

# ***National Commission on Fair Housing and Equal Opportunity***

***“The critical role of the private sector in enforcing fair housing laws, educating consumers and promoting integration”***

**Tim Sandos  
President and CEO  
National Association of  
Hispanic Real Estate Professionals  
(NAHREP)**

# ***Who is NAHREP***



## **NAHREP Mission:**

***To increase the Sustainable Hispanic homeownership rate by empowering Real Estate Professionals who serve them***

- Over 16,000 members of the Real Estate Industry in 48 states
- 63 chapters include Realtors, Lenders, Title Companies, Mortgage Insurers, Legal firms, & other trade professionals
- NAHREP Members influenced approximately \$65 Billion in 2007 originations
- Represented 25% of all Hispanic real estate transactions in America
- Sponsors include GSE's, Financial institutions, insurers, Housing Advocates, National & Community Based Organizations.



# Select Demographic Data

*Purchasing Power, Population, Homeownership*

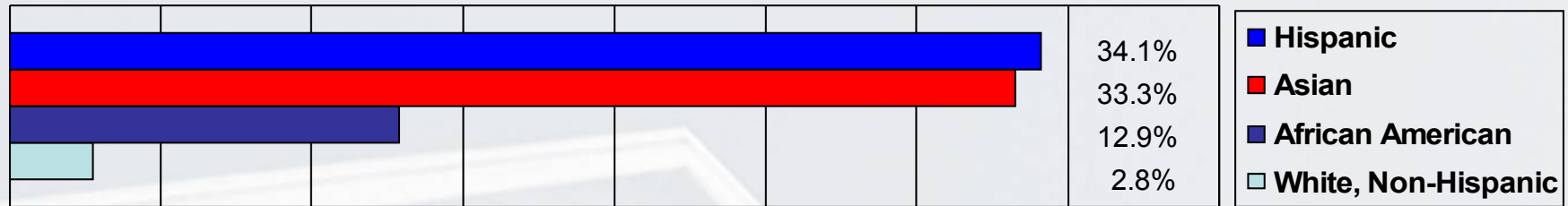


## ***Why are Hispanic Families Important to the Real Estate Industry and the U.S. Economy?***

- ***Hispanic purchasing power reached over \$865 billion in 2007, and will reach 1 trillion Dollars by 2010***
- ***60% of all new homebuyers over the next 20 years are expected to be minorities***
- ***3.1 million new Hispanic homeowner Households 1995-2005 (81% increase vs. 19% non Hispanic Households)***
- ***2.2 million households to buy homes by 2010***
- ***Real Estate Sales Volume to \$500 billion***
- ***This equals 50% of President Bush's "Blue Print for the American Dream" Goal***

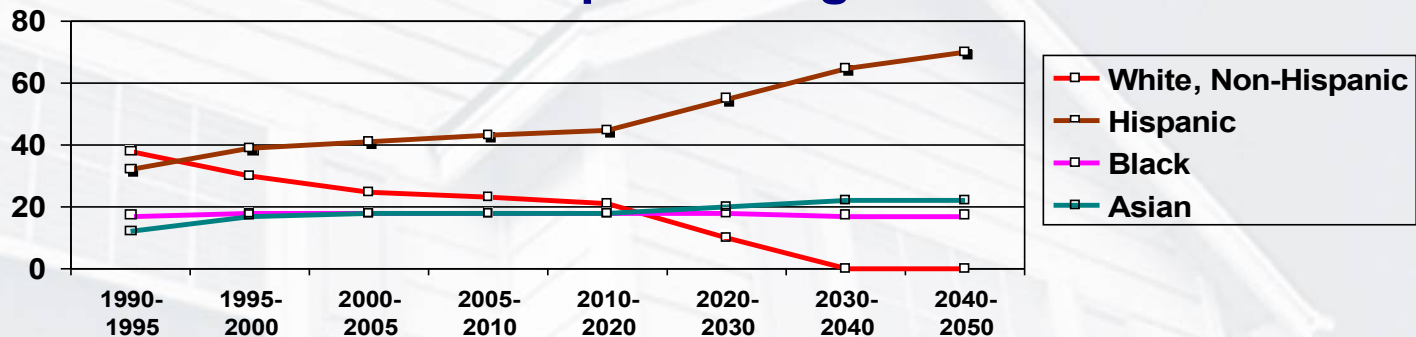


# Projected Population Change In U.S. 2000-2010



Source: U.S. Bureau of the Census, 2000

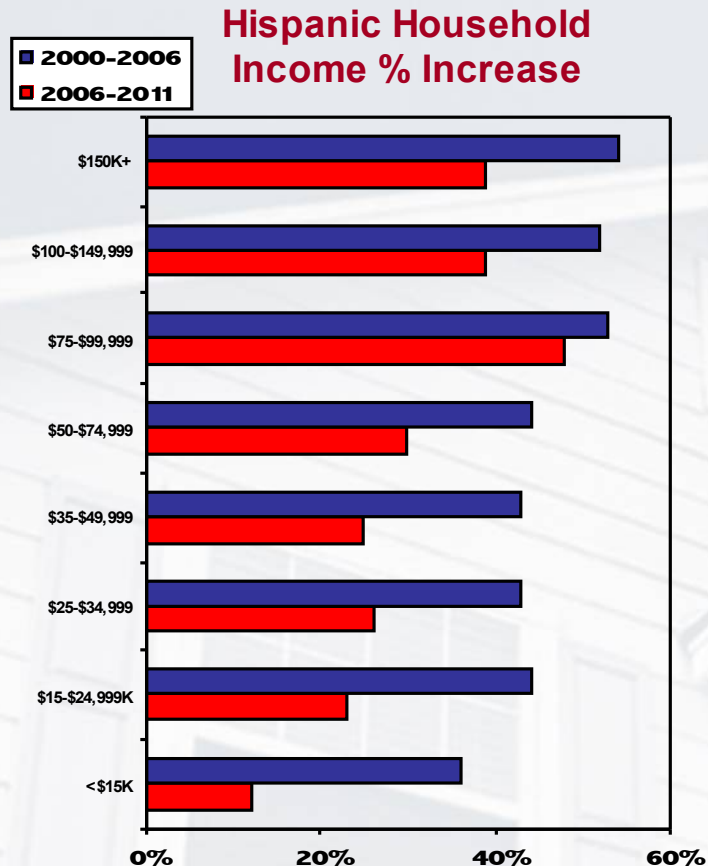
## Percentage of Total Population Growth by Race and Hispanic Origin 1990-2050



Source: U.S. Bureau of the Census, CPS Reports: Series P25-1130; Strategy Research Corporation

**The rate of Latino growth is increasing rapidly while all other groups are declining or remaining stable**

# Hispanic Purchasing Power



Source: [Hispanic Market Weekly](#).

