



THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

2017 FEDERAL POLICY AGENDA



NAREB History



After World War II, the nation found itself facing a mood of deep-seated social segregation it could no longer tolerate or afford. Yet the south confidently proclaimed itself to be the new plus ultra (uppermost limits) of southern intolerance. Thus, was born the Civil Rights movement- a period of the most difficult but necessary struggle to topple the crumbling walls segregation had erected between Americans who had fought and died together.

The post-war years indeed gave African Americans inspiration, confidence, strength and hope for a better America. The United Nations had been formed, and Ralph J. Bunche had become the United Nations Division Trustee. African Americans were gaining better paying jobs, and the Supreme Court had finally passed a ruling that restrictive covenants and private agreements to exclude persons of designated race from the ownership of real property were not enforceable under the law.

Although the lives of African Americans were now changing for the good, and a few victories had been won, schools were still segregated under the "separate but equal" theory, and equal housing had yet to become a reality. This is what drove the men and women who met in Tampa, Florida on the sweltering night of July 29, 1947, to form the National Association of Real Estate Brokers- NAREB.

These twelve pioneers, one woman and eleven men hailing from seven states across the country are NAREB's recognized founders.

Nannie Black, Detroit, MI
Macco Crutcher, Detroit, MI
Carleton Gains, Detroit, MI
W.D. Morrison, Jr., Detroit MI
O.B. Cobbins, Jackson, MS
W.H. Hollins, Birmingham, AL
George W. Powell, Jacksonville, FL
J.R. Taylor, Miami, FL
F. Henry Williams, Jacksonville, FL
Horace Sudduth, Cincinnati, OH
J.W. Sanford, Oklahoma City, OK
A. Maceo Smith, Dallas, TX

On this night, these people dedicated themselves to fair housing for all. They began by electing temporary officers as follows:

W.D. Morrison, President
Horace Sudduth, Vice President
W.H. Hollins, Treasurer

Word soon spread and NAREB's first convention was held at the Convention Hall in Atlantic City, NJ, on July 19-20, 1948. It was a resounding success- a moment of synergy when men and women from across the country were able to come together to voice their opinions as one and to take a stand against inequity and injustice.

Since then, NAREB and its member REALTISTS have gone on to win victory after victory in support of equal housing opportunities for all. We are an association proud of our past, relentless in our struggle, and 100% dedicated to REALTIST creed- Democracy in Housing.





THE TWO MILLION NEW BLACK HOMEOWNERS PROGRAM



THE TWO MILLION NEW BLACK HOMEOWNERS IN 5 YEARS PROGRAM

The National Association of Real-Estate Brokers (NAREB) Two Million New Black Homeowners Program includes the following five key points:

1. The Initiative, created by NAREB President Ron Cooper, is a five-year programmatic effort that will grow and expand under the next three presidents of NAREB.
2. The Initiative will be data driven, marking the beginning of a comprehensive database created and managed by NAREB. This database will measure metrics concerning Black home buyers, Black real-estate professionals and macro and micro-economic trends in the Black community.
3. The Initiative's programs include the following activities that support NAREB's mission of Democracy in Housing:
 - a. Advocacy for the Black homeowner;
 - b. Activism for access to credit and policies that support increased homeownership; and
 - c. Action-based community outreach that raises awareness and educates communities across the country of the important role homeownership plays in closing the wealth gap in the Black community
4. The Initiative's tag line is "Black Homeownership Matters" signifying the importance of homeownership, financial stewardship, asset accumulation and building Black wealth through homeownership.
5. Measurement of the Initiative's progress will focus on victories such as:
 - Increasing homeownership in the Black communities over five years
 - Increasing the size and scope of Black business in real-estate
 - Strengthening the foundation of Black wealth through land ownership
 - Raising the awareness of the important role homeownership plays in wealth creation in the Black community

For further questions please contact NAREB National Office at 301-552-9340.





Overview

The National Association of Real Estate Brokers (NAREB) has launched the *Two Million New Black Homeowner Initiative* (Initiative). The Initiative, created by NAREB President Ron Cooper, is a five-year programmatic effort that will build, grow, and expand under the leadership of the next three presidents of NAREB. The elements of this effort must align with federal policies and programs that promote democracy in housing and prevent practices and consequences that affect historically underserved communities disproportionately and adversely. The discussion that follows addresses policy issues that currently serve as impediments to home ownership.

