to low-wealth borrowers through mortgage insurance and purchases.<sup>7</sup>

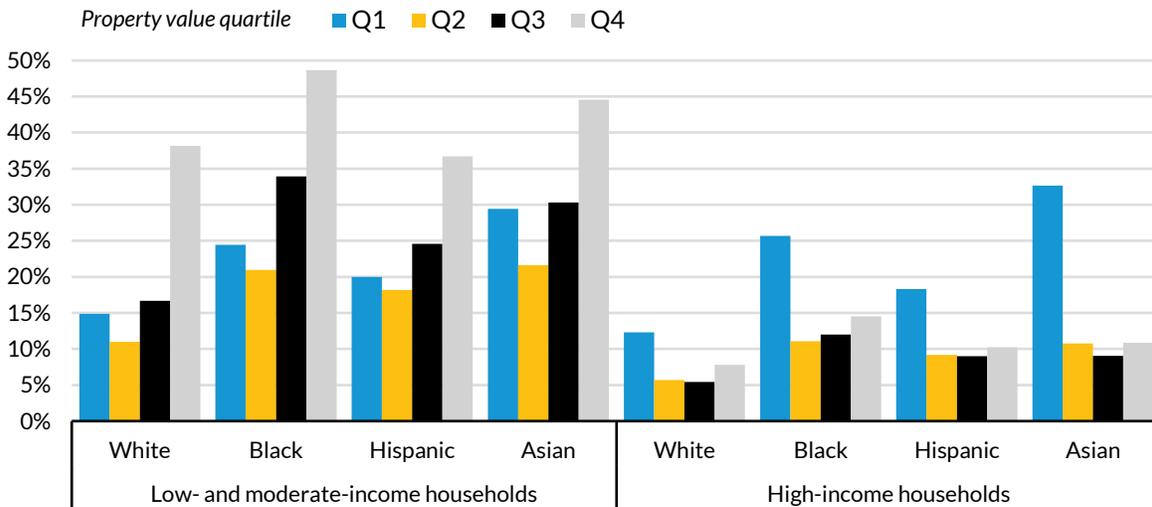
- FHA-insured purchase and purchase-rehabilitation mortgages—the 203(b) and 203(k) programs—are primarily offered to first-time homebuyers. FHA borrowers pay an up-front premium (1.75 percent of the loan amount) and annual mortgage insurance premiums (between 0.50 and 0.75 percent of the loan amount) for the full duration of the loan, in addition to principal, interest, taxes, and insurance. Still, FHA loans have a lower barrier to entry than conventional loans, with LTV ratios as high as 96.5 percent, reflecting a minimum required down payment of 3.5 percent of the property’s purchase price, and effectively as high as 98.25 percent, as many borrowers finance their up-front premiums.
- US Department of Agriculture (USDA) Section 502 mortgages offer 100 percent financing to homebuyers purchasing in rural areas. USDA borrowers must also pay an up-front guarantee fee of 1 percent of the loan value and an annual fee of 0.35 percent of the loan value. Still, Section 502 loans are geographically concentrated and do not serve borrowers purchasing in nonrural areas, and the USDA’s capacity often lags the demand for Section 502 loans.
- Fannie Mae’s HomeReady and Freddie Mac’s Home Possible products are for borrowers with LTV ratios as high as 97 percent. But these products have a high credit threshold. In addition, with proposed reductions to the GSEs’ affordable housing goals for low- and very low-income borrowers, the availability of these products is likely to remain limited.<sup>8</sup>

## The Need for Additional Financial Pipes

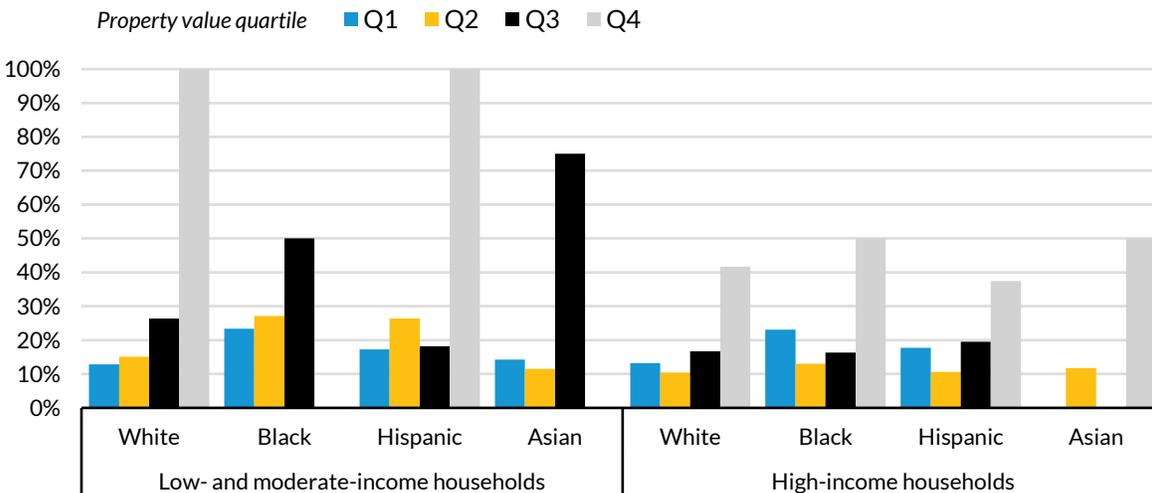
The aforementioned products are critical to facilitating homeownership access among low-wealth borrowers, but gaps remain. First, with home prices having risen significantly relative to incomes during the pandemic, even a 3.5 percent down payment can be out of reach for low-income renter households. Critically, the denial rates for government loan channels, particularly for low-wealth borrowers and borrowers of color, remain high. Even after controlling for income and wealth, Black, Hispanic, and Asian homebuyers still tend to have higher denial rates than white homebuyers.

**FIGURE 6**  
**Denial Rates for FHA and USDA Loans, by Income Level, Race or Ethnicity, and Property Value**

*FHA loans*



*USDA loans*



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Source: 2024 Home Mortgage Disclosure Act data.

Notes: FHA = Federal Housing Administration; USDA = US Department of Agriculture. Property value is used as a proxy for wealth, which is not available in Home Mortgage Disclosure Act data. Property value quartiles are as follows: \$0 to \$264,999 (Q1), \$265,000 to \$384,999 (Q2), \$385,000 to \$555,000 (Q3), and greater than \$555,000 (Q4).

Although homeownership may not be for everyone, the higher denial rates for low-income and low-wealth borrowers suggest that a portion of this market is not being served. There are several reasons these borrowers cannot obtain a mortgage, which this pilot seeks to address. Mortgage

nonperformance, or the likelihood that a borrower will miss payments, is a key reason behind denials. That is, the chances of borrowers outside the credit box being unable to sustainably make their mortgage payments are greater or less predictable. Although the pilot seeks to expand credit access, monitoring performance is critical as well. Recent trends in performance are documented later in this report.

Special purpose credit programs, supported by federal statute, are one tool used to fill credit gaps. They offer duly underwritten mortgage credit on favorable terms to members of historically disadvantaged groups or historically disinvested communities. Terms may include lower down payments, mortgage insurance waivers, interest rate buydowns, and other favorable terms that facilitate access for low-wealth borrowers. But these products are designed to serve communities considered “protected classes.”<sup>9</sup> And although this makes special purpose credit programs a valuable tool for expanding homeownership among people of color and other protected classes, they may not adequately serve rural communities populated by low-income or low-wealth white households.

Each product helps expand access to low-income and low-wealth communities. But they come with trade-offs that provide an opening for more products for underserved communities. Recognizing these gaps, the EHC seeks to fill these gaps in the financial system through its Inspire100 mortgage pilot.