Phoenix (Prescott). DMA Profile, 2006 Population.

## Hispanic Purchasing Power

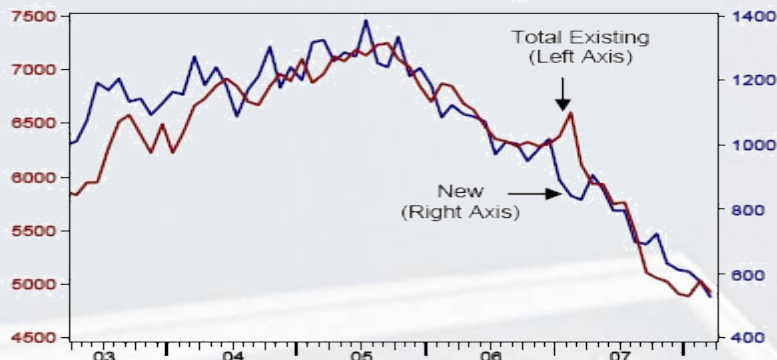
- Hispanic Purchasing Power increased to over \$865BB in 2007, and is anticipated reach over \$1 Trillion by 2010
- This represents an increase of 457% since 1990
- The growth rate for Hispanic Purchasing Power of 8.6% is the highest of all minorities, and is over 2.5 times greater than the 175% projected for whites

## Hispanic Household Income

- Hispanic incomes are growing the fastest in the \$75,000 to \$99,000 category
- The Number of Hispanic households earning over \$75K are increasing faster than the number of Hispanic households earning less than 75K.
- 50% of all U.S. Hispanic Households earn \$50K or more
- Affluent Hispanic buying power is estimated to be 2/3 of the entire U.S. Hispanic buying power

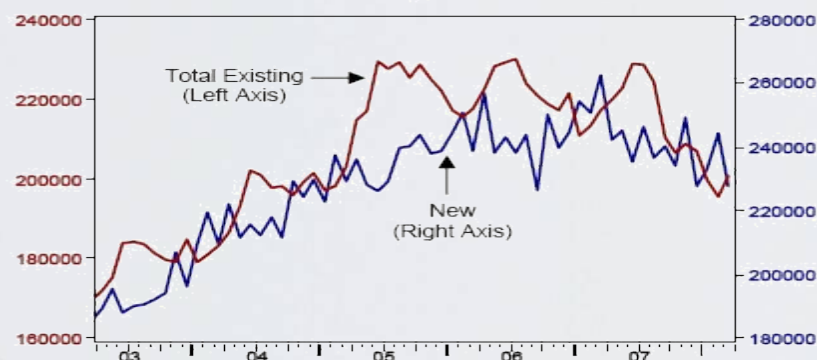


### HOME SALES (THOUSANDS OF UNITS)



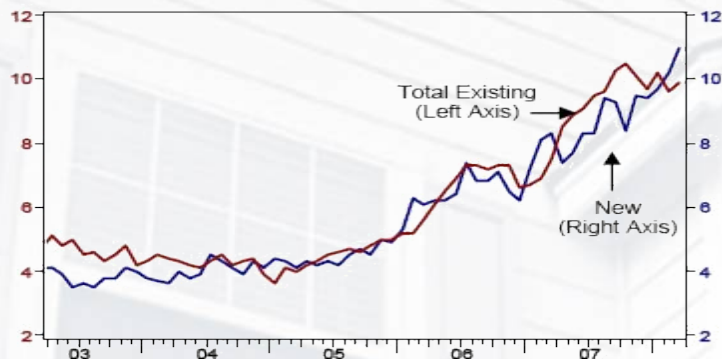
% Change	Existing	New
Mar-07 to Mar-08	-19.3	-36.6
Feb-08 to Mar-08	-2.0	-8.5

### MEDIAN HOME PRICES (\$)



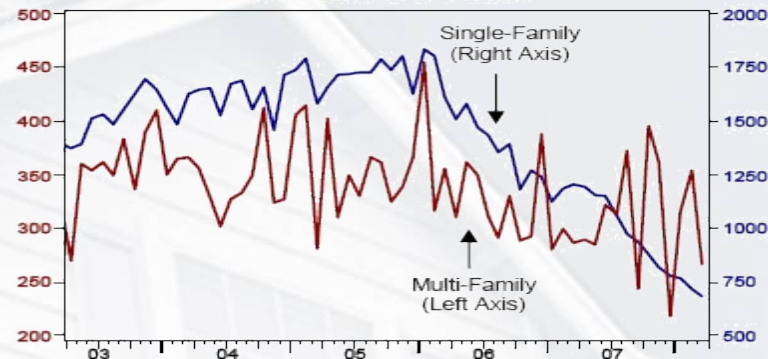
% Change	Existing	New
Mar-07 to Mar-08	-7.7	-13.3
Feb-08 to Mar-08	2.6	-6.8

### MONTHS' SUPPLY OF HOMES



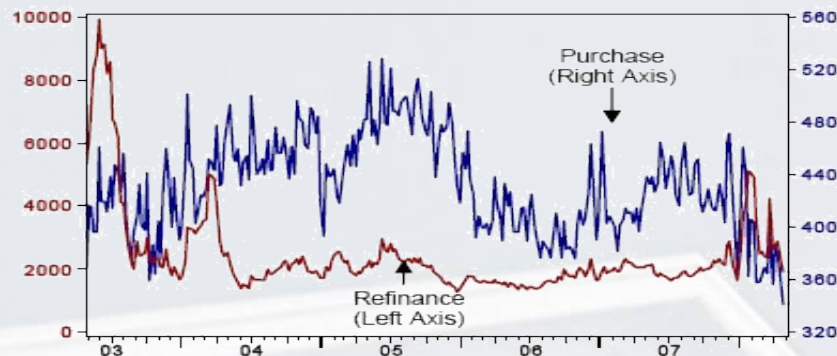
	Existing	New
March 2007	7.5	8.3
March 2008	9.9	11.0

