



THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

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# FEDERAL POLICY AGENDA

## 2020-2021





# 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

The US Census Bureau shows that there is a racial disparity for homeownership in America. As of 1<sup>st</sup> Quarter 2021, the Black homeownership rate stands at 45.1% which is the lowest for all racial groups. The non-Hispanic White homeownership stands at 73.8% which is the highest for all racial groups. This results in a 28.7% gap between Black and non-Hispanic White homeownership. It should be noted that this gap is higher today than it was in 1968, when the Black homeownership rate of 42% compared to the non-Hispanic White homeownership rate of 63.9% resulted in a 23.9% gap. The importance of home ownership in all communities cannot be understated. Therefore, the goal of the National Association of Real Estate Brokers (NAREB) is to reduce and ultimately eliminate the rate gap between Black and non-Hispanic White homeownership.

It should also be noted that between 2016 and 2019, housing wealth represented the single largest contributor to the increase in net wealth across all income and ethnic groups. According to the 2019 Survey of Consumer Finances, the median household wealth across all homeowner ethnicities is 40 times more than the median household wealth of a renter. In raw numbers, the combined total median household wealth for all ethnicities equates to \$254,900 compared to \$6,270 for renters. In the Black community the difference is even more stark. The gap is 68 times more in which the median household wealth for the Black homeowner approximates \$102,000 compared to \$1,500 for the Black renter.

Black Americans have been the subject of “active, targeted opposition” to their homeownership aspirations since the 1863 issuance of the Emancipation Proclamation by President Abraham Lincoln. Exclusionary zoning, prohibitive private covenants, government sanctioned redlining, eminent domain, urban renewal, adverse tax policies and the racially disparate housing finance policies in place today are some of the origins that continue to stymie the growth of Black homeownership. It is vitally important to achieve equitable homeownership opportunities. In order to provide a more just homeownership opportunity for Black families; increase the Black homeownership rate; grow Black wealth; and narrow the homeownership gap between Black and non-Hispanic White Americans, the National Association of Real Estate Brokers proposes the following:

- Establish a national down payment assistance fund as a form of amends
- Reform and standardize the payment calculation for school loans in mortgage underwriting for FHA, VA and GSEs (Fannie Mae and Freddie Mac) financing
- Eliminate Loan Level Price Adjustments (LLPAs) and Risk-Based Pricing



### **The Establishment of a National Restorative Justice Down Payment Assistance Fund.**

**Issue:** There are millions of credit-ready, working-class Black borrowers who face wealth and income disparities preventing their ability to save down payment funds.

**Problem:** For centuries, Black Americans have labored under laws and discriminatory ordinances intentionally created as obstacles. Prospective Black American homebuyers have been the subject of these targeted oppositions that resulted in lost opportunities to grow generational wealth through the purchase of real property.

**Recommendation:** It is long past the time that prospective Black American homebuyers now deserve to be the recipients of targeted restoration to be made whole. The National Association of Real Estate Brokers recommends a Federally funded down payment assistance program aimed to increase Black homeownership.

### **Reform and standardize the payment calculation for student loans in mortgage underwriting for FHA, VA, and the GSEs (Fannie Mae and Freddie Mac) loans**

**Issue:** US housing finance policies have increasingly made it more difficult for borrowers with student loan debt to buy a home.

**Problem:** Currently, student loan debt in the US is over \$1.57 trillion, an increase of 302% since 2004. Statistics show that 86.8% of Black students attending four (4) year public colleges borrow money to fund their education. The majority of the loans fall under the federal student loan programs. Forty-six (46) % of Black college graduates report delaying the purchase of a home due to student loan debt. US housing finance policies have increasingly made it more difficult to buy a home if the prospective buyer is saddled with student loan debt. Past regulations allowed borrowers to qualify for a home loan if their student loan debt had a two (2) year deferral payment status. Now that most student loan debt is federalized; those deferments were maximized to one (1) year. The unintended consequence is that the current financial regulations for FHA, VA, and GSEs did not adjust in tandem with the change in deferments. The most impacted by these unintended consequences are Blacks. Unfortunately, Black income, wealth and homeownership have decreased since 2004.