- **Non-Performing Loan Sales (NPL Bulk Sales)**

Issue: Over the last five (5) years or so years, HUD, Fannie Mae and Freddie Mac executed a policy of the sale of non-performing loans in their portfolio to primarily Wall Street hedge funds. The properties effectively have been taken out of the market place as a possible sale and returned as a Wall Street owned rental property. This has reduced the inventory in high demand markets. This practice is prevalent in communities that were most affected by the housing crash and subsequent loss of wealth.

Problem: By not bringing these foreclosed properties back to the open market, prospective buyers are deprived of the opportunity to buy property and recreate loss wealth through home ownership in the communities of their choice.

Recommendation: As these properties foreclose, they should be resold on the open market with owner occupant buyers having first look and opportunity. We also encourage the use of local broker participation in the resale listing process

- **Restrictive Underwriting and Lending Practices**

Credit Scoring

Issue: We need implementation of a scoring method for non-traditional credit borrowers.

Problem: Timely rent, utility and other monthly obligation payments should have a method of consideration that can be utilized in the highly automated loan approval process. Lenders use automated underwriting systems (DU/LP) which require a digitized credit score to make an approval decision. Rent payments and the like are not reported to credit bureaus and as such are not part of credit scoring unless they are negative such as an eviction and judgment.

Recommendation: We recommend implementation of the Vantage scoring model as well as the most recent fico scoring models.

Loan Level Price Adjustment (LLPA's) and Risk Based Pricing

Issue: Beginning in April 2008, the GSE's changed pricing structure and began pricing mortgages based on things like FICO score and loan to value.



Problem: Prior to this change, if a borrower met the minimum threshold for approval then all interest rates and cost were the same as everyone else. Now, if your credit is on the lower end of the approval threshold, your cost is prohibitively higher than a borrower with a higher score. If you have less capital as a down payment, you have to pay additional fees. This tends to affect Black and other minorities disparately. Based on racial inequities in employment, income and wealth, this policy is unfair, reduces affordability and restricts access to home ownership.

Recommendation: We applaud Fannie Mae for the efforts to reduce costs by limiting LLPA's in their new Home ready product. We recommend this effort and approach be taken by Freddie Mac and HUD to address risk based pricing and its impact on affordability.

FHA MIP and MMI Cost

Issue: Currently FHA charges 1.75% of the loan amount as an upfront fee (MIP) and .85% of the total loan amount (MMI) on a monthly basis.

Problem: These fees make it costlier for historically underserved borrowers/homeowners to become homeowners.

Recommendation: Given the implementation of the monthly FHA insurance being collected for the life of the loan and the current viability of the FHA reserve requirement of 2%, we believe that it is time to reduce the cost of FHA financing to traditional levels. Traditionally, the MIP was 1.25% and the MMI was .50%. This would restore affordability to thousands of potential homeowners.

- **Down Payment Assistance Programs and Strategies**

Issue: Currently in many US cities, the average rent payment matches or exceeds the average mortgage payment on the same type house.

Problem: Many American renters could be home owners today, if there was access to and widely disseminated information regarding down payment assistance programs.

Recommendation: Work with NAREB and other stakeholder groups to ensure broader dissemination of and access to information that educates potential homeowners. Also, there is a need for expansion of down payment assistance financing and grants to homebuyers.

- **Correct Messaging**

Issue: In our communities, there is fear resulting from the wide spread and disproportionate loss of homes. There has been a subliminal message that renting is better than buying. This needs to change.

Problem: Per a 2015 study by the Pew Research Center: "even after the recession, studies show that homeownership remains the source of most family wealth in the United States, particularly for low income people".

Recommendation: We need the messaging to change from the top down. It is important that HUD, Fannie Mae and Freddie Mac create advertising that promotes the benefits of sustainable home ownership.

Should you have any questions or concerns, or require additional assistance from NAREB, please contact Ron Cooper, NAREB President or Antoine Thompson, NAREB Executive Director at (301) 552-9340.





Current NPL Practices Need Reform

Issue

Continued and more robust efforts are needed to reform practices related to the disposal of non-performing loans (NPL) to stabilize inner-city communities and prevent untimely foreclosures and ensure the fair and reasonable participation of non-profits and minority and women-owned businesses.

Why NAREB is Concerned

The volume and frequency of NPL sales are increasing. It is critical for proactive steps to be taken to provide non-profits and others sufficient “First Look” opportunities, prior to private investors having an opportunity to capitalize on the sales.