### HOUSING STARTS (THOUSANDS OF UNITS)



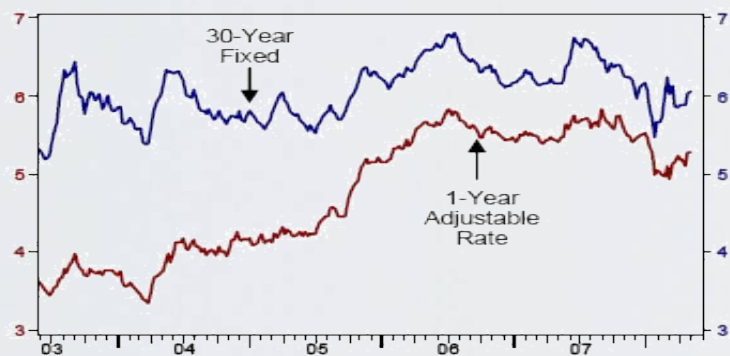
% Change	Single Family	Multi Family
Mar-07 to Mar-08	-43.6	-6.6
Feb-08 to Mar-08	-5.7	-24.6

## MORTGAGE APPLICATIONS (INDEX: MARCH 16, 1990 = 100)



% Change	Purchase	Refinance
Apr-07 to Apr-08	-11.2	20.5
Mar-08 to Apr-08	-2.0	-16.2

## MORTGAGE RATES (%)



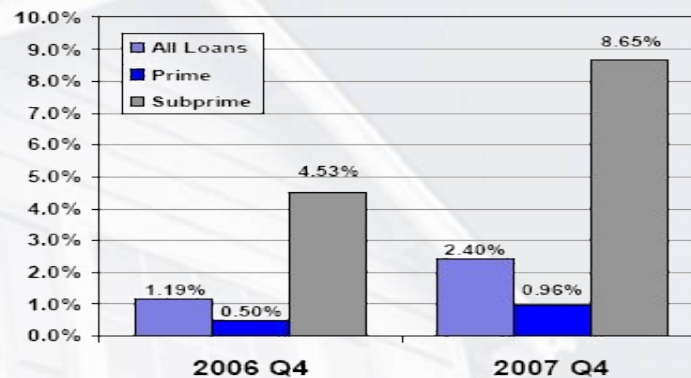
	30-Year Fixed	1-Year Adjustable
April 2007	6.18	5.45
April 2008	5.92	5.19

## REFI/ARM SHARES (%)

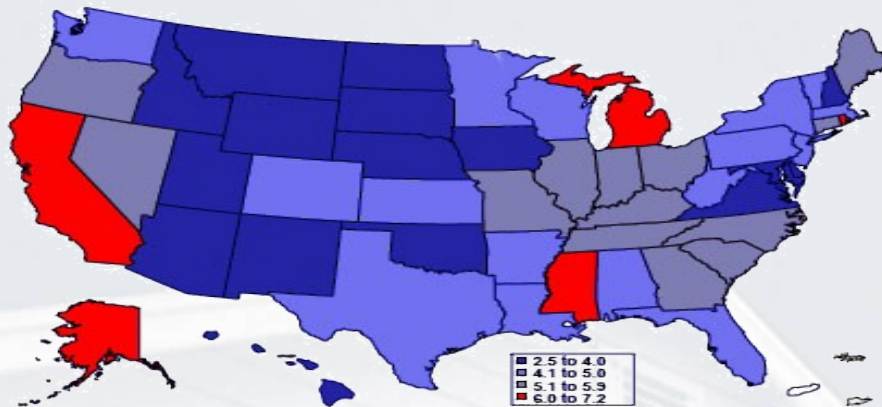


	Refinance	ARM
April 2007	42.83	18.25
April 2008	50.15	6.25

## PERCENT OF MORTGAGES: FORECLOSURE INVENTORY



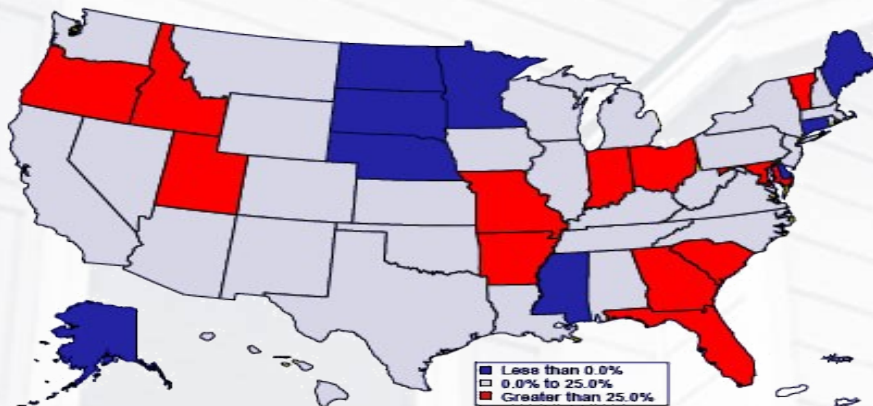
## UNEMPLOYMENT RATES MARCH 2008



Source: Bureau of Labor Statistics / Haver Analytics

Michigan	7.2	Wisconsin	4.8
Alaska	6.7	Minnesota	4.7
California	6.2	West Virginia	4.7
District of Columbia	6.2	Vermont	4.6
Rhode Island	6.1	Louisiana	4.5
Mississippi	6.0	Colorado	4.4
Nevada	5.8	Massachusetts	4.4
Kentucky	5.7	Texas	4.3
Missouri	5.7	Alabama	4.1
Ohio	5.7	Kansas	4.1
Oregon	5.7	Arizona	4.0
South Carolina	5.7	New Hampshire	3.9
Tennessee	5.6	Delaware	3.8
Illinois	5.5	New Mexico	3.7
Connecticut	5.3	Virginia	3.7
Georgia	5.3	Maryland	3.6
North Carolina	5.2	Montana	3.6
<b>United States</b>	<b>5.1</b>	Iowa	3.5
Indiana	5.1	Utah	3.3
Maine	5.0	Hawaii	3.1
Arkansas	4.9	North Dakota	3.1
Florida	4.9	Oklahoma	3.1
Pennsylvania	4.9	Wyoming	3.1
Washington	4.9	Idaho	3.0
New Jersey	4.8	Nebraska	2.9
New York	4.8	South Dakota	2.5

## 12 MONTH CHANGE IN INITIAL UNEMPLOYMENT INSURANCE CLAIMS MARCH 2008 VS. MARCH 2007



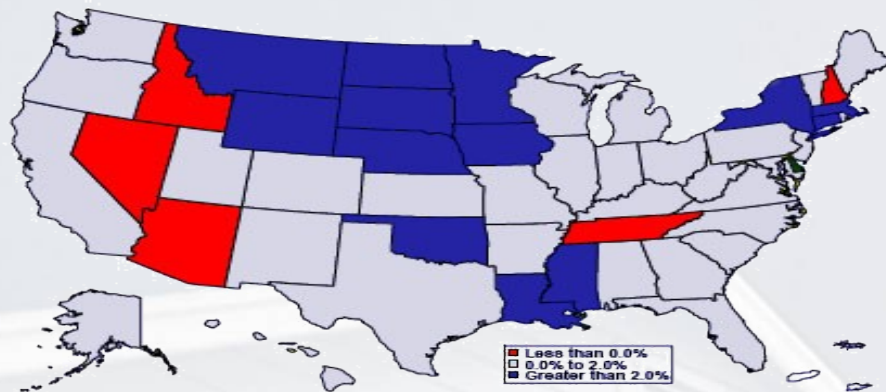
Source: Department of Labor / Haver Analytics