## The Inspire100 Pilot

The lack of sustainable inclusion in the housing finance system for low-wealth and low-income families reflects a combination of the challenges these households face qualifying for a loan and the gaps in the mortgage products available to sustainably serve them. In response to these market imperfections, the EHC created the Inspire100 pilot program to test and adjust the hurdles that often prevent low-wealth households from achieving homeownership. It did so based on the following theory of change:

Underserved communities, including financially underserved rural areas, low-wealth renters, and communities and demographic groups that experience significant barriers to accessing credit and capital, often find it difficult to access the affordable mortgage products needed to enter and sustain homeownership. By providing a low-cost mortgage product with critical supports to ensure repayment, expanding our CDFI lender partner network, and scaling our secondary market liquidity strategy, more sustainable purchase loans can be made to low-wealth borrowers. This way, we can boost intergenerational homeownership in these communities, expand their financial inclusion, support neighborhood investment, and ultimately reduce wealth gaps.

Accordingly, the Inspire100 mortgage product offers 100 percent financing, a mortgage insurance waiver, and an interest rate buydown to eligible homebuyers (table 1 outlines the key loan terms).

**TABLE 1**  
**Inspire100 Key Loan Terms**

<b>Product term</b>	<b>Description</b>
Loan type	30-year fixed-rate purchase mortgage
Loan limits <sup>a</sup>	\$50,000 (minimum) Fannie Mae conforming loan limits (maximum)
LTV ratio limits	100% with a minimum 660 credit score 97% with a minimum 640 credit score 95% with a minimum 640 credit score for manufactured homes
DTI ratio limit	45%
Income limits	None <sup>b</sup>
Mortgage rate	0.50% rate reduction funded by JPMorganChase if they are below 150% of the AMI 0.50% rate reduction funded by the Capital Magnet Fund
Mortgage insurance	No mortgage insurance requirement
Other requirements	Minimum \$1,000 borrower contribution from own funds Minimum one month's mortgage payment in reserves

**Source:** Housing Partnership Network.

**Notes:** AMI = area median income; DTI = debt-to-income; LTV = loan-to-value.

<sup>a</sup> A recent change allows a minimum of \$25,000 if the property is financed using low-income housing tax credits. But this change occurred after window interviews and analysis.

<sup>b</sup> Although the Inspire100 product does not have income limits, community development financial institutions are expected to extend 80 percent of their loan volume to borrowers earning less than 120 percent of the AMI or living in a majority-minority or low-income census tract. Moreover, the subsidy is no longer offered to borrowers earning more than 150 percent of the AMI. The rate reduction funded by the Capital Magnet Fund is available for those purchasing a property in California, Florida, Georgia, Illinois, Kentucky, Minnesota, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, and Virginia. In addition, the home sales price is below 95 percent of the US Department of Housing and Urban Development price limit and the borrower earns below 80 percent of the AMI or the borrower earns below 120 percent of the AMI in an area of economic distress as designated by the Capital Magnet Fund.

A comprehensive system of partners supports the product to facilitate capital flows to CDFI lenders, known as the sustainable liquidity strategy. In this system, CDFIs sell Inspire100 mortgages to Fahe upon origination. Fahe, an intermediary, packages the loans and sells them to Self-Help, who serves as the secondary market investor. This system creates liquidity for CDFIs, who can make more Inspire100 loans to more homebuyers.<sup>10</sup> As the servicer, Fahe also repurchases the loans from Self-Help when the borrower fails to make 12 consecutive on-time payments and becomes seriously delinquent or, as in one case, a loan was determined not to meet the underwriting criteria. The original lender is required to purchase the loan from Fahe.

For HPN, an integral long-term outcome of the Inspire100 product is spurring systems change in the financial system by proving that underwriting risk criteria can be reconsidered and expanded to

increase access to credit and, by extension, that the communities the product serves are “creditworthy.”

**“We want to change the way the lending community thinks about risk and the individuals we are serving—that they are viable clients, and when they attain sustainable mortgages, they are worth soliciting to and creating products for. We want to prove to CDFIs that consumer mortgage lending is worth doing.”**

*—HPN staff member*

The product provides an opportunity to test different components of credit risk to determine where there is room for lenders, investors, and guarantors to loosen criteria without proliferating risk through the system.

**“A lot of the core work we’re doing especially on the lending side...is how much is actual versus perceived risk, and how do we test where that balance is.”**

*—EHC philanthropic partner*

Designed in partnership with Urban, HPN operationalized its theory of change with the following inputs and activities to achieve expressed outputs and outcomes. The Inspire100 product and liquidity strategy is summarized in table 2.

TABLE 2

**Logic Model for the Inspire100 Product**

Target populations	Inputs and activities	Outputs	Short-term outcomes	Long-term outcomes
<ul style="list-style-type: none"> <li>▪ Financially underserved communities</li> <li>▪ Communities that experience significant barriers to accessing mortgage credit</li> <li>▪ Rural communities</li> <li>▪ Low-wealth renter households</li> </ul>	<ul style="list-style-type: none"> <li>▪ HPN leads the Equitable Homeownership Collaborative, facilitates access to resources, and manages learning and field impact agenda</li> <li>▪ CDFIs originate Inspire100 loans, with flexible underwriting standards, no mortgage insurance, up to 100 percent LTV ratios (or up to 108 percent with community seconds), pre- and postpurchase housing counseling, and below-market mortgage rates</li> <li>▪ Fahe aggregates and services loans, and Self-Help purchases them, providing a sustainable liquidity strategy</li> <li>▪ Fahe onboards new CDFI lender partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of low-wealth homeowners increases</li> <li>▪ Rate of serious delinquencies decreases</li> <li>▪ Loan volume and program capacity expand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Underserved borrowers access homeownership</li> <li>▪ Increased credit availability for financially underserved borrowers</li> <li>▪ Financial inclusion for underserved borrowers expands</li> <li>▪ Financial system infrastructure serving these communities is strengthened</li> </ul>	<ul style="list-style-type: none"> <li>▪ Homeownership rate grows</li> <li>▪ Credit availability in underserved communities increases</li> <li>▪ Financial inclusion in underserved communities expands</li> <li>▪ Intergenerational wealth building in low-wealth communities expands</li> </ul>

**Source:** Authors’ model, created alongside HPN.

**Note:** CDFI = community development financial institution; HPN = Housing Partnership Network.

Between September 2024 and December 2025, EHC lenders originated 217 loans with a total volume of \$51.7 million (table 3). The average loan amount among outstanding loans is \$238,493.

TABLE 3

**Inspire100 Key Statistics**

<b>Metric</b>	<b>Statistic</b>
Outstanding loan count	217
Unpaid principal balance	\$51,741,271
Weighted average credit score	737
Weighted average original LTV ratio	92.33%
Weighted average combined LTV ratio	98.15%
Weighted average note rate	6.71%
First-time homebuyer share	80.20%

**Source:** Self-Help Credit Union.

**Notes:** LTV = loan-to-value. As of September 2025.

## Implementation of the Inspire100 Pilot

To understand how the pilot program has been deployed in its first year of operation, we interviewed representatives from all parts of the EHC, including five CDFI lenders, the philanthropic partners Robert Wood Johnson Foundation (RWJF) and JPMorganChase (JPMC), and Fahe, Self-Help, and HPN.

### Meeting Underserved Populations

By and large, EHC members listed low-income households as their priority market for the Inspire100 pilot product. Select members noted the need to serve communities who were historically excluded from homeownership opportunities and rural areas where capital access is sparse.

Although the EHC's mission is to serve low-income and financially underserved households and communities through Inspire100, the products' terms do not include any specific or binding eligibility criteria to target those groups. The product terms indicate only that approximately 80 percent of lenders' loan volume should be to borrowers earning below 120 percent of the area median income or purchasing in majority-minority or low-income census tracts.