Background:

The US Department of Housing and Urban Development (HUD) has sold more than \$17 billion worth of non-performing loans in the last five years—about 95 percent of which were sold to private investors. Fannie Mae and Freddie Mac have intensified their efforts to sell non-performing single-family mortgage loans in the last year. Since July 2014, Freddie Mac has sold approximately \$4.5 billion worth of NPLs through seven bulk sales. Fannie Mae completed its first bulk NPL sale in April including mortgage loans totaling \$786 million in unpaid principal balance. (*DS News, September 30, 2015*).

While federal housing officials, for the most part, have welcomed the new financial investors (such as: private equity firms and hedge funds), the investors in these NPLs are too quick to push homes into foreclosure and are even less helpful than banks and mortgage lenders when negotiating with delinquent borrowers. We believe that these sales to private investors have helped continue the destabilization of inner city neighborhoods and prevent the rebuilding of wealth by those who were most impacted by the housing crash.

Recent Developments

Some progress has been made with HUD and FHFA. In January, 2016, Fannie Mae announced the sale of the second “Community Impact Pool” of NPLs to encourage participation by smaller investors, non-profits organizations and minority- and women-owned businesses. Additionally, HUD and the Federal Housing Administration (FHA) are attempting to make better use of the Distressed Asset Stabilization Program (DASP) and now require the buyer of loans to delay foreclosure for at least one year.

We applaud the efforts of Senator Elizabeth Warren and Congressman Michael Capuano who continue to reach out to HUD and the Federal Housing Finance Agency (FHFA) urging them to stop selling delinquent mortgage loans to private equity firms. We agree with Senator Warren and Congressman Capuano that non-profits would be more likely to engage in the loss mitigation process with borrowers and prevent foreclosure.

Recommendations

As these properties foreclose, they should be resold on the open market with owner occupant buyers having first look and opportunity. We also encourage the use of local Broker participation in the resale listing process.

We also believe that more needs to be done immediately to ensure that non-profits, minority- and women-owned business and community groups are provided robust and reasonable opportunities to participate in this process.



Loan Level Pricing Adjustments (LLPAs) Need to be Lowered or Eliminated

Issue

Efforts are needed to reduce or eliminate LLPAs charged by Fannie Mae and Freddie Mac so that homebuyers, particularly first-time homebuyers who do not have high down payments, can afford to buy homes. LLPAs change both the cost and the accessibility of mortgage loans for the buyers; drive up the cost of homeownership; and create another hurdle for underserved borrowers.

Why NAREB is Concerned

Homeownership in the country continues to slip. Overall, the homeownership rate in the US is currently 63.6 percent (U.S. Census, First Quarter Report on Homeownership, 2017). The rate among whites is 71.8 percent; Blacks, 42.7 percent; Hispanics, 46.6 percent and other races including Asians, 56.8 percent. According to Harvard University's Report on The State of the Nation's Housing 2014, one of the factors for the drag on the mortgage market recover is the high cost of credit. Since 2009, guarantee fees have increased significantly, and in 2008 Fannie Mae and Freddie Mac instituted LLPAs, another cost to the consumer, that have a disproportionate impact upon minority communities. The Harvard report also notes that people of color will account for three-quarters of household growth over the coming decade. GSEs must be proactive in ensuring that current and emerging policies do not cause unintended consequences, or otherwise adversely affect populations that soon will comprise a collective majority in the US.

Background

In 2008, Fannie Mae and Freddie Mac introduced LLPAs. LLPAs are upfront fees paid by lenders based on loan-to-value ratios (LTV), credit scores and other risk factors, which are in turn, passed on to the borrower. In 2013, the GSEs announced that they were raising these and other fees to encourage the private capital to reenter the mortgage market. Now, anyone borrowing more than 60% of their home's worth takes an extra hit and in some cases these hikes are quite severe. With the increase, a home buyer with a 720-739 score who borrows \$200,000 and puts down 10% faces a 1.25% increase (\$2,500), and that's just in the up-front fees, not including the increase in the ongoing fees (Mortgage News Daily, "Mortgage Rates to Take Big Hit from Fee Hikes", December 17, 2013). Less than one-third of Americans have credit scores above 766, and one third have scores below 660. The average credit score for all Americans is 700.

These policies restrict access and potentially have a disparate impact on the communities Fannie Mae and Freddie Mac were authorized to serve.