**Recommendation:** The National Association of Real Estate Brokers recommends a return to the two-year deferment for federal student debt and standardization in the underwriting processes for FHA, VA, and GSEs financing.



# Legislative Policy Advisory

## 2020-2021



### The Elimination of Loan Level Price Adjustments (LLPAs) and Risk-Based Pricing

**Issue:** The current national housing finance system prices mortgages based upon credit score and down payment. This system has created a disparate impact and barriers to homeownership for deserving Black families.

**Problem:** In April 2008, the GSEs (Fannie Mae and Freddie Mac) were bailed out and placed into conservatorship to rescue them from the housing finance collapse. A new pricing structure was instituted that charges borrowers' additional fees for lower down payments and FICO scores. According to Experian Credit, the average credit score for non-Hispanic White borrowers is 734 while the average score for Black borrower is 677. Since 2008, the GSEs are recovering. They have not only paid back the bailout, but also have also produced a profit. The Economic Policy Institute reports that non-Hispanic White wealth is 40 times that of Black wealth. Moreover, the average net worth for a non-Hispanic White family is over \$147,000, while the average net worth for a Black family is \$3,700.

**Recommendation:** It is time to return to a pricing structure that no longer charges borrowers those additional fees due to a lower down payment and/or FICO scores. The GSEs must return to their congressionally mandated "Duty to Serve" requirements: increasing liquidity of mortgage investments, making capital available for underserved markets, and leading the market to develop loan products with flexible underwriting guidelines for low- and moderate-income borrowers. Therefore, the National Association of Real Estate Brokers calls for the elimination of Loan Level Price Adjustments and other risk-based pricing structures that created barriers not in favor of building bridges to homeownership for deserving Black Americans.





## Legislative Bills NAREB Supports

### H.R. 1360 American Dream Down Payment Act

- **Sponsor**

- **Rep. Gregory Meeks (D-NY)**

**Summary:** 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.

### S. 98 Neighborhood Home Investment Act

- **Sponsor**

- **Sen. Ben Cardin (D-MD)**

**Summary:** NHIA would offer tax credits to attract private investment for building and rehabilitating owner-occupied homes, creating a pathway to neighborhood stability through sustainable homeownership.

### H.R. 68/ S. 769 Housing Fairness Act of 2021

- **Sponsor(s)**

- **Rep. Al Green (D-TX)**
- **Sen. Cortez Masto (D-NV)**

**Summary:** This bill expands efforts to detect and address housing discrimination. Specifically, the Department of Housing and Urban Development (HUD) must conduct a nationwide testing program to (1) detect and document differences in the treatment of prospective renters, homebuyers, or mortgage borrowers; (2) measure patterns of adverse treatment because of the race, color, religion, sex, familial status, disability status, or national origin of a renter, homebuyer, or borrower; and (3) measure the prevalence of such discriminatory practices across housing and mortgage lending markets. The bill also reauthorizes through FY2025 the Fair Housing Initiatives Program, which supports organizations that provide direct assistance to individuals who have been victims of housing discrimination.

### S. 254 Homeowner Assistance Fund

- **Sponsor**

- **Sen. Jack Reed (D-RI)**

**Summary:** This bill provides funds for assistance to homeowners to prevent mortgage defaults, foreclosures, and displacements of individuals and families experiencing financial hardship after January 21, 2020. The Department of the Treasury must disburse the funds to state housing finance agencies, territories, and Indian tribes for the provision of such assistance.

### H.R. 1395 Housing Financial Literacy Act of 2021

- **Sponsor**

- **Rep. Joyce Beatty (D-OH)**

**Summary:** This bill modifies the discount given by the Federal Housing Administration (FHA) on single-family mortgage-insurance premium payments for first-time homebuyers who complete a financial-management counseling program. Under current law, the maximum premium amount for such homebuyers is 2.75% of the





original insured principal obligation of the mortgage (compared to 3% for other homebuyers). The bill instead requires that the premium amount for such homebuyers be 25 basis points (0.25% of the original insured principal obligation of mortgage) lower than the amount otherwise established by the FHA. The bill also specifies that first-time homebuyers must complete the financial-management counseling program prior to applying for a mortgage or entering into a sales agreement.

