Shared Equity
STARTER HOMES FOR THE NEXT GENERATION

MY TAKE
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CLIENT CORNER
BY ARUP BANERJEE
CEO, WINDFALL DATA

DATA IN ACTION
NEIGHBORHOOD HOUSING INDEX
HEAT MAP

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The concept of shared equity may be a magical key that could open the homeownership door for millions of new buyers, and there's reason to think that it's time has come. More than 16 percent of all single family purchases in the first quarter of 2017 were to co-buyers, up from less than 15 percent in Q1 2016 and up from less than 14 percent in Q1 2015. Several innovative startups are working furiously to capitalize on this trend.

Windermere Real Estate Chief Economist Matthew Gardner explains why he believes housing supply will continue to remain tight at least until well into 2018. The Seattle-based economist provides four data-based reasons for his prediction, each of which has important implications for buyers, sellers, investors and real estate professionals.

Buying an investment property in a good neighborhood doesn't have to mean sacrificing high returns — if you know where to look and are willing to look outside your backyard. Among more than 1,000 U.S. zip codes with an A rating in the ATTOM Data Solutions 2017 Neighborhood Housing Index, the median sales price in 382 of those zip codes was under $250,000.

This interactive heat map allows you to view seven key factors impacting the quality of life and housing market strength — school scores, crime rates, affordability, home price appreciation, property taxes, environmental hazards, and unemployment rates — for more than 5,000 U.S. zip codes nationwide. Each zip code is assigned an overall neighborhood housing index score and corresponding grade from A to F based on a combination of those seven factors.
It might seem like a strange idea but buried in an old piece of legislation designed to help coal miners is a magical key which can potentially open the ownership door for millions of new homebuyers. The idea is called “shared equity” and there’s reason to think that it’s time has come.

More than 16 percent of all single family purchases in the first quarter of 2017 were to co-buyers — multiple, non-married buyers listed on the sales deed — up from less than 15 percent in Q1 2016 and up from less than 14 percent in Q1 2015, according to ATTOM Data Solutions.

A similar trajectory can be seen in the share of co-borrowers — multiple, non-married borrowers listed on the purchase mortgage or deed of trust — which accounted for 22 percent of all single family purchase loan originations in Q1 2017, up from 20 percent in Q1 2016.

What makes shared equity interesting? It’s an example of an old idea getting new life, an approach to real estate ownership which can help those who want to buy but lack capital or credit, investors who want more real estate activity but less hassle, and — listen up — maybe the last chance to free your rec room if you’re among the millions of parents who now have a Millennial living at home.

Traditionally the tax code has taken a dim view of shared ownership.
Either you were a resident owner or a nonresident owner; you could not have one owner who lived on the property as a resident and a second owner who took depreciation.

This arrangement discouraged not only investment but also family members from helping one another. However, in 1981 Congress amended the tax laws so that a single property could have two owners with two different occupancy statuses: a resident owner who occupies the property and an investor owner who does not. While designed generally to help family members own together, the provisions outlined in the Black Lung Benefits Revenue Act also allowed investors to own with unrelated parties.

With shared equity each owner treats the property for tax purposes to reflect their involvement. The resident owner — the owner-occupant — can deduct a portion of the mortgage interest and property tax costs while a non-resident — the owner investor — can deduct such expenses as mortgage interest, property taxes, repairs, and depreciation.

Why Now?
Millions of potential real estate buyers today linger on the sidelines, unable and often unwilling to purchase a home of their own. Despite remarkably low mortgage rates, ownership levels are falling and potential first-time buyers are losing interest.

Superficially it’s hard to see a problem; the real estate market is doing very well. The typical existing home sold for $263,800 in June, up 6.5 percent from a year earlier and was the “64th straight month of year-over-year gains,” according to the National Association of Realtors (NAR).

By any standard such sale and pricing numbers are impressive and surely good news for homeowners. However, a closer look at the marketplace shows that huge numbers of potential sales are being lost. In a new study for NAR, the Rosen Consulting Group “estimates that there are roughly 9 million more households that could afford to purchase the local median-priced home in 2016 than in 2007 based on household income.”

Brian Bailey, the Co-Founder and COO with California-based OWN home finance, p.b.c., estimates that the shared

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The equity market is now around $500 million in originated assets, and growing.