Indiana	50.7%	New Jersey	14.1%
Arkansas	39.2%	Wisconsin	14.0%
Maryland	39.1%	Illinois	12.9%
Florida	38.0%	Alabama	12.9%
Utah	37.4%	Colorado	12.0%
Georgia	36.2%	Montana	10.8%
Ohio	29.2%	Michigan	10.2%
Oregon	28.4%	California	10.1%
Vermont	27.8%	New Mexico	7.9%
Missouri	26.9%	Rhode Island	7.4%
South Carolina	26.5%	New York	6.1%
Idaho	25.8%	Louisiana	5.3%
North Carolina	24.5%	Massachusetts	4.9%
Nevada	24.0%	Virginia	4.4%
Kansas	19.9%	Oklahoma	3.1%
Kentucky	19.1%	Texas	2.4%
Tennessee	18.5%	Iowa	2.2%
Hawaii	17.5%	Nebraska	-0.3%
West Virginia	17.3%	Maine	-0.7%
District of Columbia	16.7%	Connecticut	-2.2%
Washington	16.2%	Alaska	-4.2%
New Hampshire	16.0%	North Dakota	-4.4%
Arizona	15.8%	Minnesota	-8.0%
Wyoming	15.4%	South Dakota	-9.9%
Pennsylvania	15.0%	Mississippi	-18.9%
<b>United States</b>	<b>14.7%</b>	Delaware	-21.8%

# March 2008 Employment Data



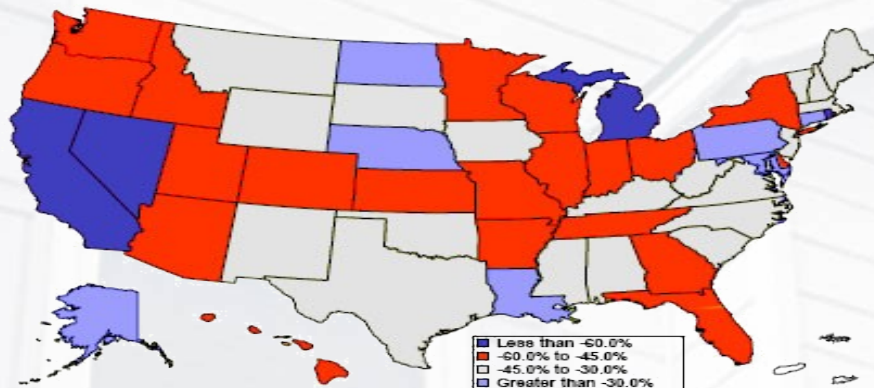
## REAL DISPOSABLE PERSONAL INCOME PER CAPITA 4TH QUARTER 2008 VS. 4TH QUARTER 2007



Source: Bureau of Economic Analysis / Haver Analytics

Louisiana	12.9%	Kansas	1.4%
Mississippi	4.4%	California	1.3%
New York	3.1%	Illinois	1.3%
District of Columbia	3.0%	Rhode Island	1.3%
Iowa	3.0%	Wisconsin	1.2%
Connecticut	3.0%	Ohio	1.2%
Nebraska	2.9%	New Jersey	1.2%
South Dakota	2.9%	Maryland	1.2%
North Dakota	2.7%	Virginia	1.2%
Minnesota	2.7%	West Virginia	1.1%
Delaware	2.5%	Alabama	1.1%
Oklahoma	2.4%	Alaska	1.0%
Massachusetts	2.2%	Kentucky	1.0%
Wyoming	2.1%	Colorado	0.9%
Montana	2.0%	Michigan	0.7%
Hawaii	2.0%	South Carolina	0.7%
Arkansas	1.9%	Oregon	0.6%
Washington	1.9%	Indiana	0.6%
Vermont	1.9%	Florida	0.4%
Maine	1.8%	North Carolina	0.2%
Missouri	1.6%	Georgia	0.0%
Utah	1.5%	Idaho	0.0%
Pennsylvania	1.5%	Nevada	-0.7%
New Mexico	1.4%	Tennessee	-0.8%
<b>United States</b>	<b>1.4%</b>	New Hampshire	-1.0%
Texas	1.4%	Arizona	-1.3%

## 12 MONTH CHANGE IN SINGLE-FAMILY HOUSING PERMITS MARCH 2008, NSA



Source: Bureau of the Census / Haver Analytics

Connecticut	-9.8%	Delaware	-46.1%
Alaska	-22.2%	Arkansas	-47.4%
Maryland	-24.5%	Wisconsin	-47.5%
Nebraska	-28.1%	<b>United States</b>	<b>-48.1%</b>
North Dakota	-28.1%	Colorado	-48.1%
Louisiana	-28.2%	Hawaii	-48.2%
Pennsylvania	-28.3%	Ohio	-48.3%
New Jersey	-30.2%	Indiana	-48.6%
Iowa	-31.0%	Washington	-48.9%
West Virginia	-33.0%	Idaho	-49.1%
Wyoming	-33.1%	Tennessee	-49.1%
Virginia	-33.6%	Kansas	-52.6%
Vermont	-36.5%	Florida	-53.0%
New Hampshire	-36.6%	Minnesota	-54.5%
Mississippi	-37.4%	Oregon	-54.7%
South Dakota	-37.8%	Georgia	-56.2%
Alabama	-39.2%	Missouri	-56.4%
South Carolina	-39.2%	New York	-57.5%
Texas	-39.8%	Utah	-57.7%
Oklahoma	-40.2%	Illinois	-58.2%
Maine	-42.2%	District of Columbia	-59.7%
Kentucky	-42.4%	Arizona	-59.8%
Massachusetts	-42.9%	Rhode Island	-60.4%
New Mexico	-43.3%	Michigan	-61.6%
Montana	-43.4%	California	-63.9%
North Carolina	-44.4%	Nevada	-75.0%

# Current Delinquency & Foreclosure Trends



- 1.1 million foreclosures estimated due to rate reset over 6 to 7 years (First American CoreLogic)
- 2007-2009, estimated 2 million subprime foreclosures (Congressional Joint Economic Committee)
- One in five subprime loans originated in 2005-2006 projected to fail (Center for Responsible Lending)
- 30+ day delinquencies highest this decade, projected 2.5 million first mortgage defaults over the next two years (Moody's)

