

Data & Design FAQs

What are some examples of SPCP credit interventions or policy changes?

Below are some sample credit interventions to aid in your SPCP planning:

Finding: Population has significantly lower savings and cash-assets than others in the same geographic area.

Desired Intervention: Overcome down payment and closing cost barrier to mortgage credit for home purchase.

Sample Credit Policies:

- SPCP that provides for Down Payment and/or Closing Cost Assistance for 2-5% of the purchase price. Soft seconds and other terms optional.
- SPCP that provides lower reserve and/or asset requirements.

Finding: Racial/ethnic group(s) found to have higher debt to income ratios at application, leading to higher denial rates.

Desired Intervention: Increase ability to approve mortgage loan for particular identified groups, while current product standards have lower DTI thresholds.

Sample Credit Policies:

- SPCP with higher DTI limits; perhaps the maximum allowed by investor, and/or one that may also require manual underwriting.
- SPCP with longer terms; perhaps the maximum allowed by investor.
- SPCP with discounted rate to lower payment and qualifying DTI.

Finding: Racial/ethnic group(s) found to have lower rates of application for a mortgage than other populations in a geographic area.

Desired Intervention: Increase applications from minority group within specified geography.

Sample Credit Policies:

- SPCP with below market interest rate in majority minority census tracts or other targeted area.
- SPCP with closing cost credits and rate enhancements for targeted geography and specific racial or ethnic group(s).

Finding: Areas or populations are found to have higher declines than others nearby due to collateral or home condition.

Desired Intervention: Facilitate the necessary rehabilitation of properties with minority borrowers or areas to increase likelihood of approval for credit.

Sample Credit Policies:

- SPCP rehab-to-perm program designed with bridge financing focused on property conditions preventing collateral approval.
- SPCP that provides borrower with assistance to make necessary repairs prior to closing.

Finding: Credit and DTI are shown to be the highest reasons for decline with increased likelihood for specific racial or ethnic groups.

Desired Intervention: Provide a program that breaks the cycle of higher cost lending and allows for more applications to be approved.

Sample Credit Policies:

- SPCP that uses alternative credit data or trade lines in underwriting (with investor approval).

- SPCP designed to provide the lowest market interest rate with no loan level price adjustments for credit score – also lowers DTI.
- SPCP that has higher total DTI allowed (with investor approval).

Federal regulators play an important role in combating predatory lending under their duties to assess compliance with and enforce federal civil rights laws among lending institutions. Under these duties, regulators are careful to monitor any SPCP program to ensure it is not designed to obfuscate otherwise discriminatory and predatory lending practices, and instead that it properly advantages participants in design and through implementation.

Do I need a variance from the GSEs to sell them a loan originated under an SPCP?

A lender can create a SPCP that otherwise complies with GSE guidelines and requirements, perhaps by lifting overlays specific to the lender. In this case no variance or advance notice is required as the loan is within the GSE credit box and complies with general delivery requirements. If the SPCP design contemplates extending credit beyond the current GSE credit box or includes a product feature not currently allowed than a variance is likely required and must be requested.

Note that in some instances down payment assistance is allowable without variance by the GSEs, particularly those provided by non-profits or government actors. For questions on variance requirements related to lender-provided DPA as part of SPCP plan, lenders are encouraged to reach out to

their Account Representative at the appropriate GSE.

What if we don't want to share our internal data and bring attention to it if it shows lending deficits?

A determination that a SPCP will benefit a class of people who would otherwise be denied credit or receive it on less favorable terms can be based on a “broad analysis using the organization’s own research or data from outside sources, including governmental reports and studies.” [See CFPB for this section.](#)

This determination is often largely based on publicly available information. Moreover, SPCPs do not imply the lender’s practices to date have been unlawful or even unique in the industry: According to the CFPB: “The fact that a for-profit organization identifies a need for a special purpose credit program based on an analysis of its own data does not, by itself, create an inference or presumption that the organization has engaged in unlawful credit discrimination.” That said, the CFPB makes clear that there should be a “nexus” between the identified need and the lender’s standards.

In other words, “[t]he for-profit organization must be able to show a connection between the research or data informing its analysis and the fact that, under the organization’s customary standards of creditworthiness, a class of persons probably would not receive credit or would receive it on less favorable terms.”

How can we build an SPCP if we don't have a portfolio or balance-sheet lending?

While banks may act as their own investors, IMBs will need to work within the credit box agreed to with their investor channels. We look forward to adding GSE guidance to this toolkit when released and remind lenders that they have a range of options available today within the credit box for building a SPCP.

What does the SPCP needs analysis entail?

This toolkit has a SPCP Sample Needs Analysis Checklist and several slide decks on data analysis for SPCP planning as well as a Straw-Lender and Sample Market sample analysis. In general, the analysis looks at areas, products, and people pertinent to the given lender; determining needs and who/what areas will benefit from the SPCP, along with the interplay of the products and offerings of that lender as they relate to those needs.

Related Resources

Why SPCPs are needed



Background, historical perspective, changing demographics, and current gaps.

Compliance and Monitoring



Sample checklist, resources, and case study for SPCP using market and lender data.

Data Analysis Examples



Sample checklist, resources, and case study for SPCP using market and lender data.