Bailey explains that shared equity “is becoming more legitimized as people begin to realize the value of deleveraging the home purchase. We’ve already seen great demand for shared equity, and as the capital markets increase support for the transaction, funding sources will become more available — growing the market even more for shared equity.”

**Shared American Dream**

It used to be that homeownership was the centerpiece of the American dream, evidence of financial success and a measure of social standing, but in recent years the homeownership rate has tumbled. The Q1 2017 homeownership rate was 63.6 percent, the same rate we saw in January 1968 and well below the 69.2 percent seen in 2004.

“All of us have heard the stories about Millennials living at home, renting, or sharing rooms,” said HUD Secretary Ben Carson. “And many of these people are creditworthy, but feel excluded from the possibility of homeownership. You can understand the frustration. It cuts across an entire age group.”

Actually, a lot of potential buyers are not frustrated at all; they simply don’t care. As the Census Bureau reports, “only a quarter of Americans think that moving...
out of the parents’ home is a very important part of adulthood.”

Homeownership rates are down for a variety of reasons (see sidebar on this page), but the bottom line is that for millions of Americans the traditional goal of homeownership is simply off the table. Increasingly what remains is the possibility of partial ownership — shared equity — a midway point between full ownership and a lifetime of renting.

How Shared Equity Works
What does it take to create a shared equity agreement? Here are the basics:

There must be a written shared equity agreement. This agreement must show the ownership percentage of each party as well as a number of specifics such as whether a partnership is being created, how title will be held (generally as tenants-in-common), how expenses will be allocated, what happens if one party wants to sell but not the other, and how title is handled in the event of marriage, divorce, or death. Importantly, ownership percentages are negotiable, there is no set or required arrangement.

There must be a strong commitment, at least 50 years. This sounds like a fearsome obligation, but according to DC attorney Benny Kass, a longtime real estate columnist with The Washington Post, “this does not mean that the shared-equity contract has to run for more than 50 years.

“As long as you rent the property for more than 50 years, or own the property outright (in “fee simple”), this satisfies the legal requirement,” Kass explains (parenthesis his).

A fair market rental must be established. With shared equity there are at least two owners, an owner-occupant and an owner-investor. Let’s say each has a 50 percent interest in the property. Let’s also say that the property has 2,000 square feet.

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You either become house poor through a potential mortgage, if you can get one, and sacrifice other aspects of life, or you forego a home to have the other necessities of life. Even if you are creditworthy, these are tough choices that effect future wealth creation through equity, future financial stability, and quality of life.”

BEN CARSON
SECRETARY OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Why are homeownership levels falling? Five barriers stand out.

Barrier #1: Stagnant Income. With rates so low it might seem as though affordability would be sky-high but that’s not the case. On one hand national home prices have risen for more than five years straight while on the other hand incomes have stumbled and tumbled.

“Stagnant wages have sliced the share of income collected by the bottom half of the population to 12.5 percent in 2014, from 20 percent of the total in 1980,” reports The New York Times. “Where did that money go? Essentially, to the top 1 percent, whose share of the nation’s income nearly doubled to more than 20 percent during that same 34-year period.”

It may be hard to believe but the median household income in 2015 was actually 2.4 percent lower than in 1999 according to the Census Bureau. For many the financial situation is even worse: real wages for half of all workers were frozen between 1980 and 2014 – a period of almost 35 years – according to economists Thomas Piketty, Emmanuel Saez, and Gabriel Zucman.

Barrier #2: Volatile Income. To make matters more complex, even those with jobs can experience significant monthly income variations. Such variations impact the ability to save.

“Income volatility is the result of broad shifts in the labor market,” according to an April report in the Harvard Business Review. “As employment in the service and retail sectors has grown, and dynamic staffing policies have spread, more workers depend on income from commissions, tips, and hourly work with fluctuating schedules. The unemployment rate has been low (under 5 percent nationally), but that doesn’t necessarily create stable incomes: Half of the volatility we saw was due to variation in the size of paychecks within the same job.”

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In this situation 100 percent of the property is used by the owner-occupant — but 50 percent of the property is actually owned by the investor. Shouldn’t the investor get some compensation for the 1,000 square feet he or she literally owns?