***“The Good, the Bad, and the Ugly”***

# Summary of HMDA Subprime Data from 2004 to 2006

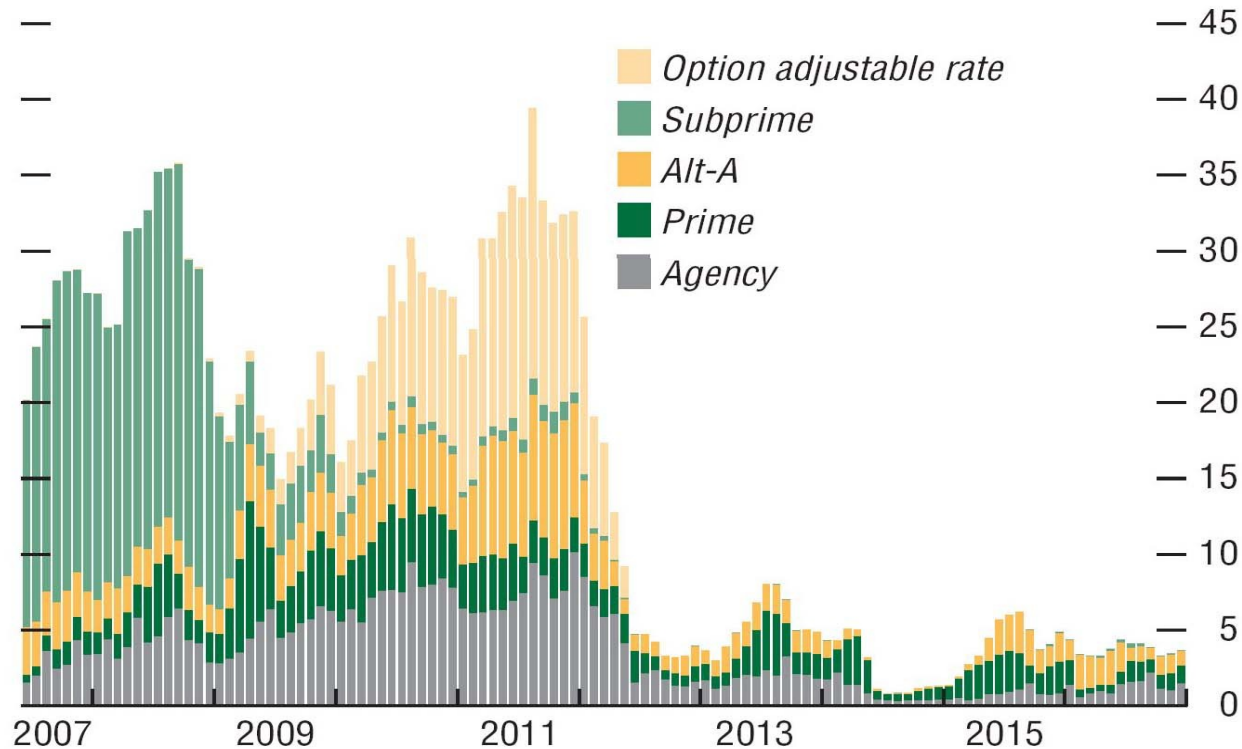
- Whites had more subprime rate loans than all minorities combined
- The percentage of subprime rate loans for whites was lower than those for all other minorities except Asians
- Blacks and Hispanics had the largest percentage buildup of subprime rate loans and the highest average spreads
- Year over year, subprime rate loans were originated in higher proportions within predominantly minority census tracts

Source: Compliance Tech- Lending Patterns

**“The subprime lending crisis  
is a bi-racial issue”**

# 2<sup>nd</sup> Wave of Alt-A & Option ARMs

**Figure 1.7. Monthly Mortgage Rate Resets**  
(First reset in billions of U.S. dollars)



Source: Credit Suisse.

**The next wave of foreclosures will feature a greater number of middle and upper income homeowners with option adjustable rates, interest only, and Alt-A paper**



# Fannie Mae and Freddie Mac in Conservatorship

## Conservatorship

- Fannie Mae and Freddie Mac are placed into conservatorship immediately. (No change in status for the Federal Home Loan Banks.)

## GSE Portfolios

- To promote market stability, the GSEs will be allowed to increase their MBS portfolios through the end of 2009. However, starting in 2010 the portfolios will gradually be reduced at a rate of 10% per year through run-off, eventually stabilizing at a much lower size.

## Treasury Preferred Stock Agreement

- Treasury and the Federal Housing Finance Agency (FHFA) have established a Preferred Stock Purchase Agreement to ensure that each company maintains positive net worth. These agreements are intended to provide security to GSE debt holders and MBS investors.
- Common and preferred shareholders will bear any potential losses ahead of the government's senior preferred shares.

## Secured Lending Credit Facility

- Treasury has established a new secured lending credit facility which will be available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. This facility is intended to serve as an *"ultimate liquidity backstop."* This facility will expire on December 31, 2009.

## Treasury Program to Buy MBS

- Treasury will be initiating a temporary program to purchase Fannie Mae and Freddie Mac MBS. Such purchases will be made as appropriate, and will expire on December 31, 2009.

1) **Provide Stability to Financial markets;**

2) **Support the Availability for Mortgage Finance;**

3) **Protect taxpayers & reduce systemic risk;**

# Fannie Mae and Freddie Mac in Conservatorship

## Other highlights:

- On Monday, the GSEs resumed normal business operations.
- The U.S. government assumed control over the Board and management.
- Current Fannie Mae and Freddie Mac CEOs were replaced, but will stay on through a transition period.
  - *Herb Allison will assume CEO duties at Fannie Mae*
  - *David Moffett will assume CEO duties at Freddie Mac*
- There will be limited initial management actions as FHFA works with the current management team.
- There will be no dividends paid on preferred or common stock.
- All lobbying/political activity by the GSEs will cease.