#### S. 1368 American Housing and Economic Mobility Act of 2021

##### ○ Sponsor

###### ▪ Sen. Elizabeth Warren (D-MA)

**Summary:** The American Housing and Economic Mobility Act will help bring down costs for renters and buyers and level the playing field so working families everywhere can find a decent place to live at a decent price. The Act:

- Controls the cost of renting or buying a home by leveraging federal funding to build up to 3.2 million new housing units— bringing down rents for lower-income and middle-class families by 10% and creating 1.5 million new jobs according to an independent analysis from Moody’s Analytics.
- Provides assistance to people hurt by federal housing policy failures through two targeted new programs.
  - Down payment assistance to communities historically denied mortgages by the government.
  - Support for families whose housing wealth was destroyed by the financial crisis.
- Reduces the cost of housing across America by creating incentives for local governments to eliminate unnecessary land use restrictions that drive up costs.
- Holds financial institutions accountable for providing access to credit for all Americans
- Promotes mobility by strengthening anti-discrimination laws and improving the housing voucher program

#### H.R. 2553 Real Estate Valuation Fairness and Improvement Act

##### ○ Sponsor

###### ▪ Rep. Emmanuel Cleaver (D-MO)

Summary: This bill establishes an interagency Task Force to analyze Federal collateral underwriting standards and guidance. This task force will be mainly tasked with standardizing collateral underwriting standards for real estate property evaluations collecting data to determine the causes of racial disparity in the appraisal industry. Also, this bill looks to promote diversity and inclusion within the profession.

#### (Not Yet Introduced) Housing is Infrastructure Act

##### ○ Sponsor

###### ▪ Rep. Maxine Waters (D-CA)

##### **Summary:**

- \$5 billion for the Housing Trust Fund to support the creation of nearly 60,000 new units of housing that would be affordable to the lowest income households.
- \$5 billion for the HOME Investment Partnerships Program to fund the construction, purchase, or rehabilitation of over 136,600 affordable homes for low-income people.
- \$2.5 billion to the Capital Magnet Fund for competitive grants to Community Development Financial Institutions to create or preserve nearly 450,000 affordable homes.

#### (Not Yet Introduced) Biden Infrastructure Bill

##### ○ Sponsor

###### ▪ TBD

**Summary:** In the nearly 2 Trillion-dollar Infrastructure bill, the Biden Administration has committed to make sure that equitable housing policy is an important aspect of the infrastructure agenda. The key components of this agenda are:

- Invest \$213 to build preserve and retrofit more than two million homes and commercial buildings to address the affordable housing crisis.
- Build and rehabilitate 500,000 homes through the Neighborhood homes Investment Act (NHIA)
- Eliminate exclusionary zoning and harmful land use policies.





## THE TWO MILLION NEW BLACK HOMEOWNERS PROGRAM



### TWO MILLION NEW BLACK HOMEOWNERS IN FIVE YEARS PROGRAM

NAREB created the **2 Million New Black Homeowners in 5 Years (2Mn5)** program to restore Black Americans' confidence in the real estate market, increase economic outcomes for Black Americans, promote homeownership as a reliable method to build wealth, and to help Black Americans confidently navigate the home purchase process.

The multi-pronged approach includes:

- Reaching and informing Black Americans about the value and benefits of homeownership
- Engaging a broad base of concern about the critical nature of increasing Black homeownership among civic and social justice organizations, the faith-based sector, and the business community
- Supporting Black real estate professionals employed by NAREB partners participating in the **2Mn5** program
- Advocating for public policy initiatives and legislation on all governmental levels that support Black homeownership
- Increasing public awareness about the benefits of Black homeownership among multi-generational demographic audiences
- Raising the Black homeownership rate from 45.1% to be on par with the non-Hispanic White Americans homeownership rate.