The answer is yes. The investor-owner is entitled to a fair market rental, in this case for half the property, something which can be established with help from such sources as a real estate broker or appraiser. If the fair market rent for the property is $1,600 than the investor-owner will get an $800 check from the owner-occupant each month.

The investor-owner now has rental income ($800 x 12 = $9,600 a year). This is income which must be reported for tax purposes. However, the investor-owner can also depreciate half the property and write off a proportionate share — 50 percent in this case — of the mortgage interest, property taxes, property insurance, and repairs.

The owner-occupant also gets tax benefits such as the right to deduct a proportionate share — again 50 percent in this example — of the mortgage interest and property taxes. (As this is written tax reform proposals on Capitol Hill might eliminate the property tax deduction in exchange for a higher standard deduction. Speak with a tax professional for details.)

In practice, a shared equity agreement might provide for the investor to collect all required money from the resident and

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tailored specifically to these out-of-the-box buyers.

The shared-equity concept is generally seen as having a resident owner, a non-resident owner, and two names on both the title and the mortgage. However, these emerging co-funding programs parallel shared equity but use different financing and ownership approaches.

Jim Riccitelli, Co-CEO of San Francisco-based Unison Home Ownership Investors, said his company offers programs in more than a dozen states for both purchasers and existing owners. With Unison the resident owner alone is on the title and the company obtains a profit or loss only when the owner elects to sell, an ownership term which can last as long as 30 years.

“Our Unison HomeBuyer program can double a buyer’s down payment cash, which can eliminate the need for costly mortgage insurance and significantly lowers the monthly mortgage payment (typically by 15-20 percent). This monthly payment savings can make it far easier to income-qualify for a mortgage loan.”

JAMES RICCITELLI
CO-CEO, UNISON HOME OWNERSHIP INVESTORS, SAN FRANCISCO, CALIFORNIA

Co-Funding Alternatives
While financing shared equity purchases is possible with traditional loan programs (see sidebar on Page 7), the out-of-the-box nature of buyers in need of equity sharing can make traditional financing a challenge. In response, a growing number of companies — most of them startups — are offering a new breed of equity sharing programs explained. “The client can use the capital for up to 30 years. Unlike debt-based programs, such as mortgages and home equity loans, there are no interest charges or monthly payments. Instead, Unison’s investors earn a return by sharing in the change in value of the home, up or down, when the homeowner decides to sell — up to 30 years later. As partners, we win or lose together. If the home value rises, the homeowner and the investor both profit. If the home value falls, both lose.”

Riccitelli said his program can significantly change ownership economics by helping buyers qualify more easily for mortgage financing.

“Our Unison HomeBuyer program can double a buyer’s down payment cash, which can eliminate the need for costly mortgage insurance in a way that makes home ownership a reality for more people.”

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Transaction Example

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mortgage insurance and significantly lowers the monthly mortgage payment (typically by 15-20 percent),” he said. “This monthly payment savings can make it far easier to income-qualify for a mortgage loan.”

Unison HomeBuyer can increase purchasing power by up to 100 percent and enable the buyer to comfortably afford the home they really want, according to Riccitelli.

“Millennials and first-time buyers who are burdened with high rent and student debt now have a way to become homeowners, and have greater choice over important considerations like commute, school district and home features,” he added. “For buyers who already have the required down payment in hand, a Unison HomeBuyer enables them to retain a significant portion of their cash.”

In addition to buyer financing, Unison can also work with existing owners.

“We also have a program called Unison HomeOwner which allows existing homeowners to unlock some of the equity in their homes without borrowing,” Riccitelli said. “Clients use the cash we provide in various ways, including paying off debt, remodeling their home, starting a business, paying for a child’s education or investing for retirement.”

Bailey, OWN home finance, p.b.c.’s Co-Founder and COO, explained that his company is a PBC – a public benefit company.

“A public benefit corporation is a relatively new type of legal structure that allows for the company to focus on social impact (and not just

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Traditional Financing Options for Shared Equity Purchases

Financing for shared equity transactions is widely available and from a number of sources, however requirements can differ.

**FHA:** Shared equity buyers can use FHA funding with as little as 3.5 percent down but standards differ for family and non-family investor owners.

First, HUD requires “all purchasers to be borrowers, unless the non-borrowing purchaser is a family member.” Second, financing with 3.5 down is only available when the occupying and non-occupying buyers are related. For a shared equity transaction with an arms-length investor the maximum loan-to-value ratio is 75 percent.