# Potential Winners in FHFA Decision

- **U.S. Consumers** - *the government's actions will help stabilize the mortgage market and make obtaining mortgage financing more affordable. Mortgage rates have already fallen by about a quarter of a percentage point as of Monday.*
- **Foreign holders of Fannie Mae and Freddie Mac agency debt-** *Mortgage- backed debt now has the explicit backing of the government, who will begin buying this debt to bolster prices. Asian countries hold approximately \$737 billion of agency debt;*
- **12 Regional Home Loan Banks-** *They maintain their ability to borrow money inexpensively and profitability while providing "advances" for their more than 8,000 owners including commercial banks, thrifts, credit unions, and insurance companies;*
- **Republicans favoring elimination of GSE model-** *The plan downsizes the GSE's portfolio's from Approximately \$850BB in 2009 to \$250BB over time; Republican leaders see this as the precursor to privatizing these entities by breaking them up and separating them from their current ties to the government;*
- **The stock market (short term)** - *On September 8, the Dow and the S&P 500 were both up 2.6 percent and 2.1 percent, respectively. Builders also reported gains, with KB Home up 14 percent and Lennar up 10 percent. Among banks, Wachovia rose 13 percent, both Bank of America and Wells Fargo gained 8 percent and Citigroup climbed about 7 percent.*



# Potential Losers in FHFA Decision

- **Common Shareholders-** *While the GSE's stocks continue to trade, the government suspended their dividends which could lead to them becoming worthless. Shares of both GSE's lost most of their value on Monday, closing below \$1.00 per share.*
- **Preferred Shareholders-** *The Government will no longer pay dividends, and instructed banks holding these shares as part of their capital base to write down their value;*
- **GSE Employees-** *Several had retirement plans significantly vested in their respective organizations stock. These shares will lose most of their value. The future of the organization and their professional futures remain in question;*
- **Biggest ever payments in the “credit default swap market”-** *Credit default swaps are typically utilized to either speculate on a company's credit quality or hedge against the risk of borrowers defaulting on their debt. Under terms of the credit default swaps contracts, the payments are initiated by the government's intervention, meaning that protection sellers are required to pay buyers the full insured amount;*
- **Democrats who favor keeping current GSE model-** *“There appears to be a growing consensus that these enterprises pose a systemic risk and they cannot continue in their current form” (Treasury Secretary Henry Paulson in his statement announcing this decision)*



Year	Quarter	Housing Market		
		Existing Sales (Thousands of Units)	New Sales (Thousands of Units)	Median Existing Home Price Change (%)
2008	1st Quarter	4950	569	-4.3
	2nd Quarter	4850	540	-0.5
	3rd Quarter	4700	540	0.5
	4th Quarter	4750	570	-1.5
	Annual	4812	555	-7.5
2009	1st Quarter	4950	580	-1.5
	2nd Quarter	5050	615	0.5
	3rd Quarter	5250	630	1.1
	4th Quarter	5350	655	0.5
	Annual	5150	620	-1.3

Year	Quarter	Mortgage Market		
		Single Family Originations (Billions of \$)	Refinancing Share	ARM Share
2008	1st Quarter	450	59.7	10.6
	2nd Quarter	510	51.0	7.0
	3rd Quarter	480	50.5	9.5
	4th Quarter	450	49.5	12.0
	Annual	1890	52.7	9.8
2009	1st Quarter	440	49.0	12.0
	2nd Quarter	475	47.1	12.5
	3rd Quarter	475	46.1	13.0
	4th Quarter	460	44.5	13.5
	Annual	1850	46.7	12.8

Year	Quarter	Interest Rates		
		30-year Fixed Rate Mortgage (%)	10-year Treasury Note (%)	1-year Adjustable Rate Mortgage (%)
2008	1st Quarter	5.87	3.67	5.14
	2nd Quarter	6.00	3.75	5.15
	3rd Quarter	6.10	3.95	5.20
	4th Quarter	6.15	4.15	5.40
	Annual	6.03	3.88	5.22
2009	1st Quarter	6.20	4.25	5.45
	2nd Quarter	6.25	4.45	5.50
	3rd Quarter	6.36	4.55	5.60
	4th Quarter	6.44	4.71	5.70
	Annual	6.31	4.49	5.56

Year	Quarter	Economic Outlook		
		Real GDP Growth	Consumer Price Inflation	Civilian Unemployment Rate
2008	1st Quarter	0.6	4.3	4.9
	2nd Quarter	-1.0	2.3	5.2
	3rd Quarter	2.8	2.0	5.5
	4th Quarter	2.0	2.0	5.7
	Annual	0.9	3.4	5.3
2009	1st Quarter	2.0	1.9	5.9
	2nd Quarter	2.5	2.1	5.8
	3rd Quarter	2.7	2.1	5.7
	4th Quarter	2.9	2.1	5.5
	Annual	2.5	2.1	5.7

# PMI Interest Rate and Economic Outlook

# The Opportunity



- Current Hispanic purchasing power of \$865 billion is projected to reach \$1 trillion by 2010
- Hispanic homeownership has steadily risen in the last 20 years, standing strong at 50% today
- Environment provides an opportunity for First Time Hispanic Homebuyers to replace baby boomers as the key to Real Estate market if flexible credit scoring models, underwriting and loan products are made available
- Hispanics continue to pursue the American Dream of homeownership and will seek organizations they can trust
- NAHREP, and other community based organizations are well positioned as organizations that can lead the way on industry best practices for serving the Hispanic Community

**Hispanic population growth, purchasing power, educational attainment and family stability will fuel the housing sector for the next 20 years**



# **“Collaborative Working Solutions”**

## **Where have we begun?**



- ✓ Regain and maintain public trust and confidence to Protect consumers  
**EN CONFIAZA: NAHREP Code of Trust**  
**Minority Coalition of Real Estate Professionals 5 Point Action Plan**
- ✓ Consumer Education by HUD Certified Counseling Professionals  
**FORECLOSURE PREVENTION CLINICS:**  
**Housing Opportunities Collaborative for LMI & 1<sup>st</sup> time homebuyers**  
**Streamlined foreclosure prevention and management by lenders**
- ✓ Sustain and increase Hispanic homeownership and community stabilization  
**Housing Economic Recovery Act- (HERA)**  
**Legislative and Regulatory Advocacy to protect consumers**  
**Increased access to capital for low to moderate and first time homebuyers**  
**REO distribution for owner-occupied homeowners**
- ✓ Confidential reporting, investigation, and regulatory accountability of unethical business practices: enforcement at all touch points of the transaction  
**Conference of State Bank Regulators- National licensure database**



# ***“Minority Coalition of Real Estate Professionals”***

## **Five Point Action Plan**

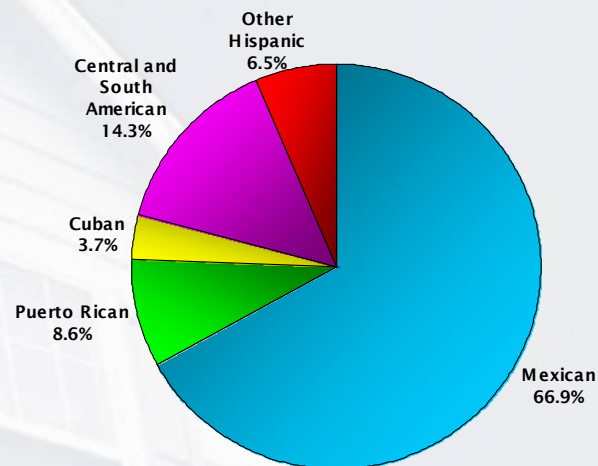
- 1. Protect homeownership***
- 2. Reverse declining markets policies***
- 3. Increase multicultural counseling and outreach***
- 4. Restore the public’s trust and confidence in ethical industry professionals***
- 5. Protect the housing system and Add Liquidity to the market***