Recommendation

We recommend that appropriate policies be adopted that eliminate LLPAs and make access to homeownership more affordable and equitable for all Americans, particularly underserved communities.

We applaud Fannie Mae for their efforts to reduce cost by limiting LLPAs in their new Home Ready product. We recommend this effort and approach be taken by Freddie Mac and HUD to address risk based pricing and its impact on affordability.





Talking Points: Opening the Credit Box

Background: By historical standards, mortgage lending remains very tight, even as the nation further recovers from the effects of the Great Recession. Tight mortgage underwriting is most evident in the high credit scores lenders require from households receiving a loan to purchase a home. The average score of households receiving purchase mortgage loans from Fannie Mae and Freddie Mac rose to a high of 766 in June 2013. A decade prior, before the housing bubble, average credit scores were approximately 50 points lower. In 2013, Federal Housing Administration (FHA) borrowers had an average credit score above 700, also about 50 points higher than in the years before the recession.

Lending to households with lower credit scores also has fallen sharply. Only 10 percent of purchase loan borrowers during 2013 had scores below 660, and virtually no one had scores below 620. Prior to the housing bubble, typically closer to one-fifth of borrowers had sub-660 scores.

Recommendation: Legislative policies should be pursued that ensure that access to mortgage credit remains robust for the class of prospective borrowers who have been largely left out since the advent of the housing crisis. Current policies from the Federal Housing Finance Agency (FHFA) which serve to open the credit box, including consideration of alternatives to FICO scores, also should be supported and bolstered.

We recommend implementation of the Vantage scoring model as well as the most recent FICO scoring models.

Issue

Lack of Access to Mortgage Credit Hurts Traditionally Underserved Minorities

Per a recent study conducted by the U.S. Census Bureau, 27.6 percent of Black applicants for conventional mortgage loans were denied in 2013, while 21.9 percent of Hispanic individuals were turned down during the same time. White applicants were denied only 10.4 percent of the time. Unsurprisingly, minorities fared better when seeking government-backed FHA loans. Per the same study, the homeownership rate in the U.S. is 63.6 percent overall. The rate among whites is 71.8 percent; Asians, 56.8 percent; Blacks, 42.7 percent; and Hispanics, 46.6 percent.

To provide additional context, less than one-third of Americans have credit scores above 766, and one-third have scores below 660. The average credit score for all Americans is 700. The recent tightening in underwriting through higher credit scores is even more stringent than the data suggest, as the same score represents a lower credit risk today than it has in recent history. As one would expect, the credit scores lenders will accept for a mortgage loan determines the size of the pool of eligible borrowers. Every 10-point reduction in the required average credit score increases the pool of potential mortgage borrowers by just over 2.5 percent.

In recent years, there have been calls for the GSEs to, among other things, update their use of FICO scores. When asked about the use of alternative credit score models, Freddie Mac CEO Donald Layton said that offering alternate credit solutions to the FHFA to consider is on Freddie Mac's 2015 scorecard and he intends to complete the task by the end of the year. At that point, FHFA will determine if the new modeling systems are appropriate.



FHFA Director Mel Watt has expressed dissatisfaction with the fact that “a ding on the credit” may prevent mortgage lending to otherwise credit-worthy borrowers. Further, Watt’s recent approval of 3 percent down payment options at the GSEs demonstrates that FHFA wants to see the credit box open, and a shift toward alternatives to FICO scores provides potential support for that desire.





NAREB Leadership



Ron Cooper, NAREB President

Ron Cooper is the founder of R.S. Cooper & Associates Realty, a real estate brokerage firm that specializes in the marketing, management and disposition of Real Estate Owned (REO) properties. As a seasoned veteran in the real estate industry, Cooper established the firm in 1983 and positioned R.S. Cooper & Associates competitively in a niche in the market overlooked at that time by most real estate brokers. Thus, allowing the company to gain market share as a REO service specialist and to prosper in the fast-paced Southern California real estate arena. Ron developed a unique “Production Team” client service model that enabled a comprehensive approach to performance of key functions required for the effective disposition of residential REO. That effective business model set the standard for other brokerages seeking to build REO focused clientele.