**Fannie Mae:** Fannie Mae will buy shared equity financing from local lenders that meets certain standards. Non-occupant borrowers may or may not have an ownership interest, says Fannie Mae, but they must sign the mortgage or deed of trust note. Sellers, builders, and real estate brokers with an interest in the transaction may not be non-occupant co-borrowers.

**Freddie Mac:** On July 6 Freddie Mac came out with new shared equity rules. The basic standards include requirements that both the owner-occupant and owner-investor must submit a mortgage application, financial statements and credit report; at least 5 percent of the purchase price must come from the owner-occupant. Another 5 percent must come from the owner-investor; all parties must be individuals and not corporations, partnerships or trust; and there can be no buy-out requirement for less than seven years.

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“shareholder returns),” said Bailey. “This is a very important part to our business, as we want to help low-to-moderate-income families (and other underserved communities) transition into homeownership to both realize the dream of homeownership and help build wealth.”

Bailey said that “shared equity helps ease some of the most significant barriers to homeownership bringing a new capital source to the table to overcome down payment requirements and deleveraging the home purchase. Instead of borrowing $380,000, for example, to buy a $400,000 home (assuming a 5 percent down payment), shared equity can provide an additional $60,000 toward the down payment — reducing the debt burden to $320,000. This improves home affordability by lowering the ongoing monthly payment through a lower principle balance and avoidance of costly PMI fees.”

Bailey noted that his company’s shared equity program helps improve the credit profile of a borrower. He provided the example of a mortgage with a 95 percent loan-to-value (LTV) and a 43 percent debt-to-income (DTI) ratio and 33 percent payment-to-income (PTI) ratio that with the help of an equity sharing agreement could look more like an 80 percent LTV with a 38 percent DTI and 28 percent PTI.

“So, with shared equity you’ll have a better credit profile with the mortgage loan, allowing those who previously might not have satisfied tight credit standards to now qualify,” Bailey said.

Under the OWN program Bailey said the home buyer “is listed as owner on title.}
OWN holds a performance mortgage (or deed of trust), so we’re a lienholder on title. There is no monthly rent (or other monthly debt servicing) associated with shared equity.”

OWN has a very interesting approach to sale profits. When the property is sold the share due to OWN is based on the property’s appraised value. However, if the transaction results in a sale price in excess of the appraised value then any surplus goes entirely to the homeowner.

Co-Buying
Given that we live in the Internet era there ought to be a way to help those with an interest in shared equity on a single site and now there is: CoBuy, “is an online platform that makes it easier to buy a home with one or more other people -- be it friends, family members, or both.”

Pam Hughes, CoBuy Co-founder, said that roughly 20 percent of the six million or so homes sold in 2016 involved unmarried couples and inter-generational households.

“When you include second homes, investment and commercial property, the market is formidable,” she said. “Easily 25 percent of the residential real estate market likely represents some form of shared equity.”

Seattle-based CoBuy does not act as a brokerage or as an investor-owner. Instead, said Hughes, the “platform helps would-be co-buyers determine pre-eligibility, build consensus and get connected with vetted professionals in the real estate value chain.”

Professionals can include lenders, real estate brokers, title/escrow agents, real estate attorneys, CPAs and insurance brokers.

As the population ages there is often the question of what to do with the current residence, perhaps a larger home. The common choices are selling to downsize and cut costs or the use of a reverse mortgage, but Hughes thinks there may also be a role for shared equity that allows owners to age in place.

Shared equity, said Hughes, “is an ideal way to ‘repurpose’ the large family

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home that the boomers own to enable younger generations to share in the benefits of ownership with people they know, love and trust. This helps the next generation build credit and provides an easy entry into homeownership.”

Pros & Cons
No type of investment is without risk and that surely includes shared equity. That said, shared equity offers an interesting series of twists.

For owner-occupants there is the comfort that with a strong financial partner a mortgage application will sail through the system, less cash will be needed at closing, and they may be able to purchase with more down.

For shared equity arrangements with relatives there’s the particular benefit of helping a family member. And, in some cases, the not-so-minor benefit of getting back the rec room.