# HISPANIC CHARACTERISTICS



- Family considerations may act as the strongest influencing factor in purchasing a home
- Retain a strong sense of ethnic identity regardless of the time or generations in the United States
- Consider trust and loyalty essential elements in personal and business relationships
- Often make home buying decisions based on word-of-mouth information from family, friends and trusted community entities
- May have misconceptions about the home buying process
- May have some mistrust towards banking institutions resulting from years of unstable currencies, devaluations, high inflation and political instability in country of origin

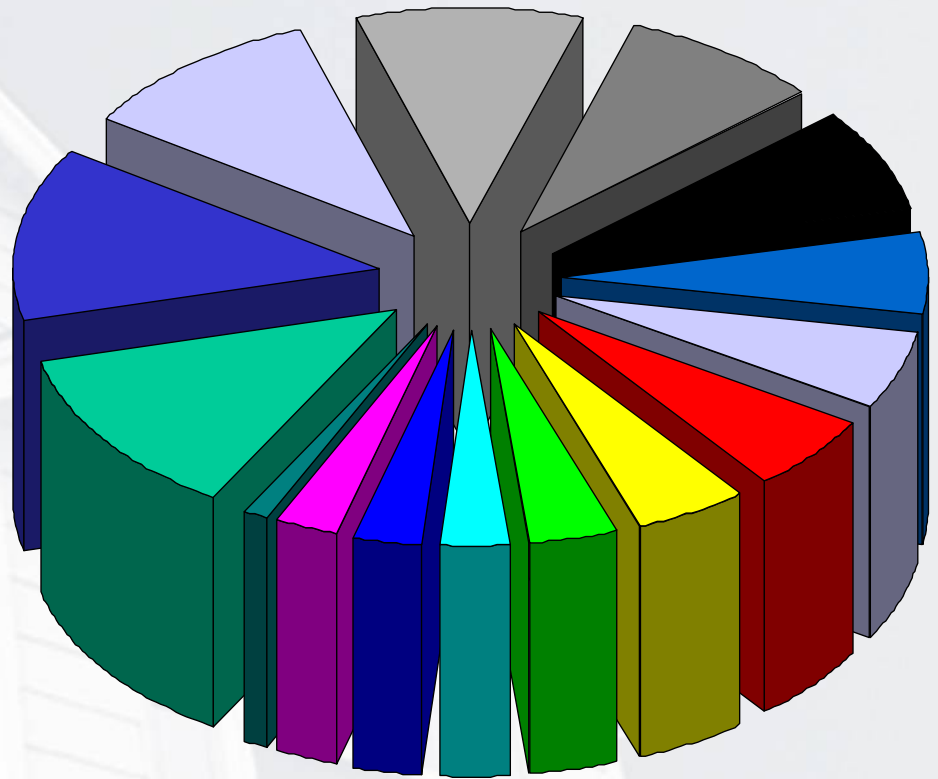
- *Diminishing regional concentration*
- *Larger families – 3.5 vs. 2.4*
- *68% headed by married couples*
- *66.9% of Hispanics are Mexican*
- *Prefer to transact in Spanish*
- *The perfect customer for life*



# Barriers to Hispanic Homeownership



- 14% **Understanding Lending Process**
- 13% **Lack of Down Payment**
- 12% **Affordable Housing Inventory**
- 12% **Lack of Trust in Process**
- 10% **Language Barrier**
- 8% **Unverifiable Income**
- 8% **Lack of Credit (thin file)**
- 6% **Residency**
- 4% **Consumer Confidence**
- 3% **No Bank Account**
- 3% **Bad Credit**
- 2% **Job Stability**
- 2% **Prejudice/ Racism**
- 2% **Limitations on Secondary Income**
- 1% **No willingness to Own**



# KEY ISSUES FOR HISPANICS

## *Segment is Particularly Vulnerable to Predatory Practices / Foreclosure*



- Hispanic borrowers have been disproportionately hit by predatory practices and failures in the subprime category
- \$24.8 billion in estimated foreclosures for Hispanics in 2007
- Projected \$92 billion in estimated foreclosures for 2008
- Crisis of Trust has been created for Hispanic Consumers and the Secondary Market

### **POTENTIAL SOLUTION:**

- NAHREP and other community based organizations are well positioned to lead the way on industry best practices for serving the Hispanic Community
- Foreclosure Prevention Clinics
- Consumer education



# SAMPLE: Census Data Sizing the Opportunity

## Key for Map: Target Tracts in DC MSA Hispanic Market

Market(Tracts which meet Tract Selection criteria)						
	Low	Mod	Mid	Upper	Total	
Estimated Total Market Volume	\$158MM	\$3BN	\$1.1BN	\$125MM	\$4.38BN	
Estimated Sales Volume (based on 1% market penetration estimate)	\$1.58MM	\$30MM	\$11MM	\$1.25MM	\$43.83MM	
Avg. Affordable Home Value for Tracts	\$61,447	\$159,762	\$245,788	\$287,051.00		
# of Tracts	4	48	19	3		
Hispanic Population	10,036	73,500	17,693	1,690		
# of Hispanic Households	2,580	18,895	4,548	434		
Tract Selection						
Hispanic Pop. per Tract	492 - 5040	492 - 5040	492 - 5040	492 - 5040		
Hispanic Homeown ershp per Tract	< 50%	< 50%	< 50%	< 50%		
Home Affordability	\$122,894.18	\$196,630.69	\$294,946.04	\$324,156.93		
Assumptions						
30 yr. Fixed rate						
0 debt						
6.5% interest						
*Affordability calculated through Mortgage Bankers Association calculator						
**MSA HUD Weighted Median Household Income: \$82,300						

# **Demographic Modeling and Business Planning for Affordable Homes and REO Properties: Market Analysis and Segmentation by MSA (CRA Wiz, Google Earth, HMDA Analysis)**






# Chicago Google Images: MLS listings Example

**2133 N. Kedzie #1, Chicago 60647**

Townhouse, Condominium or Loft  
\$184,900  
Bedrooms: 1  
Bathrooms: 1 full  
[Click here for more info.](#)



Complete gut rehab in Palmer Square in beautiful courtyard building. Diagonal hwd flrs & crown moldings thruout. Kit boasts granite counters/ss appl & 42' cabs & deck off back. . Gas fp in living w/granite surround. Sep dining area. All marble bath w/whirlpool tub GFA/CA. Elfa closets. Live on tree-lined Blvds. Gar rental or easy street parking.

