



THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

FEDERAL POLICY AGENDA 2018-2019



NAREB History



Democracy in Housing Finds a Voice

After the end of World War II and the sacrifice of African Americans for the cause of freedom, dignity and human rights, the United States confronted its history of racial injustice and segregation, recognizing a moral mandate to end public discrimination and move beyond centuries of racial bias. This opened the door for the birth of the Civil Rights movement, and a more equitable future for African Americans, and other people of color.

The years after World War II gave African Americans inspiration, confidence, strength and hope for a better America. The world's leaders established the United Nations, and Ralph J. Bunche, an African American, was named the United Nations Division Trustee, later winning the Nobel Peace Prize. African Americans gained better paying jobs, and the Supreme Court effectively banned restrictive covenants and private agreements that excluded people of a designated race from ownership of real property. Although the lives of African Americans were improving, with a few victories won, schools were still segregated under the "separate but equal" theory, and equal housing had yet to become a reality.

On a sweltering evening in Tampa, Florida, on July 29, 1947, a group of pioneering African American leaders met and formed the National Association of Real Estate Brokers, NAREB.

The twelve pioneers – one woman and eleven men -- hailed from seven states, and they are the recognized founders of NAREB.

1. Nannie Black, Detroit, MI
2. Macco Crutcher, Detroit, MI
3. Carleton Gains, Detroit, MI
4. W.D. Morrison, Jr., Detroit MI
5. O.B. Cobbins, Jackson, MS
6. W.H. Hollins, Birmingham, AL
7. George W. Powell, Jacksonville, FL
8. J.R. Taylor, Miami, FL
9. F. Henry Williams, Jacksonville, FL
10. Horace Sudduth, Cincinnati, OH
11. J.W. Sanford, Oklahoma City, OK
12. A. Maceo Smith, Dallas, TX

That evening, the founders dedicated themselves to fair housing for all. They elected three temporary officers:

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

Word about the new organization soon spread across the country, and NAREB hosted its first convention at Convention Hall in Atlantic City, New Jersey, over two days from July 19-20, 1948. The conference was a resounding success, representing a moment of conversion as men and women from across the country came together to express their voices as a collective force against inequity and injustice and for equality, justice and equal opportunities.

Since its founding, NAREB and its member REALTISTS have won victory after victory in the support of equal housing opportunities for all. We are an association proud of our past, relentless in our struggle in the present day, and 100 percent dedicated to a future in which we actualize the REALTIST creed: **Democracy in Housing.**





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 strategic five-year programmatic effort to increase Black homeownership. During the planning and execution of the program, it has become clear that, to achieve the program's objective, we must see reforms in the underlying public policy principles that support homeownership and the nation's housing finance system. 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 following discussion addresses policy principles and issues that will help achieve Democracy in Housing, improving opportunities for homeownership for the broadest swath of Americans.

Promoting homeownership as a high priority for public policy makers.

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

Achieving loan level equality by removing biases, discrimination and discriminatory effects in the mortgage origination process.

- Same approval rates.
- Same pricing.
- Same terms offered for similarly situated borrowers.
- No neighborhood, zip code or census tract price adjustments.
- Elimination of Loan Level Price Adjustments (LLPAs)

Implementing a federal accountability structure with non-bank financial institutions.

- Examination of lending practices.
- Implementation of fair, equitable and non-discriminatory origination, pricing and terms





5 Recommendations

1. Rethinking Credit Scoring and Restrictive Underwriting

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 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.

2. Eliminating Loan Level Price Adjustments (LLPAs) and Risk-Based Pricing

Issue: Beginning in April 2008, the GSE changed its pricing structure and began pricing mortgages based on criterion, such as 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 homeownership.

Recommendation: We strongly recommend the elimination of LLPAs on mortgage products by Fannie Mae and Freddie Mac because of the negative impact on affordability.

3. Expanding Down Payment Assistance Programs and Strategies

Issue: Currently in many U.S. cities, the average rent payment matches or exceeds the average mortgage payment on the same type of house. One of the more substantial challenges to homeownership in America is saving the funds for the initial down payment required to secure a mortgage loan.

Problem: Many American renters could be homeowners today, if they knew about 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 down payment assistance programs for prospective homebuyers. While these programs have benefited thousands of homeowners, there is no uniformity in widening these programs, so they have national impact.





Legislative Policy Advisory

2018-2019



Recommendation: Creation of The American Dream Down Payment Savings Plan. This would be a tax-advantaged savings plan exclusively for a down payment 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.

4. Reframing the Homeownership Narrative

Issue: In our communities, many African Americans are afraid to buy homes because of widespread shock from the 2008 mortgage crisis and the disproportionate loss of homes in African American communities. Subsequently, a narrative has successfully slipped into the community that renting is better than buying. This needs to change.

Problem: According to 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 to the people. It is important that HUD, Fannie Mae and Freddie Mac create extensive advertising (digital, print, and electronic) that promotes the benefits of sustainable homeownership.

5. Expand Federal Accountability of Non-Bank Financial Institutions

Issue: In today's housing finance market, non-bank lenders are increasingly 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. These lenders have largely 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 practices, pricing practices, approval rates 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.





Legislative Bills NAREB supports

H.R. (not yet filed), Meeks

American Dream Down Payment Savings Plan. Tax advantage savings account to help homebuyers with the purchase of a home (similar to the 529 college savings plan). The lack of money for a down payment is one of the top barriers to homeownership for African-Americans. This bill would help many families to plan earlier to become a homeowner.

H.R.2162, Beatty

To require the Secretary of Housing and Urban Development to discount FHA single-family mortgage insurance premium payments for first-time homebuyers who complete a financial literacy housing counseling program. Would reduce mortgage insurance premiums by 25 basis points. Promoting financial literacy and housing counseling increases the opportunity for sustainable homeownership and significantly reduces the chances for foreclosure.