Outside of R.S. Cooper & Associates, Ron’s proven leadership skills are widely recognized and have been applied by a number of organizations at local, state, regional, and national levels. He is an active member in numerous industry trade groups, including the California Association of Real Estate Brokers (CAREB), Consolidated Board of Realtist, Southwest Los Angeles Association of Realtors (SWLAAOR), National Association of Realtors (NAR), and California Association of Realtors (CAR). Mr. Cooper currently serves as the 29th President of the National Association of Real Estate Brokers (NAREB), the nation’s oldest minority real estate trade association which was established in 1947.





Jeffrey Hicks, President-Elect

Jeffrey Hicks is a native of Atlanta, GA. He is an Associate Broker with Apollo Associates Realty where he started his real estate career in 1995.

He currently serves as 1st Vice President of the National Association of Real Estate Brokers (NAREB) with responsibility of the Education, Technology, Constitution & By-Laws, Grievance & Arbitration, and Budget & Finance national committees and has oversight of seven states in the Southeast Region including Kentucky, Tennessee, Alabama, Georgia, North Carolina, South Carolina, and Florida.



Donnell Williams, 1st Vice President

Donnell Williams, broker of record and owner of Destiny Realty, headquartered in Morristown, New Jersey with a branch office in Newark serves at the second vice president of the National Association of Real Estate Brokers (NAREB). Destiny Realty is one of the largest African American independently owned real estate brokerages in the State of New Jersey.



Lydia Pope, 2nd Vice President

Lydia M. Pope is currently a Licensed Real Estate Broker, Property Manager & General Contractor in the City of Cleveland, Ohio for over 22 years. She has a Bachelors in Communication/Public Relations with a Master's in Business Management. She has also been a Certified Housing Counselor for NID for over 15 years and is the Current 3rd Vice President for the National Association of Real Estate Brokers, Inc.



Courtney Rose, 3rd Vice President

Courtney Johnson Rose serves as 3rd Vice President of the National Association of Real Estate Brokers (NAREB). She is a second generation Realtist from Houston, Texas. Courtney obtained her Bachelor's degree in Business and Economics from the University of Texas at Austin and earned her Master's degree in Community Development from Prairie View A&M University, where she is currently an adjunct professor in the Community Development program. Courtney has also obtained the distinguished Certified Commercial and Investment Member (CCIM) designation. In 2007, Courtney was selected by the National Association of Realtors (NAR) and the REALTOR® Magazine as one of their "30 under 30" real estate professionals in the Courtney. She has also been honored by NAREB with the Local Board President Award for 2011 and 2012, and as Realtist of the Year from the national, state and local NAREB chapters.



Robert Hughes, Board Chair

Robert L. Hughes, Chairman of the Board for the National Association of Real Estate Brokers, is the President and Chief Executive Officer of Hughes Development Company, Inc. in Kansas City, Kansas. He is also President of Universal Management, Inc., a Principal of HDC Consulting Group and Managing Broker of The Metro Group Real Estate, LLC. Together, these companies form a family for vertical real estate integration. Mr. Hughes has been an active member of the National Association of Real Estate Brokers (NAREB) for over 35 years, having served as its National Chairman of the Board of Directors from 1998-2001 and for a second, non-consecutive term beginning in 2015.



Michele Calloway, Vice-Chair

Michele is the qualifying broker of the ACRE Group a Community Centric real estate company in Atlanta, Georgia. Her company provides leadership for Homebuyers, Foreclosure Prevention and Home Sustainability. Michele has specialized in managing and selling Distressed Properties for over a decade. Michele is the Founder of The Institute for Community Pros, a real estate training company in Atlanta, Georgia.



Antoine M. Thompson, Executive Director

Antoine Maurice Thompson is a native of Buffalo, New York. A staunch advocate for the people and small business, Antoine began his career in public service as a Legislative Assistant for the Buffalo Common Council Central Staff. Antoine served as one of the New York State Senator representing Buffalo for four years with a focus on housing, jobs, minority business and the environment. In April 2015 Antoine M. Thompson became the Executive Director of the National Association of Real Estate Brokers (NAREB).



Mark Alston, PAC Chair

Mark Edward Alston, Owner of Skyway Realty and Alston & Associates Mortgage Company, he is also the current Chairman of the National Association of Real Estate Brokers Political Action Committee as well as the 1st. Vice President of the California Association of Real Estate Brokers. Mark has served as President of the Consolidated Board of Realtist of Los Angeles and as Chairman of the Mortgage Banking Committee for the National Association of Real Estate Brokers.