But even without explicit targeting mechanisms, most lenders noted that a majority of their Inspire100 borrowers were first-time homebuyers and borrowers of color. Potential explanations for this are multiple. Interviewees noted that the markets their CDFIs serve in their primary business already comprise these groups. Targeted marketing campaigns through digital advertisements, real estate agent partners, and existing customers using HPN materials may also explain the borrower population.

## Intervention

Here, we analyze the product's inputs, including loan terms and EHC member activities.

### **No Down Payment Requirement**

For low-income homebuyers, up-front costs can often be a prohibitive obstacle to achieving homeownership. Although most mortgage products have a minimum down payment of 3 percent (i.e., a 96.5 percent LTV ratio), some government-backed options allow homebuyers to finance 100 percent of the home's value (i.e., a 100 percent LTV ratio). But these options—VA loans and USDA Section 502 loans—are available only to homebuyers who are veterans or are purchasing in rural areas, respectively.

**“If you are a client that has all the makings—strong DTI, strong credit score, got a little bit of reserves—and you just need that push, 100 percent LTV is what gets them across the finish line.”**

*—EHC lender*

To provide a viable mortgage product to a wider market, the EHC designed the Inspire100—serving all homebuyers and urban and rural communities—to offer up to 100 percent financing from the lender. In addition, the borrower can have a combined LTV ratio of up to 105 percent if they have a qualifying subordinate down payment or closing cost assistance loan (i.e., “community seconds,” which are low-risk, low-interest loans governments or nonprofits offer). If the subordinate loan is forgivable, the lender can accept a combined LTV ratio up to 108 percent.

Most interviewees thought the 100 percent financing option of the Inspire100 product is its primary benefit and selling point. Even when borrowers may be able to cover the down payment, many prefer to pay higher monthly principal and interest payments over the course of the loan rather than giving up their funds up front. For lenders, 100 percent financing negates the need to provide down payment assistance to help borrowers meet the minimum up-front payment.

**“Sometimes clients do have funds saved...they do have money for down payment and closing costs, but they don't want to give you the money.... They want to be able to say, ‘I prefer to give you the least amount possible, because I do want to keep my money for emergencies, or [so that] I don't need to move.’... So that's one of the reasons that someone's going to choose this loan product.”**

*—EHC lender*

It also provides additional cushion to cover other up-front costs, including closing costs and fees.

**“I think that the most impactful component is the 100 percent LTV.... As a client, that’s the difference between getting in the home and not getting in the home.... That’s much different than saying, ‘OK, I’ve got a purchase price of \$200,000, and I need to come up with 3 percent of that.’... Because on top of that \$6,000, there’s the appraisal fee, which is...\$400 to \$500. And then there’s the inspection fee, same, another...\$300 to \$500. Then if you have to get a reinspection.... Then, you have to have the contribution...then the reserve you have to have, you’re probably at \$10,000. Ten [thousand] is a lot different than having to have...give or take \$2,500 to \$3,000.**

*—EHC lender*

### ***No Mortgage Insurance Requirement and Mortgage Sustainability Supports***

For most other mortgage products, mortgage insurance—either through up-front and annual premiums for FHA or USDA loans or a private insurer for GSE loans—is typically required for borrowers putting down less than 20 percent up front. This can increase a borrower’s quoted monthly payment, driving up their DTI ratio, decreasing their likelihood of qualifying for the mortgage, and making it harder to sustain it month to month.

To support homeownership access and mortgage sustainability for low-wealth homebuyers, the EHC waived the mortgage insurance requirement for Inspire100 borrowers. The product also includes several mechanisms to account for and lower borrower default risk in lieu of mortgage insurance.

First, many Inspire100 applicants participate in prepurchase counseling the lending CDFI offers, though counseling is not a binding requirement of the product. Regardless of any counseling, Inspire100 lenders will typically add a risk premium to borrowers’ mortgage rates to account for credit risk. Lenders also require 12 months of on-time rental payment history to further verify borrowers’ ability to repay debt. Borrowers are also required to have one month’s mortgage payment in reserves, which can be tapped into if they fall behind on mortgage payments. These cushions protect both the lender and the borrower, as opposed to mortgage insurance, which compensates only the loan’s originator, insurer, or guarantor (Choi et al. 2022).

### **Interest Rate Subsidy**

The interest rate of the Inspire 100 loan is often higher than on traditional mortgage products, as the credit risk bearer needs to be compensated for credit risk, especially because of the lack of mortgage insurance. But high mortgage rates are a significant barrier to accessing homeownership and sustaining monthly mortgage payments for all aspiring homebuyers. For the median household, the difference between a 6.0 percent and a 5.0 percent mortgage rate can be significant. For low-wealth borrowers who already have high DTI ratios, this barrier—extrinsic to the borrower and dependent on business cycle flows—is often higher.

To lower the mortgage rate obstacle, particularly in a high-rate environment, the EHC’s philanthropic partners offer a 50 basis-point rate buydown. For borrowers who purchase in areas of economic distress,<sup>11</sup> the Capital Magnet Fund (CMF) offers an additional 50 basis-point subsidy.

By design, the rate subsidy can be a countercyclical mechanism to enable homebuying even while rates are high and can lower borrowers’ DTI ratios and monthly payments. In practice, however, the subsidy is often an offset of the rate risk premium added because of the mortgage insurance waiver. Some interviewees noted that their Inspire100 loans effectively have equivalent or higher rates than their traditional loans, as the subsidy is insufficient to offset the premium. The optics of a higher rate can often be a deterrent to homebuyers, and thus borrowers who do choose the Inspire100 product are likely doing so for its other features, not the rate itself. Similarly, the additional subsidy through the CMF did not appear to be a particular incentive to purchase in economically distressed areas if borrowers were not already planning to do so.

**“[Some] clients are very interest-rate driven. If I show them, ‘Here you have the Inspire100—7 and a quarter [percent]—and here [a conventional loan] you have 6.875 [percent], but at the end of the day, here’s your monthly payment.’... They might say, ‘No. Ultimately if I do take 30 years, I’m going to be paying more interest.’”**

*—EHC lender*

Interviews with philanthropic partners noted that although the subsidy is contingent on their continued support, it is a temporary feature of the product’s iterative development.

“[The grant] has been really successful, and there’s been a lot of uptake. We’re artificially deflating the interest rate...while we’re testing other risky aspects of the mortgage, to say they perform just as well.”

—EHC philanthropic partner

### ***Sustainable Liquidity Strategy***

Absent additional government- or GSE-backed mortgage products for low-income homebuyers, the demonstrated gap in underserved markets for widely available, accessible credit is best filled by CDFIs, who are chartered to expand credit access in these communities. But CDFIs’ capacity to meet credit demand is limited, given that few participate in mortgage lending and even fewer are well connected to capital markets.

The EHC’s flagship liquidity strategy allows the CDFI to expand lending of the Inspire100 product, with minimal additional capital. When CDFIs originate loans pursuant to the loan terms HPN and Self-Help established, they sell their loans off their balance sheets to Fahe, who packages the loans for sale. In turn, Self-Help purchases the Inspire100 loans and keeps them on its balance sheet. As a result, CDFI members can originate more loans, creating homeownership opportunities for more homebuyers. In addition, this process creates a pool of mortgages that could readily be securitized for the secondary market.

### ***Recruitment of Partners***

Enlisting committed partners in the EHC is key to the program’s functioning and its potential to expand. HPN, Self-Help, and Fahe recruited participating partners, and Fahe vetted them. Through an interest form sent to prospective CDFI lenders, Fahe gathers information on CDFIs’ expertise in mortgage lending, operational sophistication, and mission alignment with that of the product. Most of the CDFIs we interviewed noted that their decision to participate in the program was driven by mission alignment and a search for solutions to expand access to credit in their communities.

