



THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

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# FEDERAL POLICY AGENDA 2018-19



# NAREB History



## Democracy in Housing Finds a Voice

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 the REALTIST creed, **Democracy in Housing**.





# President's Letter



December 2018

As the National Association of Real Estate Brokers approaches its 72<sup>nd</sup> year as the national voice for Democracy in Housing we continued our focus on achieving the goal of equal housing opportunities for all people in this country. True Democracy in Housing means that opportunities for homeownership and decent rental are available to all persons on an equal basis, free from bias, discrimination and discriminatory effect. These injustices are a result of public policies that perpetuate segregation and a housing underclass. The middleclass in this country was created and has been maintained by government policies providing incentives to those desiring to purchase homes and providing decent rental housing to those working toward and desiring to progress to homeownership.

In 2016, The National Association of Real Estate Brokers announced an ambitious goal of creating 2 million new African-American homeowners in 5 years (*Two Million New Black Homeowner Initiative*). During the execution of the plan, it has become clear that to achieve the objective, changes in the underlying public policies that support homeownership and the nation's housing finance system must change. In furtherance of the that goal and democracy in housing, NAREB has put forth three public policy principles that we believe advances both causes with maximum effect.

First, homeownership must continue to be a high priority public policy in this country. Secondly, in our housing finance system we must achieve loan level equality meaning, same approval rates, same pricing, and same terms offered for similarly situated borrowers with no neighborhood, zip code, or census tract price adjustments. Finally, with the rise of non-bank mortgage lenders there must be a federal accountability structure to ensure fair lending, pricing, and terms.

These overarching principles form the basis of the NAREB 2018-2019 Policy Agenda. We invite you to join us in support of this policy agenda as we continue our march toward Democracy in Housing.

Sincerely,

Jeffery Hicks

President





### Overview

In 2015, The National Association of Real Estate Brokers (NAREB) launched the *Two Million New Black Homeowners* (2MN5) program. The 2MN5 program is a planned five-year programmatic effort to increase Black homeownership. During the planning and execution, it has become clear that in order to achieve the program's objective, changes in the underlying public policy principles that support homeownership and the nation's housing finance system must change. The elements of this effort must align federal policies and programs to promote Democracy in Housing and prevent practices and adverse consequences to underserved communities. The discussion that follows addresses policy principles and issues that NAREB believes will help achieve the goals of 2 million in 5 years and Democracy in Housing improving homeownership opportunities and opportunities for decent rental housing for the broadest swath of Americans.

#### **Promoting homeownership as a high priority public policy.**

- Creation of a tax advantaged Down Payment Savings Vehicle -The American Down Payment Savings Plan- similar to the 529 educational savings plans. Plan would allow savings up to \$500,000 to make a down payment on a primary residence
- Preservation of affordable 30-year fixed rate mortgage
- Continued support for Mortgage Interest Deduction

#### **Loan Level Equality: Removal of biases, discrimination and discriminatory effect in the mortgage origination process.**

- Same approval rates
- Same pricing and
- Same terms offered for similarly situated borrowers
- No neighborhood, zip code, or census tract price adjustments.

#### **Non-Bank Financial Institutions should have a federal accountability structure.**

- Examines their lending practices to ensure fair, equitable, and non-discriminatory;
- Origination
- Pricing
- Terms





# Legislative Policy Advisory

## 2018-2019



### **Credit Scoring & Restrictive Under-Writing**

*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 strongly recommend the elimination of LLPA's on mortgage products by Fannie Mae and Freddie Mac because of the negative impact on affordability.

### **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. One of the more substantial challenges to homeownership in America is saving the funds for the initial downpayment required to secure a mortgage loan.

*Problem:* Many American renters could be home owners today, if there was access to and widely disseminated information regarding down payment assistance programs. Over the past two decades, in order to combat the rising cost of single family homes across the country many states, counties, and municipalities have developed downpayment assistance programs for prospective homebuyers. While these programs have proven to be helpful and thousands of homeowners have benefited from these programs, there is no uniformity for nationally making it a greater barrier to homeownership by reducing mobility options.





# Legislative Policy Advisory

## 2018-2019



**Recommendation:** Creation of The American Down Payment Savings Plan. This would be a tax-advantaged savings plan exclusively for a downpayment on a primary residence purchase. This plan will function, from a tax perspective, in the same manner as the 529 College Savings Plan. Savings are put into an authorized plan account on a pre-tax basis and the funds are allowed to grow and be removed for the specified purpose on a tax-free basis. 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 the creation of a national down payment savings plan for future homebuyers.

### Correct Messaging

*Issue:* In our communities, there is fear resulting from the wide spread and disproportionate loss of homes during the 2008 mortgage crisis. Subsequently, there has been a subliminal narrative being communicated 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.

### Non-Bank Financial Institutions Federal Accountability

*Issue:* In today's housing finance market increasingly non-bank lenders are the primary originators of home mortgages.

*Problem:* Over the last 10 years, non-bank lenders have come the dominant players in the mortgage origination marketplace. By and large these lenders have helped expand the credit box and lending to underserved populations. However, they are not subject to the same regulatory oversight as traditional banks and other depository lenders. There is no examination or review of their lending and pricing practices nor their approval and denial rates. Components of bank mortgage origination are routinely examined for these types of issues and with this segment of lender fast becoming the dominant players in the marketplace, there needs to be a federal accountability structure to ensure fair lending.

### **Recommendation:**

Establish a federal accountability structure to examine non-bank lenders to ensure fair lending standards. The adage, "You can only expect what you inspect," certainly applies here.