C. Renee Wilson, NAREB Relationship Manager

C. Renee Wilson has a strong background in Mortgage Lending and Residential Real Estate. Ms. Wilson is the Owner of CTS Consultants Firm. Ms. Wilson currently serves as NA- REB's Fundraising and Relationship Manager to assist NAREB's Leadership and Board in accomplishing the Mission and Vision for the Organization.

Lawrence Batiste, Director



Lawrence Batiste, President and CEO of Batiste Premier Realty, Inc. is a successful and admired business leader based in the Atlanta metropolitan area. Counting more than 30 years in the real estate industry and 10 plus years in the housing counseling field, he has a proven entrepreneurial track record, and at the same time, adeptly applies his leadership skills in service to his community and to his profession. He credits his success to following principles grounded in integrity, commitment to community, dedication to family, and an unwavering belief in his faith. Most recently, Mr. Batiste's astute insights, professional knowledge and organizational skills are being called upon following his service as Board Chair of the National Association of Real Estate Brokers (NAREB), the nation's oldest minority trade association, to now work closely in helping educate consumers and creating opportunity thru outreach



NAREB News Articles



A 5-year plan to rebuild Black wealth and expand homeownership

By Charlene Crowell, *The Louisiana Weekly*

While economists contend that the economic recession is over, the reality for much of Black America is starkly different. Racial disparities in unemployment and under-employment persist. And homeownership, a key measure of economic health for consumers and communities alike continues its downward decline even now.

According to the U.S. Census Bureau, during the last few months of 2015, 41.9 percent of Black households owned a home, compared to 72.2 percent of whites and 63.8 percent of all households across the country.

Many consumers and real estate professionals agree that redlining remains a serious problem. Despite federal and state laws guaranteeing fair housing and credit laws, majority-Black areas often do not have adequate access to credit.

Even worse, at a time when private mortgage interest rates have remained consistently low, very few Black borrowers have been able to benefit from these loans. The private market's least costly convention mortgages have become out-of-reach for communities of color. In 2014, only 2.6 percent of owner-occupied conventional home purchases – approximately 45,500 nationwide – were made to Black borrowers. Other Census Bureau data show there are 9.9 million Black households, where 1.8 million people ages 25 and older hold a graduate degree.

Were it not for the array of government-backed mortgages – VA, FHA and USDA loans, homeownership rates for people of color would be even lower. In 2014, 68 percent of loans made to help Black borrowers purchase homes were backed by these federal programs.

In response to these disturbing findings, a five-year plan to add two million more Black homeowners has been launched by the National Association of Real Estate Brokers (NAREB). Founded in 1947 from a need to secure the right to equal housing opportunities regardless of race, creed or color, NAREB's mission remains vital today.

“NAREB has taken the initiative to be in the vanguard to rebuild wealth in the Black community,” said Ron Cooper, NAREB's president. “We are prepared to use every tool at our disposal ... advocacy in the halls of Congress ... expanding our army of informed and committed real estate professionals ... engaging the active participation of informed organizational collaborators and lending partners...vigilance to the need to build and rebuild economic wealth through homeownership for Black Americans, regardless of the ‘issue of the day.’”

Beginning in February, NAREB has taken its message and advocacy to major cities facing severe housing challenges: Chicago, Memphis, Oakland and Philadelphia. By bringing NAREB's message “closer to the ground”, respective Black communities were informed and engaged by more than 800 participating real estate professionals.

Those in attendance learned more about homeownership disparities in their own city, as well as the value and benefits of homeownership as a wealth-building tool. Each forum included housing counselors, legal and title experts, financial partners and other speakers that together explained what it takes to buy and own a home.

A second series of forums in four more cities is now being planned for 2017.



Progress towards the goal of two million more homeowners will be measured through a database management system that will track and capture sales activities across the country. Both NAREB members and participating lenders will have access to the system. Its data will augment findings from the annual Home Mortgage Disclosure Act (HMDA) report that tracks mortgage lending by race.

Commenting on NAREB's efforts, Keith Corbett, an Executive Vice-President with the Center for Responsible Lending (CRL) and a NAREB partner noted, "When many Black families are paying \$1,000 or more each month for rent, they are losing the chance to build wealth for their families. CRL views NAREB as a vital partner in advocating financial fairness for all."

"The housing finance system must do a better job at providing mortgage credit to borrowers who represent the future," added Corbett.