From the investor’s perspective shared equity offers a number of advantages. There’s no manager because the property is self-managed. There are no vacancies. Worries about vandalism are reduced because the property is occupied. A big chunk of the cost and irritation associated with property ownership is eliminated because there is a resident owner. Seen another way, resident and investor interests are aligned. Resident owners will take care of the property because it is, literally, their property. They have an ownership stake.

When the property is sold any profits will be divided among the owners according to their agreed interests. And if there are losses they too will be divided. The net result is that neither profits nor losses are maximized, but there is less risk for both parties.

Housing As A Service?
The big negative is very simple: Are people willing to share? It seems that they are based on the trajectory of

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another foundational element of the American Dream over the past century: the car.

“We are on the cusp of one of the fastest, deepest, most consequential disruptions of transportation in history,” says RethinkX, an independent think tank. “By 2030, within 10 years of regulatory approval of autonomous vehicles (AVs), 95 percent of U.S. passenger miles traveled will be served by on-demand autonomous electric vehicles owned by fleets, not individuals, in a new business model we call ‘transport-as-a-service’ (TaaS).

The TaaS disruption will have enormous implications across the transportation and oil industries, decimating entire portions of their value chains, causing oil demand and prices to plummet, and destroying trillions of dollars in investor value -- but also creating trillions of dollars in new business opportunities, consumer surplus and GDP growth.”

While both auto and real estate ownership are surely traditional goals, we can see that the concept of car ownership is increasingly in flux. If that’s true for cars then why not for houses? Instead of a market where the realistic options are owning, renting, or living with Mom and Dad, there’s increasingly room for a new choice, shared ownership.

In a sense, shared equity can be seen as the gateway toward full ownership — first you gain equity through a shared purchase or financing and then if values rise you have the capital to purchase a replacement home on your own.

We can't guarantee that home values will rise, but we can say with some assurance that most people prefer to live indoors and that single-family home construction today is at roughly the same level as in the early 1960s when we had 125 million fewer people. The increased use of shared equity is one way to increase ownership by overcoming the financial limitations faced by millions of potential buyers while at the same time providing a new option for investors. It’s a new way of looking at real estate, and for some a plausible path to ownership that otherwise would not exist.”
HOUSING SUPPLY IS AN ISSUE THAT WILL NOT IMPROVE ANY TIME SOON AND HERE’S WHY

BY MATTHEW GARDNER
CHIEF ECONOMIST, WINDERMERE REAL ESTATE

There are two common concerns about the housing market that one hears from both consumers and real estate professionals alike. First, they question whether or not we are on the brink of another housing bubble, and second, they want to know why there aren’t more homes for sale.

I don’t plan on addressing the concern regarding a housing bubble in this article except to say that we are not currently in “bubble” territory, although affordability does concern me immensely. Today I would like to concentrate on the second question about the lack of homes for sale.

According to the National Association of REALTORS®, there were 1.96 million U.S. homes for sale in May 2017. When adjusted for seasonality, this falls to just below 1.9 million which is essentially the same level we saw back in 2000.

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Now consider that the country has added over 21 million new households during that same time period, and you can see why this is so troubling. It is worth noting that many of these new households did move into rental properties, but this still leaves the U.S. with a substantial housing shortfall, which explains why demand for homes is so high.

With the shortage of homes for sale, you would normally expect builders to meet this pent-up demand with new construction housing, but unfortunately, this has not been the case. In fact, new single-family housing starts are running at about 800,000 (annualized), and I believe we need starts to come in at over 1 million to satisfy demand – especially as older Millennials start to create households of their own and begin thinking about buying instead of renting.

We therefore have a quandary. Trust in the housing market has clearly returned, but there are not enough homes to meet the demand of buyers, and when a buyer does find a home, they are met with very stiff competition, which is driving prices increasingly higher.

So why are we in this position and how do we get out of it?

In reality, there is no single reason for the situation we are in today. Rather it is a number of factors that, when combined, suggest to me that the market will not return to equilibrium any time soon.

The first reason for the shortfall is purely demographic. As “Boomers” age, they are not following the trends of previous generations. Many are staying in the workforce far longer than their predecessors, and, as they are postponing retirement, they do not feel compelled to downsize. In fact, almost two-thirds of Boomers plan to age in place and not move even after retirement. Without this anticipated supply of homes from downsizing Boomers, there aren’t enough homes for move-up buyers, which in turn limits the supply of homes for first-time buyers.