**“Many of the communities that we are targeting and lending in are communities that have been left out of the typical mortgage lending.... [The Inspire100 product has] more creative, more flexible guidelines than what the banks will offer.... That’s why it was important for us to truly investigate...how can we further give the opportunities for borrowers to overcome obstacles that we’re currently seeing within the marketplace...so it went hand-in-hand, it fit like a glove...it truly will help our mission and the communities that we serve.”**

*—EHC lender*

In addition, some CDFIs noted that the Inspire100 product allowed for greater operational efficiency. One lender noted that absent the Inspire100 mortgage, providing a low- or no-down payment loan would require a second-lien mortgage. Originating both a first-lien and a second-lien loan is more costly for the lender than originating one first-lien loan that covers the full sale price.

Recruiting philanthropic support for the product also required finding organizations aligned with the product’s mission. Both JPMC and RWJF had prioritized expanding access to mortgage credit to underserved communities. The participation of mission-aligned philanthropic partners was critical to achieve the level of subsidy needed for the product, particularly in a high-rate environment. A large foundation such as RWJF can provide below-market financing with its large endowment and requirement via program-related investments.<sup>12</sup>

**“This is the benefit of philanthropy. We don’t have cost of capital. Our impact investment money—program-related investments—they’re actually considered almost grant capital. So we can set the interest rate based on programmatic and impact goals.... Most of our rates are covering the 2 to 3 percent range.”**

*—EHC philanthropic partner*

### ***Central Information and Exchange***

Expanding a mortgage product in diverse rural and urban markets can often be complicated by differing housing market conditions and prospective homebuyers’ varying financial characteristics. In addition, developing a product that operates outside the traditional mortgage ecosystem requires building new and untested financial infrastructure.

To effectively and systematically develop the Inspire100 product, HPN facilitates open dialogue through virtual and in-person convenings among EHC members to understand their experiences implementing the product. Interviewees noted that this trust building is critical to identifying barriers to extending the product in diverse markets and to assessing potential changes to the product terms to overcome them. These barriers and solutions are discussed in the following sections.

## Implementation Challenges

In the first year of launching the Inspire100 loan and liquidity strategy, EHC members encountered several challenges preventing the product from fully producing its intended outcomes.

### Underserved Populations

The Inspire100 product's borrower population appeared to match the population that the EHC intended to serve. But there are nuances. Notably, interviewees and loan data from Self-Help indicate that Inspire100 borrowers have above-average credit profiles, with a weighted average FICO score of 740. The typical FICO score of a first-time homebuyer with an GSE loan is 753, and the typical score for an FHA loan is 689 (Goodman et al. 2025a).

**“Sixty percent of our borrowers could have gotten a regular type of Fannie Mae or Freddie Mac loan, based on their profile... The investor was looking at it and saying, ‘Well, we may not have had to necessarily put this on our books and in portfolio and sold it to Fannie or Freddie.’”**

*—EHC lender*

Although this is a positive trend, these differences could partly reflect that access to the Inspire100 product is restricted to borrowers with scores of 640 or above. The concentration of mortgage lending among borrowers with high credit scores is still being investigated, as it may be attributable to other reasons. For example, many borrowers participate in prepurchase counseling before applying for the product, which may help boost applicants' credit scores.

### Loan Characteristics

Several aspects of the loan yielded complications for some lenders and borrowers. First, despite the Inspire100 product providing 100 percent financing, several lenders emphasized that borrowers still

had up-front cost responsibilities. Notably, the loan does not cover closing costs, which generally amount to 1 to 5 percent of the loan value, and the borrower must still provide \$1,000 of their own funds to have “skin in the game.”<sup>13</sup> Sometimes, the up-front obstacle is alleviated by the closing cost assistance lenders offer or by seller concessions, though the latter is less typical in a sellers’ market (when demand outpaces supply). Some interviewees noted that the issue of closing cost makes Inspire100 CDFI lenders vulnerable to competition from bigger financial institutions who are willing to provide more in closing cost assistance to meet their Community Reinvestment Act obligations or self-imposed mission-related goals.

**“What we’re finding is that many banks and many large mortgage companies are buying up the market. Because they know that there’s not a whole lot of inventory out there, and you have a lot of borrowers that are competing for the same homes...they’re just throwing free money at the borrowers...anywhere from like \$3,800 up to \$10,000...so as a CDFI, we can’t compete with that.... So that’s why I’ve really been trying to push with our committee and say, ‘Is there an organization that will help with the grant type of program to help with down payment assistance and closing costs?... That’s where you’re losing a lot of borrowers to.”**

*—EHC lender*

Furthermore, although the mortgage insurance waiver lowers borrowers’ monthly payments, many interviewees noted that the Inspire100 product is not necessarily more affordable than other market products because of adjustments in the mortgage interest rate used to compensate for credit risk. One lender noted that if rates on their conventional loans were 6.8 percent, their Inspire100 loan interest rate could be 7.2 percent for some borrowers. They noted that the optics of a higher rate can deter some borrowers from choosing the Inspire100 loan. On the rate subsidy, another interviewee observed that the purchase requirement in areas of economic distress to qualify for the CMF subsidy could reinforce economic and racial segregation patterns by encouraging low-income borrowers to purchase in low-opportunity neighborhoods.

Several aspects of the Inspire100 loan are inflexibilities that may limit access. For example, the DTI ratio cap is 45 percent, which is often still low in high-cost markets for low-income borrowers. In addition, borrowers are required to provide 12 months of on-time rental payment history (Choi et al. 2022).

**“Had it not been for the DTI [limit], we would be closing more Inspire100 loans. And where we have to work to find that solution is getting [borrowers] some purchase assistance to help bring down the DTI.”**

*—EHC lender*

Overall, given the products’ various provisions affecting the mortgage rate, contingent on eligibility for subsidy and risk adjustments, it can be difficult for lenders to price out the product and for borrowers to understand its advantages relative to comparable products.

## **Liquidity Challenges**

A few elements of the EHC’s liquidity strategy appear to complicate some participants’ functions in the ecosystem and thus limit the strategy’s effectiveness facilitating capital flows.

Limited expertise and administrative and technological capacity among the EHC’s existing and prospective CDFI members slowed the Inspire100 products’ deployment. Mission-based lenders possess critical expertise on serving their communities. But the loans they originate typically remain on their balance sheets. As a result, CDFI staff members may lack the human or financial resources to build infrastructure designed to engage with a loan purchaser, a servicer, or even secondary market participants. Fahe provided technical assistance—which incurred a cost beyond what they expected—to some lenders, helping them complete the documents they needed to facilitate lenders’ introduction to an innovative financial system.

Furthermore, the flow of capital from CDFIs to Fahe to Self-Help was constrained by an asset-liability mismatch, notably with respect to timing. For example, Fahe purchases the Inspire100 mortgages from lenders every one or two days. But they sell the loans to Self-Help, who holds these loans on their balance sheet, on a monthly basis. As a result, Fahe must often use its own capital or borrow through a warehouse line of credit to bridge the gap and purchase the loans before Self-Help pays for these loans. Self-Help maintains this monthly purchasing cadence because of operational constraints, including small staffing capacity.

## **Systemic Challenges**

Based on interviewees’ responses and analysis of housing and mortgage market dynamics, the success and sustainability of the Inspire100 product is likely affected by several systemic risks.

First, with continued inflationary pressures on household budgets and increasing concerns about unemployment, many homeowners, particularly those with high DTI ratios, are at greater risk of defaulting on their loans. These risks do not reflect the credit standards of the Inspire100 product. Rising delinquencies on FHA loans in 2025 indicate similar risks (Goodman, Zhu, et al. 2025). Credit risk on these loans may drive greater losses from Self-Help, Fahe, and CDFI originators, who have fewer capital reserves to absorb them than entities such as the FHA. During a recession, which would result in increased unemployment, these risks may be amplified.