H.R.1500, Waters

Consumers First Act. To require the Consumer Financial Protection Board to meet its statutory purpose and for other purposes. One of the key provisions of this bill would be to have the CFPB resume more fair lending enforcement. The CFPB must play a key role in the enforcement of fair mortgage lending and loan level pricing equality for borrowers.

H.R.1737, Richmond

American Housing and Economic Mobility Act of 2019. To make housing more affordable and other purposes. The bill increases incentives for affordable homeownership across the country, invests funds to help seniors stay in their homes. The bill also seeks to require not less than 75% of properties acquired through foreclosure by FHA are sold to an owner-occupant or community partner that will rehabilitate or develop the property and sell to an owner-occupant. This bill would be the largest housing bill passed by Congress in many years, boosting homeownership, strengthening families and neighborhoods.





THE TWO MILLION NEW BLACK HOMEOWNERS PROGRAM



TWO MILLION NEW BLACK HOMEOWNERS IN FIVE 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 program that will grow and expand under the next three presidents of NAREB.
2. The program is data-driven, marking the creation of a comprehensive database managed by NAREB.
3. The program includes the following activities that support NAREB mission of Democracy in Housing:
 - a. Advocacy for the Black homeowner.
 - b. Activism for access to credit and policies that support increased homeownership.
 - c. Action-based community outreach that raises awareness and educates communities across the country on the important role homeownership plays in closing the wealth gap in the Black community.
4. The program'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 several victories:
 - 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



Donnell Williams, President

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 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. He is a member of the Board of Adjustments for Morris (New Jersey) 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, 1st Vice President

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

Ms. Pope 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 include: 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 and Chair, Cleveland/Akron Legislative Committee, NAACP Member and more.

She holds a bachelor's in communications and a master's in Business & Project Management. She is also Partner with Man Talk Inc., a nonprofit mentoring organization (www.mantalkinc.com). Ms. Pope is involved in church activities and currently married to Pastor LeNard E. Pope, Sr., and has four adult children.



Courtney Rose, 2nd 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.

Ms. Rose 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 as part of the graduate community development commercial real estate certification program.

Ms. Rose was featured in the Houston Business Journal Inaugural Class as one of its Top 40 Business Leaders in Houston. Women Magazine featured her as one of the Top 50 Most Influential Women in Houston in 2017. Ms. Rose also created and hosted an informative real estate show, "Real Estate Today," which appeared on Comcast.



Ashley Thomas, 3rd Vice President



Ashley Thomas serves as 3rd 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 among 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 affiliates, divisions, committees, mid-winter conferences and annual meetings.

Derrick Jackson, PAC Chair



Derrick Jackson is currently the Broker of Record for Home Real Estate & Development Co., Inc. I received his Pennsylvania real estate license in 1999 and have practiced full time since that time. Derrick Jackson is a second-generation real estate broker; his father Robert Jackson has been practicing for more than 40 years.

The real estate brokerage firm which he now manages was established in 1954 and has 40 agents and staff. This real estate company has had a few name changes but the phone number has remained the same since 1954. In 2005, Derrick Jackson started Professional Estate Solutions(PRES) , a Professional consulting firm. PRES specializes real estate development and business development.

He is currently the President of the Susquehanna Business Association, Director on the Board of Directors for the Susquehanna Community Development Corporation and has served as the President of the Philadelphia Metropolitan Board of Realtist from 2010 – 2012, served as Regional Vice President of NAREB Region II, served as Treasurer of NAREB's National Board of Directors. He is currently NAREB's Chairman of the Political Affairs Committee.





Michele Calloway, Board Chair

Michele Calloway 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. Ms. Calloway has specialized in managing and selling distressed properties for over a decade. Ms. Calloway is the founder of The Institute for Community Pros, a real estate training company in Atlanta, Georgia.



Harold Carter, Board Vice-Chair

Harold V. Carter is the Broker/Owner of Harold Carter REALTORS for over twenty 20 years with multiple offices located in Plano, Tyler, Longview, Paris, Greenville, Sulphur Springs, and Texarkana Texas. He is also licensed in Oklahoma. He is a member of the Plano Black Chamber of Commerce, Collin County Association of Realtors (past president), Former Member of Board of Directors for DAR (MetroTex), DAREB (past president) TAREB (past president) and former NAREB Region XII Vice President. He is a current active member with NAR, TAR, TAREB, plus six other local RE Associations. Harold is a Lifetime member of the NAACP and is most honored to be recently elected as Vice Chair of the Board of Directors for NAREB.

Harold has deep roots in Texas as evidence by his continuous involvement as a listing HUD Broker for five HUD Asset Managers for the M&M contracts since 2005 and have listed and sold homes in 40 counties in North Central and East Texas as well as counties along Arkansas/Okla/Texas borders. He has vast REO experience with VRM, Fannie & Freddie and other bank-owned properties.

The energy in his spirit, he says, is encouraged by NAREB's commitment to "Democracy" as we carve the path that leads to the advancement of their members destiny of homeownership and wealth for their community. Harold cherishes the understanding that a person's home is his castle and a sanctuary that most often offers a vehicle to wealth.





Antoine M. Thompson, Executive Director

Antoine Maurice Thompson is a native of Buffalo, New York. A staunch advocate for the people and small business, Mr. Thompson began his career in public service as a Legislative Assistant for the Buffalo Common Council Central Staff. Mr. Thompson served as one of the New York State Senators representing Buffalo for four years, with a focus on housing, jobs, minority business and the environment. In April 2015, Mr. 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 the NAREB Fundraising and Relationship Manager, assisting the NAREB leadership team and board accomplish its mission and vision.



National Association of Real Estate Brokers

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