## 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 (2MN5) Program includes the following five key points:

1. The 2MN5 is a five-year programmatic effort that will grow and expand under the next three presidents of NAREB.
2. The program is 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 program includes 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 program's progress will focus on victories such as:
  - Increasing homeownership in the Black communities
  - 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





# NAREB Leadership



## Jeffrey Hicks, President

Jeffrey Hicks is a native of Atlanta, GA. He is Broker with Apollo Associates Realty where he started his real estate career in 1995. His Concentration has been in the area of acquisitions, feasibility analysis, financial performance, asset management, and sale of real property.

Jeffrey's primary goas as President of the National Association of Real Estate Brokers (NAREB<sup>®</sup>) is to continue the roll out of its Black Wealth through Homeownership initiative – Two (2) Million New Black Homeowners by implementing and operational management system that supports the program and increases NAREB's value through planning structuring and organizational control. NAREB is intensely focused on implementing initiatives the identify economic solutions, rebuild communities, increase real estate values, and elevate the rate of Black homeownership.

He is and active member of Providence Missionary Baptist Church where he serves on the Trustee Board, Housing Ministry, and Environment Stewardship committee.

Jeffrey is a graduate of Georgia State University with a degree in Marketing. His is married to Dr. Joya Hicks and they are the proud parents of two children, Jessica and James. Jeffrey lives by the words, "Where we love is home – home that our feet may leave but nor out hears".

**-Oliver Wendell Holmes, Sr.**







## **Donnell Williams, President-Elect**

Donnell Williams, broker of record and owner of Destiny Realty, headquartered in Morristown, New Jersey with a branch office in Newark serves as the President-Elect 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. A long-time member, Mr. Williams has been actively involved in the trade association's efforts to promote the meaningful exchange of ideas about the real estate business and how to best serve its clientele.

His leadership skills positioned him as a regional vice president where he encouraged professional development and increased industry knowledge. Donnell also worked to create an environment that fostered creativity in the workplace and the marketplace as a goal for NAREB members.

In addition to his professional commitment to NAREB, Donnell holds membership in the North Central Jersey Association of Realtors and the New Jersey Association of Realtors; is a member of the Board of Adjustments for Morris (NJ) Township, and a member of the United Developers Council. Additionally, Mr. Williams, a licensed Realtor since 1992 and licensed broker since 2001 earned membership in the New Jersey Million Dollar Club (1995-2000) and holds certifications as a residential manager and housing counselor. He currently serves as a Chairman of the Board of the New Jersey Association of Minority Real Estate Professionals.

A resident of Morris Township, Donnell's community and civic involvements include active membership as Deputy Grand Master of Most Worshipful Oriental Grand Lodge, a member of Morris County Minority Concerns Advisory Committee, and an NAACP Silver Level Lifetime member.





## Lydia Pope, 1<sup>st</sup> Vice President

Lydia has been in the Real Estate Industry since 1995. She is Owner/President of E & D Realty & Investment Co, Inc. ([www.edrealty1.com](http://www.edrealty1.com)), E&D Realty Property Management Division and E&D Construction Company.

Lydia is currently Branch Manager for NID-HCA, a HUD Approved Housing Counseling Agency and Certified Property Manager from REMBI. Some of her past and current accomplishments are: 1st Vice President of the National Association of Real Estate Brokers, Inc. (NAREB), Past President of the Women's Council of NAREB, Mt. Pleasant Advisory Board, Ohio Housing Finance Agency Committee, Cleveland Realist Association Past President & Chair, Cleveland/Akron Legislative Committee, NAACP Member and more.

She holds a bachelor's in communications and a Masters' in Business & Project Management. She is also Partner with "Man Talk Inc" which is a Non-Profit Mentoring Organization ([www.mantalkinc.com](http://www.mantalkinc.com)). Lydia is involved in Church activities and currently married to Pastor LeNard E. Pope, Sr. with 4 adult children.



## Courtney Rose, 2<sup>nd</sup> Vice President

Courtney Johnson Rose, is the Principal Broker of George E. Johnson Properties, the brokerage division of George E. Johnson Development Inc. a full-service real estate firm specializing in commercial and residential brokerage services.

Under her leadership, the firm works with investors, families, businesses and several institutional clients including Houston Independent School District, FDIC, Mental Health and Mental Retardation Association as well as several banks and churches.

Courtney obtained her Bachelor's degree in Business and Economics from the University of Texas at Austin and earned her Master's in Community Development from Prairie View A&M University, where she is currently an adjunct professor as part of the Masters in Community Development commercial real estate certification program.

Courtney was featured in the Houston Business Journal Inaugural Class as one of their Top 40 Business Leaders in Houston and by the Women Magazine as one of the Top 50 Most Influential Women in Houston in 2017. Courtney also created and hosted an informative real estate show entitled Real Estate Today that appeared on Comcast.



## **Ashley Thomas, 3rd Vice President**



Ashley Thomas serves as 3<sup>rd</sup> Vice President of NAREB. He has assisted NAREB in its membership recruitment and development activities by increasing awareness of NAREB's history, benefits and activities amongst new entrants to the real estate profession. His focus is to encourage college students to enter the real estate profession and to orientate new members of NAREB through education of its national history and traditions. He also helps to foster leadership development within NAREB, and to encourage active participation and involvement of the members of Young Realist Division in NAREB21,'s affiliates, divisions, committees, mid-winter conferences and

## **Lawrence Batiste, PAC Chair**



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.



## **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).



### **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.



## National Association of Real Estate Brokers

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9831 Greenbelt Road, Suite 309  
Lanham, MD 20706

Office: (301) 552-9340 • Fax: (301) 552-9216  
[www.NAREB.com](http://www.NAREB.com)