The balance sheet mismatch Fahe faces introduced some risk. The timing of loan purchases compared with the timing of selling loans to Self-Help could affect its balance sheet. In this case, Fahe may use its own funding to purchase mortgages from other lenders. Because these costs are not recovered until the loans are sold to Self-Help, Fahe may have to borrow in capital markets or from another lender to support its daily operations. Amid higher interest rates, the cost of borrowing is elevated, which could stress Fahe's financial condition.

For homeownership generally, a shortage of housing supply—particularly of low-cost “starter” homes—may prevent prospective Inspire100 borrowers from purchasing a home, even if they qualify for financing. One consequence is that affordability is reduced because of elevated home prices. Lower affordability affects low-income households and, increasingly, moderate-income households. High-income households that do not have the financial capacity to purchase are also excluded from obtaining mortgage credit. In addition, in low-supply markets, buyers putting down 20 percent or more, cash buyers, or investor buyers often outcompete first-time homebuyers for available homes (Cornelissen and Harrison 2024).

## Solutions to Implementation Challenges

### Underserved Communities

Focusing on low-wealth households and communities allows the Inspire100 pilot to serve communities where potential homeowners have higher household incomes but little savings to afford a down payment or closing costs. Expanding the definition of underserved communities reflects real-world challenges. For example, the lack of housing supply has helped boost home prices. Higher home prices have constrained the ability of even moderate-income households—those whose income falls between 80 and 120 percent of area median income—to afford a home. In addition, because EHC lenders serve diverse populations, the Inspire100 product is available to both urban and rural communities.

## Product Characteristics

A key challenge the Inspire100 pilot faced is that philanthropic funding supporting the mortgage subsidy was not enough to meet the need. The mortgage interest rate can be reduced through funds obtained through the CMF and JPMC. A lower mortgage rate can improve both loan access and housing affordability. But rising home prices—and thus loan amounts—increased the amount of subsidy needed for each loan, quickly shrinking the subsidy available. As a result, the EHC ultimately limited the subsidy supported by its philanthropic partners by reducing it from 75 to 50 basis points and by limiting it to borrowers with incomes below 150 percent of the area median income.<sup>14</sup>

**“That cannot be a forever thing, because it’s not our role to permanently subsidize and buy down interest rates. It is a proof point to either think about how this product would perform in a better interest rate market.”**

*—EHC philanthropic partner*

In addition, although mission-driven CDFI lenders were well positioned to serve low-income and low-wealth communities, administrative challenges (e.g., staffing, technological infrastructure, and documentation requirements) slowed their readiness to deploy the product. In response, Fahe provided expanded technical assistance to support lenders with the infrastructure needed to sell loans to Fahe. The additional time was unanticipated at the beginning of the pilot but crucial to the program’s success.

The DTI ratio limit of 45 percent may inhibit the product from fully expanding access to low-income and low-wealth communities. Although the median purchase borrower would meet this requirement, the DTI limit may exclude some low-income and low-wealth communities that this product seeks to support. For example, mortgage applicants with the highest 10 percent of DTI ratios have DTI ratios of 52 percent (Choi et al. 2022, 6).

On the other hand, a high DTI ratio can amplify credit risk by raising the debt burden homeowners face, though the research on this is inconclusive. Some research finds that DTI ratio is not a strong predictor of mortgage default, while other research suggests the opposite (Golding et al. 2017).<sup>15</sup> This important conversation continues at the EHC and considers the risk tolerance of Self-Help and lender participants.

## Liquidity

Solutions to challenges affecting underserved communities, including the characteristics of originated loans, focus on the borrower, and the flow of capital to low-income and low-wealth communities. At the

same time, the function of the Inspire100 mortgage product depends on the sustainability of loan purchasers and services. This portion of the Inspire100 system ensures that lenders can sell their loans and that Fahe can adequately service the loan.

To address the balance sheet mismatch Fahe faces, RWJF provided a line of credit to Fahe using its program-related investments. The line of credit reduces the risk of the Inspire100 product to Fahe's balance sheet. And because RWJF is using its program-related investments for a mission-related purpose, the interest rate on the line of credit was set at a below-market rate.

## **Additional Challenges That Could Limit Impact**

Systemic risks affect the entire market and cannot be diversified away, potentially subjecting the credit risk holder to higher-than-expected losses. One systemic risk is a recession. A sustained economic contraction often corresponds with high unemployment, and homeowners who lose their job might not be able to repay their mortgage. During a recession, loan performance across all tradelines typically worsens.

To address systemic risk, EHC lenders provide prepurchase counseling, developing a borrower's financial literacy and credit profile and improving their resilience to financial shocks. In addition, the EHC is considering the use of postpurchase counseling to provide additional supports to Inspire100 borrowers.

The inclusion of manufactured housing as an eligible property financed by the Inspire100 product reflects other systemic challenges. Manufactured housing was originally excluded from the Inspire100 mortgage product, as its financing mechanisms are nuanced and can lead to complications. But manufactured homes represent an affordable housing option for sustainable homeownership amid a lack of affordable housing supply, and borrowers often experience difficulties financing these homes.<sup>16</sup> Through conversations and negotiations among lenders and Self-Help, manufactured housing, including both the home and the land, was approved as an eligible property type for the Inspire100 product.

## **The EHC**

The EHC is designed to effectively address challenges that arise with the Inspire100 pilot. Not every challenge is solvable or can be solved immediately, but HPN convenes the EHC to discuss these challenges and seeks a solution that meets its members' needs based on their role in supporting the pilot. Creating shared dialogue ensures challenges are addressed in ways align with the product's

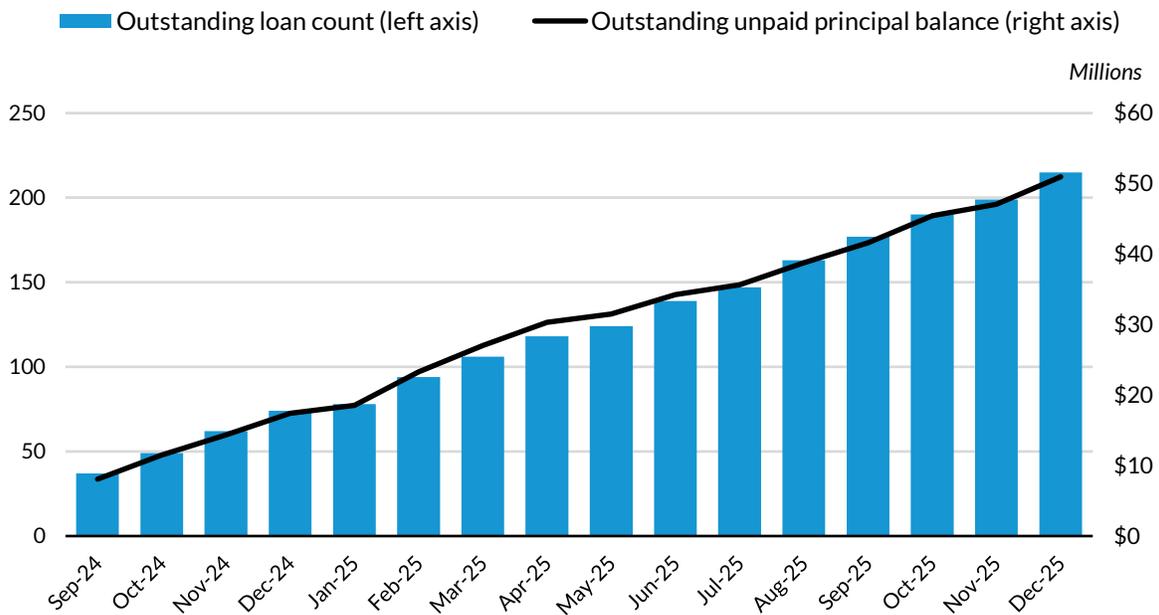
intended outcomes. More foundationally, HPN engenders trust among EHC members, including lenders, loan purchasers, servicers, and philanthropists.<sup>17</sup>

## Programmatic Outputs of the Inspire100 Pilot

Inspire100 lending activity has expanded over the past year. Between September 2024 and December 2025, 217 loans have been made, with a total volume of \$51.7 million. The average loan amount among outstanding loans is \$238,439.