Directions: [To here](#) - [From here](#)

© 2005 TeleAtlas  
Image © 2005 Sanborn  
Streaming 100%

NAHREP



# Foreclosure Prevention

## HOME CLINICS

### Home Owners Mobile Education



#### **EDUCATIONAL SESSIONS:**

- Sessions on Foreclosure, Bankruptcy, Eviction, Consumer Protection.
  - San Diego pilot began in June of 2007, with clinics held every 3 weeks
  - 3156 families were provided classroom counseling through 2008

#### **COUNSELING BY:**

- HUD approved housing counseling agencies
  - 2378 families were provided "one on one" counseling services

#### **LEGAL COUNSELING BY:**

- Real Estate, Landlord/Tenant, Bankruptcy, & Tax Law attorneys
  - 1228 families were provided individualized legal counseling

#### **REVIEW OF REAL ESTATE & LENDING DOCUMENTS BY:**

- Mortgage counselors monitored by **NAHREP**
  - Over 2500 families individual loan documents were reviewed

#### **CLIENT EXIT/DISCHARGE:**

- Volunteers review client needs, do exit interviews and route them to the appropriate attorneys, brokers and housing credit counselors. Follow-up appointments are critical to success.
  - Approximately 50 volunteers per clinic; 1750 hours of volunteer time provided



# Consumer Education

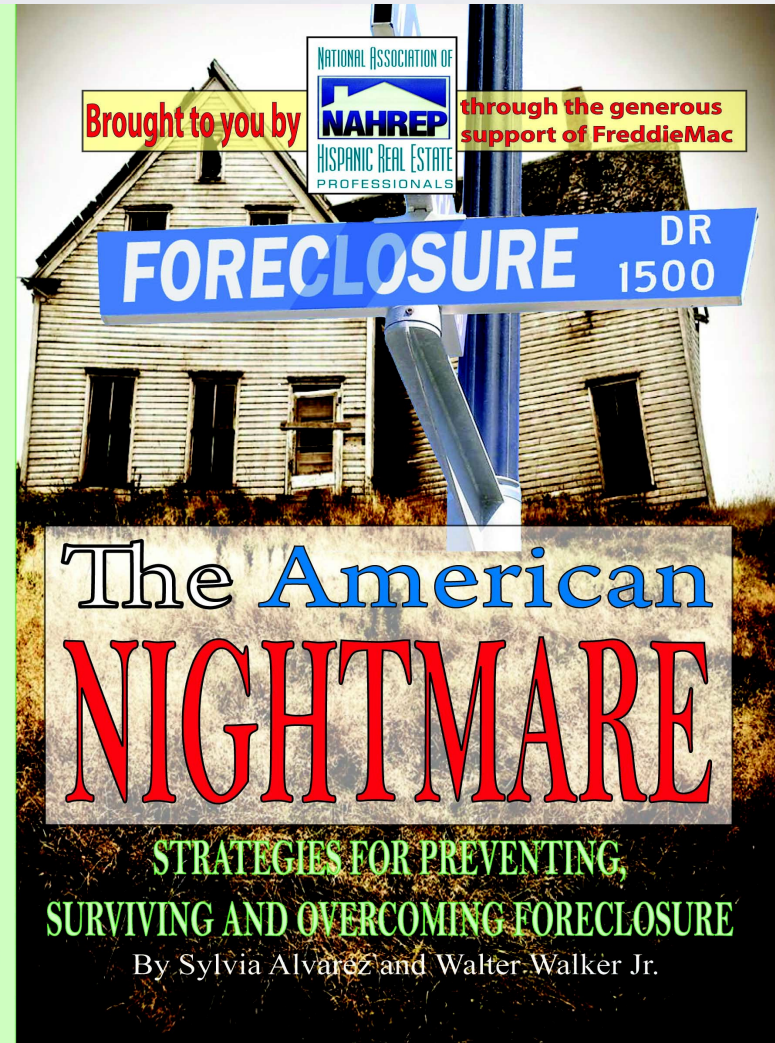


## THERE IS HOPE!

Home ownership has long been called “the American Dream” - but today millions of Americans are finding themselves in financial distress and in danger of losing the most valuable thing they will ever own. *The American Nightmare* answers the many questions associated with foreclosure, and provides practical strategies for preventing, surviving, and overcoming what is rapidly becoming an epidemic.



The American NIGHTMARE Alvarez/Walker



Analyzes reasons people find themselves facing foreclosure and offers encouragement and practical solutions on how to best prepare themselves to avoid these situations

# KEY ISSUES FOR HISPANICS

## *Limited Access to Capital*



## Credit Quality Tightening

- Compounding the problem is a growing credit crunch:
  - *Credit increasingly hard to obtain for would-be homebuyers*
  - *Borrowers with both good and bad credit are being denied*

## Housing Economic Recovery Act (HERA)

- Higher conforming loan limits for FHA-insured mortgages.
- Pilot for non-traditional credit we strongly support
- \$300 Billion “Hope for Homeownership” funds for FHA Refinance
- \$4 Billion for HFA’s to purchase, rehabilitate, and market REO’s
- \$7500 tax free/ no interest loan for new buyers
- National Affordable Housing Trust Fund

# KEY ISSUES FOR HISPANICS

## *Limited Access to Capital*

- A recent study of 125 million consumer files demonstrated a more accurate and predictive method for risk assessment – including a reclassification of 21% of consumers *out of subprime*.
- Many new tools to consider for the various pilot tests
  - Vantage Score
  - PRBC
  - Anthem Score
  - FICO Expansion Score
- Increases the number of people that receive a credit score
- Proven to provide a better assessment of risk for Consumers:
  - Thin files
  - consumers who use credit infrequently
  - Consumers new to credit markets

### POTENTIAL SOLUTION:

**FHA Modernization- Non-Traditional Credit Pilot**



# Data Sources for this Presentation

U.S. Census Bureau



**FannieMae**  
*Our Business Is  
The American Dream*



**JOINT CENTER FOR HOUSING STUDIES**

Graduate School of Design | Kennedy School of Government | Harvard University



**NATIONAL LOW INCOME  
HOUSING COALITION**

Dedicated solely to ending America's affordable housing crisis.

