Creating a Marketplace:
Information Exchange and the Secondary Market for Community Development Loans

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Research Overview

Problem

• Information gap

• Lack of infrastructure
Research Overview

Potential Solutions

• My Space
• Speed dating
• Match.com
Communication Channels and Secondary Markets

Community Development Organizations

CD Lenders

Investors
The Common Concern
Intermediaries make it work
Capital Financing Models

Lending to the Lender

- Assets on balance sheet
- Full recourse to investor
- Institutional data

Development of Secondary Market

Purchasing from the Lender

- Assets off balance sheet
- No recourse to investor
- Portfolio/loan level data
Engaging in Secondary Markets

Data on the lending organization + Data on specific loans & underlying assets

Current approach New approach
How can we best connect lenders and investors?
Functions of Electronic Marketplace

- Match buyers and sellers
- Facilitate transactions
- Provide institutional infrastructure

Phase I - Connection

• Match
• Rule out
• Contact
Phase II – Full Disclosure

- One-on-One
- Loan/Portfolio level
- Static Pool Analysis
Platform Facilitates Phase I Connection

- Insufficient volume
- Maintain data privacy
- Increase exposure
Infrastructure policy & design

- Host
- Access
- Education
Infrastructure policy & design

- Whole loans
- Attract users
- Data freshness
Key Questions to Ask

1. Who are the “buyers” with appetites for community development loans?
2. What data do the first-buyers need to see in order to participate?
3. When is the optimal time to engage the buyer?
4. What is the best way to attract buyers to an online platform – what incentives does the tool need to provide?