Earlier CRL mortgage research found that across the country from 2007 – 2011, foreclosures drained more than \$2 trillion in property value, from families who live nearby foreclosed homes. More than half of these losses fell on either Black or Latino communities.

"Owning a home has been the way we've sent our children to school, financed our businesses, passed wealth on to our families, and kept our communities desirable places to live," added NAREB's Cooper. "The economic tsunami devastated our communities and halted our collective ability to be participants in and economically thriving members of this country's greatest promise to its citizens: the dream of owning a home."

For more information on NAREB, visit its website at <http://www.nareb.com>.

This article originally published in the May 2, 2016 print edition of The Louisiana Weekly newspaper.



NAREB wants to boost African-American home ownership

By Mike Wheatley, *Realty Biz News*

The National Association of Real Estate Brokers (NAREB) is launching an initiative to increase the number of African American home owners by two million within the next five years.

In order to achieve this, NAREB is offering kick starting a number of educational campaigns aimed at helping to reduce fears about the home-buying process and preparing renters to become home owners, The Commercial Appeal reports.. In addition, the group is looking at ways to address the financial challenges of becoming a home owner.

NAREB used Compliance Technologies' Lending Patters software to establish that in the city of Memphis, white applicants for home loans are 1.72 times more successful than Black applicants. In addition, Black applicants are denied a home loan 2.56 times more often than white applicants.

Throughout 2014, there were 8,646 mortgage applications from white people, of which 65.5 percent were successful. This compares to just 38 percent of successful applications among the 7,000 Black mortgage applicants in the same year.

Black Americans have the lowest rate of home ownership out of all ethnic groups in the U.S. at just 41.9 percent, U.S. Census data shows. Unfortunately, that number has fallen every year since the last major housing crisis – in 2004, for example, black home owner- ship stood at 49.1 percent. Hispanics, in contrast, have a home ownership rate of 74 percent.

"We lost quite a bit of equity wealth. We need to rebuild it," says Ron Cooper, a Los Angeles real estate broker and president of NA- REB. "The message is that the pursuit of home ownership of Black Americans is still a noble pursuit. The American dream is within our reach; we just got to reach for it."

Black real estate brokers drive home-ownership campaign

By Thomas Bailey Jr., *The Commercial Appeal*

Tamika Walker was paying \$800 a month to rent a Northaven house, and grew tired of it.

"Paying rent and just seeing (the money) disappear," the 37-year-old IRS employee recalled. "I wasn't going to have anything to call my own; I'm paying this 'mortgage' in rent. I decided I wanted to buy a house."

After 10 years of discipline to clear up \$25,000 in credit card and car-loan debts as well as a credit history that included bankruptcy, Tamika and her husband Clarence Walker bought a house.

Continued from the previous page

They paid \$129,900 in July 2014 for a new home in the Wolf River Bluffs subdivision near McLean and James Road. For the same amount, they had been paying in rent, Tamika said, "I can pay my mortgage and my utilities." Now, those monthly checks steadily build the Walkers' ownership interest in the house as well as their long-term wealth.

"Rebuilding Black Wealth Through Home Ownership" happened to be the name of a regional conference Downtown last week. Not by chance did a national association of Black real estate brokers choose Memphis for its Southeast conference. The Great Recession's foreclosures ravaged Memphis's moderate- and low-income neighborhoods. Street after street of houses that had been owned by the families they sheltered turned into rental rows. In Memphis, where the population is 63 percent Black, the financial crisis caused a Diaspora of sorts, routing thousands of families from the mortgages that would have built family wealth.



“We lost thousands of homes in the recession... I mean tens of thousands, not thousands,” said Tim Bolding, executive director of the nonprofit United Housing. The agency, which works to increase home ownership, developed Wolf River Bluffs. In 2007, about 20 percent of single family homes in Memphis were rentals, Bolding said. “Today, as much as 40 percent of houses in Memphis are rental” compared to 11 percent nationwide, he said.

Enter the National Association of Real Estate Brokers. You can't tell by its name, but the historically Black organization was founded 69 years ago to promote equal access to housing. The organization has launched a five-year campaign to increase by 2 million the number of African-Americans who own homes nationwide. Part of the effort is an educational campaign to prepare renters for buying houses, and to reduce fear and uncertainty about the process. But the brokers association also is addressing barriers it sees at the other end, with lending. Using the analytical LendingPatterns software of Compliance Technologies to probe the home mortgage data lenders are required to report, the brokers association has found that in Memphis:

- White applicants for home loans succeed in getting a mortgage at a rate 1.72 times more than Black applicants. Compliance Technologies labels it the “origination disparity index;”
- And Black applicants are denied a loan at a rate 2.56 times greater than whites. The company calls it the “denial disparity index.”