The figure below shows accumulated originations over the first 15 months of the Inspire100 pilot. It shows 215 mortgages as of December 2025. Two loans were repurchased by their respective lenders and are no longer a part of the program. One loan was an underwriting defect that did not meet the product guidelines, and the other was attributable to early delinquency where the loan had become 120 days delinquent before making 12 consecutive on-time payments.

**FIGURE 7**  
**Inspire100 Loan Volume and Unpaid Principal Balance, Over Time**

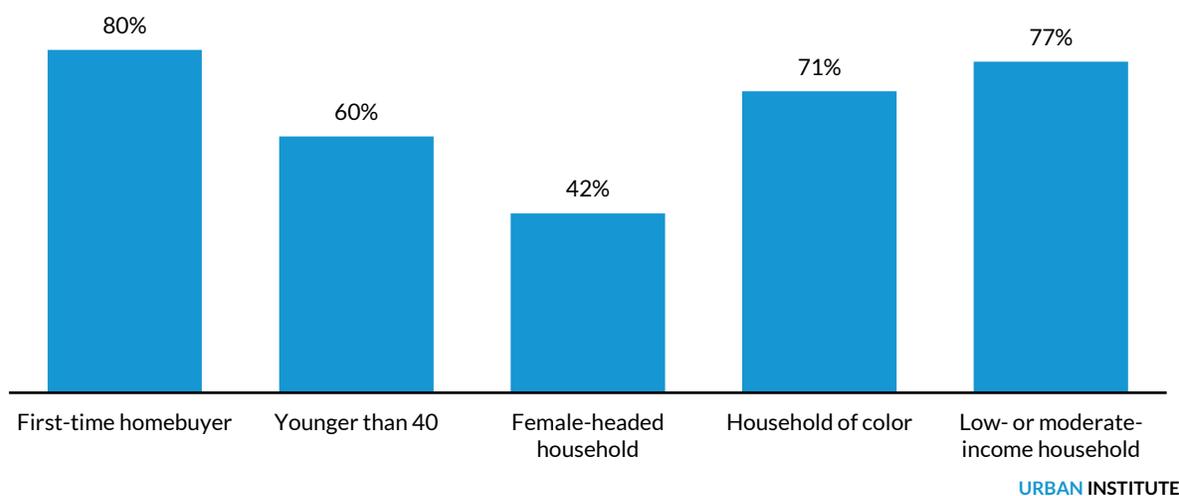


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Source: Self-Help Credit Union.

Of the 217 originated loans, 80 percent (174 loans) were originated to first-time homebuyers (figure 8). In addition, 60 percent of loans (130 loans) were originated for borrowers younger than 40. Seventy-one percent of loans were originated to borrowers of color (153 loans), at least 42 percent (91) were originated to female-headed households, and 77 percent (168) were made to borrowers with low or moderate incomes (i.e., earning below 120 percent of the area median income).

**FIGURE 8**  
**Share of Inspire100 Loans, by Borrower Characteristics**

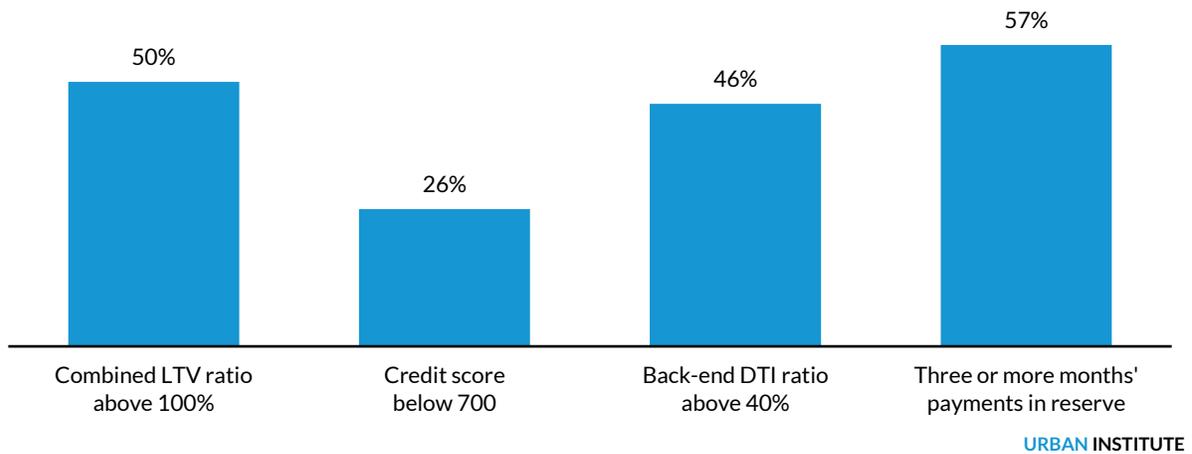


**Source:** Self Help Credit Union.

**Notes:** Low- or moderate-income borrowers have incomes up to 120 percent of the area median income. A household of color includes Black or African American households, Hispanic or Latino households, Asian households, Native American or American Indian or Alaska Native, households, and multiracial households. White households and households with race not provided ( $n = 4$ ) are not included. Female-headed refers to female primary borrowers and no coborrowers.

Of the 217 originated loans, about 50 percent (108 loans) have a combined LTV ratio exceeding 100 percent (figure 9). In addition, 46 percent (99 loans) have a back-end DTI ratio between 40 and 45 percent.<sup>18</sup> At the same time, 26 percent (56 loans) have a credit score below 700. Meanwhile, at least 57 percent of borrowers (123 loans) have three or more payments in reserve.

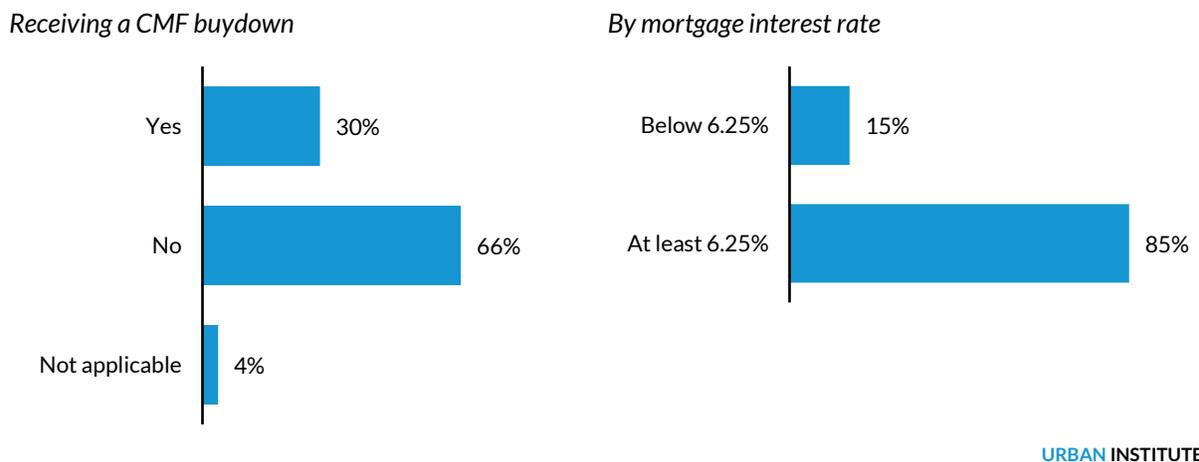
**FIGURE 9**  
**Share of Inspire100 Loans, by Borrower Characteristics**



Source: Self-Help Credit Union.