NAREB knows that to be successful, it will take more than Realtists and NAREB's Affiliate network to reach the goal. Success relies upon the active involvement and participation of policy makers, financial services executives, economic and community development organizations, and our faith-based leaders, among others. Measurement and evaluation of the program's effectiveness include:

- Increased homeownership in Black communities
- Increased size, number, and scope of Black business in real estate
- Strengthened foundation of Black wealth through land ownership
- Heightened awareness of the important role homeownership plays in wealth creation in the Black community.
- Reduction and/or elimination of regulatory and legislative initiatives hobbling the growth of Black homeownership.







# NAREB Leadership



## Lydia Pope, President-Elect

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](http://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 Realtist 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](http://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, 1<sup>st</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.

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, III, 2<sup>nd</sup> 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 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 Realtist Division in NAREB21 affiliates, divisions, committees, mid-winter conferences and annual meetings.



### **Danny P. Felton, Sr., 3rd Vice President**

Danny P. Felton Sr. is the President/CEO of The Experts, LLC, a consortium of companies designed to service all your real estate and mortgage needs under one roof. He is a housing expert with over 25 years of experience in the industry. Danny keeps his finger on the pulse of the market by serving as a housing advocate for the underserved. Danny is a Mortgage Loan originator, Licensed Real Estate Broker, and a HUD Certified Housing Counselor. He is a multi-million-dollar producer that manages real estate asset portfolios for public and private sector interests. He is relentless in his passion and commitment to helping as many people as possible obtain and maintain the American Dream of homeownership. He devotes countless hours to training and educating others on the importance of becoming self-sufficient through homeownership. By adopting the National Industry Standards for Homeownership Education and Counseling, Danny utilizes best practices to assist his clients achieve homeownership.



### **Mark Alston, PAC Chair**

Mark Edward Alston, Owner of Alston And Associates Mortgage Company and Skyway Realty, He is also the current Chairman of the National Association of Real Estate Brokers Public Affairs Committee. Mark has served as the First Vice President of the California Association of Real Estate Brokers, 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. Mark is a recipient of numerous awards for his community service and professional achievements.



### **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). Mr. Thompson is a licensed real estate agent with MMB Realty, Inc.



### **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.



### **James Privette, Policy & Advocacy Coordinator**

James Privette is a Third Generation Washington, D.C. native and currently works as a Policy and Advocacy Practitioner who began his passion in politics during his senior year at McKinley Technology High School in Northeast DC. A graduate of Virginia Tech in Blacksburg, VA with a double major in Economics and Political Science, James has used his life experiences and knowledge to bring a unique perspective of American politics in a wide array of professional roles ranging from campaigns to non-profit organizations. Having served at all levels of government covering policy portfolios ranging from education, environmental, and housing. In addition to being a 3<sup>rd</sup> generation Washingtonian, he is also a 3<sup>rd</sup> generation member of Alpha Phi Alpha Fraternity Inc. and serves on his chapter's political action committee.



## **LJ Jennings, Chief of Staff**

LJ Jennings has a broad and diverse background in business, community engagement, housing development and ecumenical affairs. Over the past 35 years LJ has owned and operated a successful real estate and mortgage company, developed several affordable housing projects, started several nonprofit organizations. Currently LJ operates a 100-bed transitional housing facility for formerly incarcerated individuals, serves as president of his community development company, leads a consortium of churches in the Bay Area, all while Pastoring a thriving and growing church in Oakland California.

LJ Jennings is the President Pyramid Real Estate & Investments, a full-service real estate company. As a 35+ year veteran of the real estate industry, His experience covers the breadth of the real estate industry serving nationally, statewide, and locally within all the major real estate associations in America. His experience includes nonprofit housing development, turning vacant and blighted sites into homes for low income and persons with disabilities. His experience extends into the mortgage financing arena and the utilization of tax credits, pooled funds, and neighborhood stabilization funds.





## National Association of Real Estate Brokers

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