In 2014, lenders received 8,646 home-loan applications from whites in Memphis. Of those, 5,215 or 65.5 percent were successfully completed. But of the 7,000 loan applications received by Black Memphians, 2,526 or 38 percent were approved by lenders. “The main thing is that Black home ownership does matter,” said association president Ron Cooper, a Los Angeles real estate broker.

Black Americans have the lowest home ownership rate of any ethnic group at 41.9 percent, according to a Census report issued in January. That's down from 49.1 percent in 2004, before the financial crisis. Home-ownership rates for non-Hispanic whites is 74 percent. “We lost quite a bit of equity wealth. We need to rebuild it,” Cooper said of African-Americans. “...The message is that the pursuit of home ownership of Black Americans is still a noble pursuit. The American dream is within our reach; we just got to reach for it.”

The foreclosure rate for Black Memphians was seven times greater than whites, said Mark Alston, public affairs chairman for the brokers association. “Equity was stripped. And now you have an extreme level. You also have declining income and population since 2005 as well as a very high unemployment rate in the Black community,” Alston said.

The national organization chose Memphis as one of four regional sites for the winter conferences in part because the 106-member Memphis chapter is among the largest and fastest growing in the U.S., Cooper said. Memphis is also ripe with opportunity because the city's home prices remain affordable, he said. The brokers last month held their first midwinter conference in Oakland, California, where skyrocketing home values are preventing renters with modest incomes from buying. “There's a high rate of gentrification going on in the city of Oakland,” Cooper said. “A 1,200-square-foot house is going for a half a million dollars. It's really kind of pricing us out.”

The biggest barriers to home ownership in Memphis are the debt and credit problems of so many families. “We go through a lot of clients before we can get one that's qualified to move on into home ownership,” said First Tennessee Bank's Community Reinvestment Act (CRA) officer, Keith Turbett. “Unfortunately, we may go through 25 to get two that are ready to go.”

First Tennessee partners with the nonprofit Operation Hope to provide free financial literacy workshops in Memphis. The bank also offers its Hope Inside program, basing two financial counselors at branches to offer free, one-on-one financial counseling whether the recipients are customers or not. "African Americans are denied (loans) almost twice as much as whites," Turbett said. "We've seen average (credit) scores of almost 53 points less for African Americans than for whites. So we recognize we have a credit problem."

Generally, credit scores range from 300 to 850. "We feel the 700s is an average, good credit score to shoot for that usually gets you in any loan," Turbett said. A recent First Tennessee quarterly report states that Hope Inside counselors saw more than 1,000 people, and 86 percent were African Americans. "The average credit score was 581 when they first came in," Turbett said. "We're trying to move them up to the 700s. One program is called 700 Credit Score Community."

Meanwhile, investors, including a lot of out of town landlords, continue "pick and choose" houses that were once owned and occupied by Black families, said Thomas Byrd, a broker with ERA Legacy Realty and president of the Memphis Chapter of the National Association of Real Estate Brokers. "I think that's been a major cause for declines in schools and communities: No home-ownership pride in a lot of our inner-city," Byrd said. "A lot of our communities are just rental. That's the big thing now. If we teach them to become home- owners and save and give them a plan and give them a road map to be a homeowner, it's the key to wealth-building," Byrd said.

For the average person, buying a home is the "first step to increasing wealth," said Regina Hubbard. She's a broker with Fast Track Realty and was the 2013 president of the Memphis Area Association of Realtors. "If you were not born into it, then home ownership is the first step to get there," she said. "Renting will help the landlord get there, but it won't help you."

That's how former renter Tamika Walker eventually saw things. "I was trying to become a more responsible adult," the 37-year-old said. She felt she was missing out on something as a renter. "When they say (home ownership) was the American dream, it was just a dream," Walker said. But Walker sacrificed for years to make ownership become reality. "It was something I wanted, that some people in my family didn't get to experience," she said.

"It was important to me."



National Association of Real Estate Brokers

9831 Greenbelt Road, Suite 309
Lanham, MD 20706

Office: (301) 552-9340 • Fax: (301) 552-9216
www.NAREB.com