Secondly, as a nation we just aren’t moving as often as we used to. When I analyze mobility, it is clear that people no longer have to relocate as frequently.

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to find a job that matches their skill set. There has been a tangible drop in geographic specificity of occupations. Where we used to move to find work, this is no longer as prevalent, which means we are moving with less frequency.

Thirdly, as mentioned earlier, builders aren’t building as many homes as they could. This is essentially due to three factors: land supply/regulation, labor, and materials. The costs related to building a home have risen rapidly since the Great Recession, and this is holding many builders back from building to their potential. Furthermore, in order to justify the additional costs, many of the homes that are being built are larger and more expensive, and this is no help for the first-time buyer who simply can’t afford a new construction price tag.

Fourthly, while the general consensus is that home prices have recovered from the major correction that was seen following the recession, this is actually not the case in some markets.

In fact, there are 32 U.S. metro areas where home prices are still more than 15 percent below the pre-recession peak. As equity levels remain low, or non-existent, in these markets, many would-be sellers are waiting until they have sufficient equity in their homes before putting them on the market.

And there is still one more issue that is certain to become a major factor over the next few years: interest rates.

Imagine, if you will, the country a few years from now when interest rates have normalized to levels somewhere around 6 percent. Now consider potential home sellers who are happily locked in at a mortgage rate of about 4 percent who are considering their options. Will they sell and lose the historically low rate that they currently have? Remember that for every 1 percent increase in rates, buyers can afford 10 percent less house. If they don’t HAVE to sell, their thoughts may lead to remodeling rather than moving.

I think that this is a very reasonable hypothesis which could lead us to see low inventory levels for a lot longer than many think.

With little assistance from the new home market, I believe we will suffer from low inventory levels until well into 2018.

Our best hope for a more balanced market lies with builders, so hopefully they’ll be allowed to do what they do best – build more homes.

MATTHEW GARDNER
As Chief Economist for Windermere, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew is the former Principal of Gardner Economics, and has over 28 years of professional experience both in the U.S. and U.K.
Buying an investment property in a good neighborhood doesn't have to mean sacrificing high returns — if you know where to look and are willing to look outside your backyard. Among more than 1,000 U.S. zip codes with an A rating in the ATTOM Data Solutions 2017 Neighborhood Housing Index, the median home sales price in Q1 2017 was $410,684 on average, but the median sales price in 382 of those zip codes was under $250,000, with 27 zips below $100,000. This low-priced housing inventory in quality neighborhoods translates into stellar returns with lower risk for home flippers and rental investors.

### TOP 5 SOLID NEIGHBORHOODS WITH BEST FLIPPING RETURNS

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### TOP 5 SOLID NEIGHBORHOODS WITH BEST RENTAL RETURNS

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LEVERAGING REAL ESTATE DATA TO IDENTIFY, UNDERSTAND AND ENGAGE AFFLUENT CONSUMERS

BY ARUP BANERJEE, CEO, WINDFALL DATA

What is your elevator pitch / 30-second sound bite for Windfall?
Based in San Francisco, Windfall is a data company that is changing the way data-driven organizations identify, understand, and engage affluent consumers. The company was founded by seasoned executives with deep-domain experience in data and data science. Utilizing deterministic data sets and proprietary algorithms, Windfall focuses on providing actionable consumer financial data.

Windfall models out the net worth of affluent consumers with more than $1 million in wealth. In addition to net worth, we also provide additional household-level data (we call them triggers /signals) so that our customers can analyze their existing customer base and acquire net-new customers through omnichannel marketing.

How does Windfall utilize ATTOM data?
Windfall processes billions of data points across 50+ data sources on a weekly basis. Since we update our models each week, we need to get the most up-to-date, accurate information possible. ATTOM sends Windfall data on a weekly basis with updates to both recorder and assessor records that we leverage in our machine learning models.

Since Windfall models net worth on a household level, real estate data is incredibly valuable to us to ensure
that we understand: (a) who owns the property (b) when it was purchased and (c) the details around the property (square footage, bedrooms, bathrooms, etc). All of this information is leveraged as we link properties together and model out net worth across our other sources.