Of the 217 originated loans, 85 percent (184 loans) have a mortgage interest rate of at least 6.25 percent, approximately aligned with the US average 30-year mortgage rate in December 2025 (Goodman et al. 2025b). This largely reflects elevated mortgage rates in recent years. At the same time, the distribution of mortgage rates reflects the small share of Inspire100 loans that have received a mortgage rate buydown through JPMC support. In addition, 30 percent (66 loans) benefited from a CMF-supported rate buydown.

**FIGURE 10**  
**Share of Inspire100 Borrowers, by Interest Rate Characteristics**



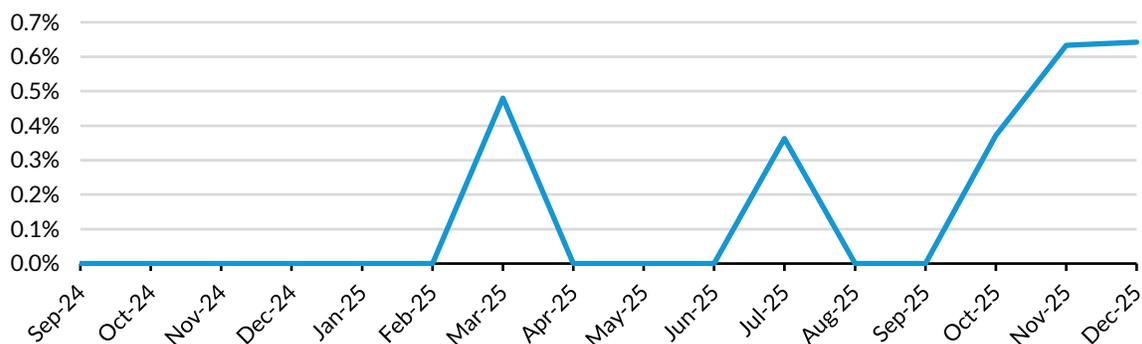
Source: Self-Help Credit Union.

Notes: CMF = Capital Magnet Fund. Not applicable refers to a home purchase that occurred in a place the CMF does not cover.

## Delinquency

Mortgage performance remains broadly solid (figure 11). Delinquency rates on Inspire100 mortgages have fluctuated over the past year but remain consistent with delinquency rates on loans that serve similar borrowers, such as FHA loans, or loans with similar loan characteristics, such as VA loans (table 5).

**FIGURE 11**  
**Serious Delinquency Rates for Inspire100 Loans**



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**Sources:** Self-Help and the Mortgage Bankers Association National Delinquency Survey.

**Note:** Serious delinquency is when payments are 90 or more days past due.

**TABLE 5**  
**Delinquency Rates, by Loan Channel and Quarter**

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Inspire100 loans	0.0%	0.0%	0.5%	0.0%	0.0%	0.6%
FHA loans	2.7%	3.1%	3.1%	2.9%	3.1%	3.8%
VA loans	1.7%	2.0%	1.7%	1.5%	1.5%	1.7%
All loans	1.1%	1.2%	1.2%	1.1%	1.1%	1.3%

**Sources:** Self-Help and the Mortgage Bankers Association National Delinquency Survey.

**Notes:** FHA = Federal Housing Administration; Q = quarter; VA = US Department of Veterans Affairs. Inspire100 delinquency rates are from September 2024, December 2024, March 2025, June 2025, and September 2025. Please interpret this table with caution. The period for the Inspire100 mortgages is a maximum of 15 months, while the maximum for FHA loans, VA loans, and all loans likely exceeds that. In other words, borrowers in these channels have likely had more time to miss three or more payments.

Although a small percentage of borrowers have missed payments, no homeowner has defaulted on their Inspire100 mortgage so far, and no foreclosures have been initiated. The overall positive performance on these loans may reflect the product's requirements for borrower reserves and recommendations for prepurchase counseling or Fahe's success working with borrowers to keep them from losing their home. Although foreclosure rates are low market-wide, 60-or-more-day delinquency

rates on Inspire100 loans in their first year are lower than for other channels. Still, with originations having only started in September 2024, it is worth evaluating changes in performance over the life of the Inspire100 loan.

In addition, most Inspire100 mortgages have a credit score at or above 700. A higher credit score correlates with a lower delinquency rate. Higher credit scores on Inspire100 mortgages may reflect the borrowers using this loan product, but they may also be attributable to prepurchase housing counseling.

## Forward-Looking Strategies to Support the Inspire100 Pilot

Participants in the Inspire100 pilot play important roles in originating, servicing, and purchasing Inspire100 loans, placing the credit risk on their own balance sheets. Through their efforts, the EHC has effectively built a small housing finance ecosystem of mission-oriented practitioners, remaining flexible to increase capacity as conditions warrant.

The Inspire100 pilot's structure and the solutions the EHC implemented suggest a positive impact on the number of homebuyers in underserved communities in the short term and expanded mortgage credit availability in the long term as more CDFIs join. The financial infrastructure the pilot created will likely strengthen and support greater financial inclusion in underserved communities.

These are a few opportunities that could enhance the impact of the Inspire100 mortgage. Driving sustainable scale could amplify the current product and ensure that its long-term goals—greater homeownership and intergenerational wealth transfer rates—are achieved.

### EHC Adjustments

First, the EHC could consider avenues to increase the DTI threshold while not increasing credit risk to further expand the Inspire100 mortgage's impact.

To expand, strategies to encourage more CDFIs to enter mortgage lending could further enhance its support of underserved communities. Supporting Fahe in identifying and onboarding new CDFI lenders participating in the Inspire100 mortgage pilot will also increase loan volume. But expansion may require additional capacity-building support for smaller and less experienced lenders.

In addition, the EHC could engage secondary market participants who could purchase securitized loans from Self-Help, including the GSEs Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System, as well as Ginnie Mae. Doing so would require demonstrating positive performance of the Inspire100 mortgage and its potential to reach underserved markets that may help meet their mission-related goals, such as their Duty to Serve requirements and affordable housing goals.

## **Policy Strategies**

Thus far, public policies and programs have helped support the Inspire100 pilot. For example, tax policy encouraging foundations to make program-related investments have facilitated low-cost capital from RWJF, which enhanced the Inspire100 product's liquidity strategy. In addition, financial assistance from the CMF has reduced costs for some homeowners at a time when housing affordability is low.

Additional public investments can enhance asset ownership and wealth building. For example, continuing financial and administrative support for the CDFI Fund would provide a baseline of certainty for CDFI lenders to continue originating loans and potentially encourage other lenders to expand their mortgage lending capabilities. The GSEs and Ginnie Mae should explore opening up secondary markets to the Inspire100 mortgage to enhance its liquidity and broaden its impact. If the product's strong performance continues, securities backed by Inspire100 loans may be attractive to investors.

## **Philanthropic Investments**

Philanthropic support played a key role in forming the Inspire100 pilot. The mission focus of philanthropy catalyzed a willingness to support a new product where one did not previously exist. In addition, low-cost and patient capital was critical to the pilot's overall functioning. Philanthropic support helped address the high mortgage interest rates Inspire100 borrowers experienced. The subsidy helps offset the risk premium Inspire100 mortgage borrowers paid.

But the amount of subsidy needed to buy down the rate to meet borrowers' needs appeared to exceed initial expectations. If mortgage nonperformance remains low, however, the need for the subsidy is lessened because the risk premium could be reduced, lowering the mortgage rate Inspire100 borrowers obtained. In addition, by reducing reliance on the subsidy, the Inspire100 pilot could become more self-sufficient. At the same time, demonstrating consistently high performance may encourage greater philanthropic support for the pilot.

## Addressing Research Gaps

Research has played a key role in developing the Inspire100 pilot. It has produced the evidence to support the theory of change and the logic model, which provide the program's foundational framework. In addition, research and analysis have documented the pilot's implementation, providing important insights to the housing and mortgage industries. Additional research should assess whether the Inspire100 mortgage is expanding access to borrowers with low credit scores or is lending to borrowers that otherwise would have received a loan elsewhere, counter to the pilot's theory of change. In addition, research can help refine the characteristics of the communities the pilot wishes to serve.