It is incredibly valuable not only to understand the current ownership and individual data points, but we also get historical data from ATTOM. Understanding ownership changes across a property, and therefore the entire population, gives us the ability to become smarter with our models and build great new features off of timeseries.

How is the marketplace responding to Windfall’s products / services, specifically those integrating ATTOM data?

Windfall officially launched in July 2016, and since then we have amassed 200+ customers in sectors such as nonprofits, financial services, retail, hospitality, and automotive. Our team makes it as easy as possible for our customers to activate Windfall’s data. Specifically there are three uses cases that most of our customers fit into:

1. Identifying affluent customers / prospects in their database
When we match to a customer’s database or CRM, they are easily able to determine the affluent population and overlay any of the signals that we provide on a weekly basis.

2. Understanding their existing customers and prospects
By leveraging tools like segmentation, clustering, or machine learning algorithms, our customers get a deeper understanding of customers and prospects in their database. For example, many of our nonprofit customers leverage our data to find “hidden gems” in their existing dataset. These are individuals who may give $25 or $50 a year, but have the capacity to increase that gift to $250, $500, or more per year.

3. Engaging with consumers at the right time
Based on our net worth data and additional signals / triggers, our customers can change their messaging, strategy, or product being offered to different users. In addition, Windfall helps customers acquire net-new customers that fit their ideal customer profile through various channels including social marketing, digital advertising, and direct mail efforts.

CONTINUED ON NEXT PAGE
Windfall takes extreme pride in making sure our data is as accurate as possible. By building off ATTOM's deterministic real estate data, our team (and therefore our customers) are confident that our algorithms are built on accurate data.

Why did Windfall Data decide to use ATTOM Data Solutions?
When selecting a vendor, Windfall looks at several lenses: (a) sales process (b) price & term (c) customer service and (d) track record. The entire sales process was a pleasure since we were treated like partners versus prospects. Despite being an early stage start-up, the price, process and terms were all reasonable and happened in an organized and efficient manner.

In fact, given our process we entered into a multi-year partnership as both sides felt comfortable.

What has been your experience with the data delivery?
After initially getting set up, our data delivery has been consistent. We receive data on a weekly basis and have set up appropriate protocols to automate processing the data.

What has been your experience with the data quality?
As with any data vendor, data quality can never be 100 percent. Often times there are errors in the county records. ATTOM has been responsive in answering our questions and trying to resolve them to the best of their ability.

What has been your experience with customer service?
Similar to the data quality, there are certainly ups and downs associated with getting onboarded with a new vendor. While email generally is a good support mechanism, it isn’t the way that a lot of data questions can be answered. When we ran into more complex issues, ATTOM was very willing to schedule a call and help us work through the path to success. We hope that this level of customer service continues!

Windfall was founded by seasoned executives with deep-domain experience in data and data science. Utilizing deterministic data sets and proprietary algorithms, Windfall focuses on providing actionable consumer financial data.

By building off of ATTOM’s deterministic real estate data, our team (and therefore our customers) are confident that our algorithms are built on accurate data.”
The 2017 Neighborhood Housing Index created by ATTOM Data Solutions rates more than 5,000 neighborhoods nationwide based on seven factors impacting quality of life and local housing market strength — school, crime, affordability, home price appreciation, property taxes, environmental hazards and unemployment.

Although not included in the neighborhood-ranking index, this analysis also includes 2016 average home flipping returns and potential annual gross rental yields on single family rentals for 2017, providing insight for real estate investors as to the investment potential of a given neighborhood.

Use the heat map below to zoom into a given city or metro area to view the distribution of high-rated and low-rated neighborhoods in that area. Float over the circle for any given neighborhood to view the details on each of the seven factors above.

If you’re interested in the underlying data behind this heat map, contact ATTOM Data Solutions at datasales@attomdata.com or 800-462-5125.

CLICK HERE TO VIEW INTERACTIVE VISUAL

2017 NEIGHBORHOOD HOUSING INDEX HEAT MAP

2017 NEIGHBORHOOD HOUSING INDEX

NEIGHBORHOOD HOUSING INDEX GRADE  ★ A ★ B ★ C ★ D ★ F
Housing News Report is a monthly publication dedicated to helping individuals and institutions succeed by providing them with timely and relevant information about the residential real estate market.

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