As this product's performance history grows, research can facilitate comparisons with other products. Research can also empirically examine the product features that allow for expanded access without significantly increasing the propensity to default. This research on performance characteristics could help initiate broader discussions on overcoming wealth obstacles to homeownership, amplifying the Inspire100 product as a key model, and exploring strategies to expand similar mortgage products across the country.

# Notes

- <sup>1</sup> Since its founding, HPN has been at the center of innovation to tackle national and international housing challenges. HPN's strategic framework revolves around members, systems, people, and housing and seeks to strengthen member impact and capacity, catalyze systems change, advance housing access and opportunity, and expand and preserve the supply of affordable homes. See "About," Housing Partnership Network, accessed February 26, 2026, <https://www.housingpartnership.net/about>.
- <sup>2</sup> See the website for the Equitable Homeownership Collaborative at <https://www.equitablehomeownership.org/>.
- <sup>3</sup> Liam Reynolds, Vanessa G. Perry, and Jung Hyun Choi, "Closing the Homeownership Gap Will Require Rooting Systemic Racism Out of Mortgage Underwriting," *Urban Wire*, Urban Institute, October 13, 2021, <https://www.urban.org/urban-wire/closing-homeownership-gap-will-require-rooting-systemic-racism-out-mortgage-underwriting>.
- <sup>4</sup> Laurie Goodman, Ted Tozer, and Jun Zhu, "Homeownership Has Fallen Further Out of Reach for Younger Families with the Lowest Incomes," *Urban Wire*, Urban Institute, March 17, 2025, <https://www.urban.org/urban-wire/homeownership-has-fallen-further-out-reach-younger-families-lowest-incomes>.
- <sup>5</sup> "Highlights from the Profile of Home Buyers and Sellers," National Association of Realtors, accessed February 26, 2026, <https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers#homebuyers>.
- <sup>6</sup> Kimberly Blanton, "The Down Payment Dilemma for Blacks and Hispanics," Center for Retirement Research at Boston College blog, April 20, 2023, <https://crr.bc.edu/the-down-payment-dilemma-for-blacks-and-hispanics/>.
- <sup>7</sup> Though not discussed here, the US Department of Veterans Affairs (VA) offers 100 percent mortgage financing to veterans (and in some cases, their spouses). These loans tend to have much lower denial rates than conventional loans for all homebuyers and have lower interest rates than other channels. See Laurie Goodman, Tood Hill, Jung Hyun Choi, and Daniel Pang, "VA Home Loans Have Several Advantages but Could Do More to Support Military Members Facing Financial Hardship," *Urban Wire*, Urban Institute, May 21, 2024, <https://www.urban.org/urban-wire/va-home-loans-have-several-advantages-could-do-more-support-military-members-facing>.
- <sup>8</sup> [2026–2028 Enterprise Housing Goals](#), 90 Fed. Reg. 47632 (Oct. 2, 2025).
- <sup>9</sup> The Equal Credit Opportunity Act prohibits discrimination in credit transactions on the basis of race, color, religion, national origin, sex, marital status, age, receipt of public assistance benefits, and exercise of rights under the federal Consumer Credit Protection Act. The Equal Credit Opportunity Act explicitly protects programs designed to provide credit on favorable terms to members of economically disadvantaged groups, which the Consumer Financial Protection Bureau has reaffirmed in rulemaking. See [Equal Credit Opportunity \(Regulation B\): Special Purpose Credit Programs](#), 86 Fed. Reg. 3762 (Jan. 15, 2021).
- <sup>10</sup> One of the EHC lending partners, Homewise, sells loans directly to Self-Help without Fahe as an intermediary.
- <sup>11</sup> The Capital Magnet Fund defines areas of economic distress as "census tracts identified by the CDFI Fund: (a) where at least 20 percent of households that are Very Low-Income spend more than half of their income on housing; or (b) that are Low-Income Housing Tax Credit Qualified Census Tracts; or (c) where greater than 20 percent of households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or (d) where greater than 20 percent of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10 percent; or (e) are Underserved Rural Areas as defined in the CMF Regulations" (CDFI Fund, n.d., 2).
- <sup>12</sup> Program-related investments are those a foundation undertakes to advance its core mission-related, tax-exempt purposes that would not have occurred but for the foundation's tax-exempt status. These investments

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are required to yield below-market returns on a risk-adjusted basis. Foundations often make program-related investments to meet their annual charitable donation requirements, usually 5 percent of their net assets. See “Program-Related Investments,” Internal Revenue Service, last updated October 9, 2025, <https://www.irs.gov/charities-non-profits/private-foundations/program-related-investments>.

<sup>13</sup> Jung Hyun Choi, Bryson Berry, Laurie Goodman, and Katie Visalli, “What Components Make Up Closing Costs?” *Urban Wire*, Urban Institute, January 6, 2025, <https://www.urban.org/urban-wire/what-components-make-closing-costs>.

<sup>14</sup> The EHC plans to explore different capital strategies to address the fast use of rate buydowns.

<sup>15</sup> W. Scott Frame, Kristopher Gerardi, Daniel Sexton, and Joseph Tracy, “Ability to Repay a Mortgage: Assessing the Relationship Between Default, Debt-to-Income,” Federal Reserve Bank of Dallas, March 24, 2020, <https://www.dallasfed.org/research/economics/2020/0324>.

<sup>16</sup> Laurie Goodman and Alexei Alexandrov, “Tenant Protections and New Lending Options Could Unlock the Manufactured Housing Market,” *Urban Wire*, Urban Institute, November 7, 2024, <https://www.urban.org/urban-wire/tenant-protections-and-new-lending-options-could-unlock-manufactured-housing-market>.

<sup>17</sup> Urban Institute research shows that building trust is critical to the functioning of a financial system (Zinn et al. 2023).

<sup>18</sup> The back-end DTI ratio shows what percentage of a person’s gross monthly income is used to pay for all monthly debt obligations, including housing costs, car loans, student loans, and credit card payments.

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# About the Authors

**Michael Neal** is a senior fellow in the Housing Finance Policy Center and a former equity scholar at the Urban Institute. Previously, he worked at Fannie Mae, where he was a director of economics in the Economic and Strategic Research Group. Before his service at Fannie Mae, Neal was the assistant vice president at the National Association of Home Builders' Economic and Housing Policy department. As a housing economist, Neal has an in-depth knowledge of housing market trends and has provided expert analysis and commentary on housing to media outlets around the country. Previously, he worked at Congress's Joint Economic Committee, the Federal Reserve System, the Congressional Budget Office, and Goldman Sachs. Neal has a bachelor's degree in economics from Morehouse College and a master's degree in public administration from the University of Pennsylvania. He also studied economics at St. Catherine's College, University of Oxford, and finance at Princeton University.

**Aniket Mehrotra** is a policy coordinator in the Housing Finance Policy Center. He conducts high-impact housing policy research, translates insights into actionable solutions for government and industry stakeholders, and oversees strategic initiatives and external partnerships. His expertise spans mortgage finance, racial disparities in homeownership, and policies aimed at expanding housing supply and affordability. Mehrotra graduated with honors with a BA in economics from the University of California, Santa Barbara.

**Bryson Berry** is a research assistant in the Housing Finance Policy Center. His research interests include housing policy, racial equity, and wealth inequality. Before joining Urban, Berry was a research assistant at the Minnesota Council of Nonprofits, where he helped analyze data and design a report evaluating the growth in the Minnesota nonprofit sector. He also completed an independent research project studying the Black-white wealth gap and presented his research at the UC Links International Conference at the University of California, Berkeley. Berry was a QuestBridge scholar and holds a bachelor's degree in economics and geographic information systems from Macalester College.

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