



# FALL EDITION Diversity Briefing

AMERICAN MORTGAGE DIVERSITY COUNCIL | A FIVE STAR INSTITUTE MEMBERSHIP GROUP

## INDUSTRY INSIGHTS

# Chase Makes \$3M Investment in Appraiser D&I

Bank makes move to increase diversity and inclusion with significant investment in the appraiser field.



In a move to foster diversity and inclusion (D&I) in the appraiser field, Chase has made a commitment of \$3 million to the [Appraisal Institute's Appraiser Diversity Initiative \(ADI\)](#), which was established to attract new entrants to the appraisal field, facilitate entry in the appraisal profession, and boost diversity within the appraisal community.

In addition to Chase's financial commitment, Freddie Mac has joined ADI as a core partner, providing additional resources and advisor support. Existing ADI core partners include Fannie Mae and the National Urban League.

Chase's commitment to the ADI will devote

\$1 million per year, for three years, to support trainee education packages. It is expected to help approximately 700 students with costs that include textbooks, calculators, and the purchase of any additional courses required.

"JPMorgan Chase is taking a comprehensive approach to narrow the racial wealth gap in the U.S., particularly among Black and Latinx communities. Last October, we announced a \$30 billion commitment to advance racial equity, of which \$26 billion is dedicated to expanding affordable housing and sustainable homeownership in underserved communities," said [Mark O'Donovan](#), CEO of

Chase Home Lending. "In addition to driving sustainable homeownership, we're working with our partners to root out bias in the residential appraisal process. We need new, diverse talent to join the appraiser industry and we're hopeful that these scholarships will help pave the way."

The goal of the ADI is to create relationships and partnerships with sponsors for the benefit of the ADI participants. ADI sponsors workshops and other activities to inform aspiring appraisers about the requirements to become an appraiser and the multiple career opportunities available. ADI participants are awarded education scholarships for the completion of base course requirements to become an appraiser. The purpose of the sponsorship program is to utilize and maximize the ADI's reach through private sector organizations, including appraisal firms, financial institutions, technology companies, associations, and others.

"One of the Appraisal Institute's top priorities is to encourage recent graduates to consider a career in the valuation profession with a particular focus on diversifying our ranks," said Appraisal Institute President Rodman Schley, MAI, SRA. "The Appraisal Institute is truly grateful to Chase for making such a major commitment to helping the next generation of appraisers."

"We are thrilled to be part of the Appraiser Diversity Initiative," said Pamela Perry, VP, Single-Family Equitable Housing, Freddie Mac. "Chase's commitment to this important initiative, along with the efforts led by the Appraisal Institute, will bring about positive changes to help diversify the next generation of talent."

## MEMBER VOICES

# From the Chair

Dear AMDC Readers,

Happy autumn, everyone! Before I get started, I want to share my heartfelt congratulations to the Women in Housing Leadership Award finalists and winners for 2021. I am in awe of the remarkable work these women are doing and the positive impact they're making within their companies and across the mortgage industry. I couldn't be prouder to call them my colleagues!

As Chief Diversity and Inclusion Officer at Ocwen, I've been asked more than once how companies can promote Diversity & Inclusion in the mortgage industry, and my answer is simple: it starts from within. It is essential that our companies have strong internal policies and practices in place that provide clear guidance and support D&I.

From my experience, there are four distinct ways that a company can begin to promote D&I:

**1. Educate the workforce.** It is critical that employees understand not only what diversity, equity, and inclusion are but also why they are so important, especially in our rapidly evolving modern society and workplaces. When you look at the research, it is overwhelmingly obvious. According to a recent Census Report, by the year 2060, racial minority populations will grow by 74%. Diverse customers will demand new products, come from new market segments, and require different types of services. The mortgage industry should start preparing now for this reality.

**2. Change the make-up of who is coming in the door of your company.** The primary goal should be recruiting a workforce that mirrors the customers we serve. According to an article published by Glassdoor, 67% of job seekers consider workplace diversity an important factor when considering employment opportunities, and more than 50% of current employees want their workplace to do more to increase diversity.

**3. Assess your internal workplace policies and practices and ensure that they are inclusive.** It's critical to take an honest look at the end-to-end employee experience, with an eye toward creating conditions that promote inclusion on a daily basis. Creating an environment where your employees are empowered to be the best versions of themselves can positively impact productivity, employee retention, and overall engagement.

**4. Measure, report results, and tie them to individual performance.** At Ocwen and PHH, all employees are annually evaluated on sustaining an inclusive work environment, and D&I is embedded into our core values. For our senior leaders, achieving D&I goals is a significant part of their performance evaluation and compensation, and it is what drives our success.

We all have a part to play in this important journey, and making real progress will require focus and determination. The payoff is worth it. When diversity, equity, and inclusion are a viable and vibrant part of your company, you'll reap the rewards of an engaged and dedicated workforce—and the success that comes along with it.

Best regards,



**Lola Oyewole**  
VP, Human Resources and  
Chief Diversity & Inclusion Officer,  
Ocwen Financial Corporation

## MEMBER VOICES

# Many Colors, One Community Webinar Series

Three-part diversity and inclusion webinar series examines critical topics.

WEBINAR PANELISTS FOR 08-11-21

 <b>MODERATOR</b> <b>JAMMIE JELKS</b> FORBES REAL ESTATE COUNCIL	 <b>PANELISTS</b> <b>FRANK FUENTES</b> NATIONAL VP, MULTICULTURAL LENDING, NEW AMERICAN FUNDING AND AMDC VICE CHAIR	 <b>JORGE NEWBERY</b> FOUNDER, CHAIRMAN & CEO, AHP-SERVICING	 <b>DANIEL TICONA</b> DIRECTOR, HOUSING INSIGHTS AND SOLUTIONS, FREDDIE MAC
--	---	---	--

WEBINAR PANELISTS FOR 08-18-21

 <b>MODERATOR</b> <b>WENDY WILSON</b> AVP STRATEGIC INITIATIVES MANAGER, DHI MORTGAGE	 <b>PANELISTS</b> <b>JOHN DRUMGOOLE, JR.</b> VP MINORITY LENDING, NEW AMERICAN FUNDING	 <b>SHARON EDWARDS-PARRIS</b> SR. RECRUITER HUMAN RESOURCES, CENLAR FSB	 <b>PAUL GIGLIOTTI</b> PRESIDENT AND CHAIRMAN, AXIS LENDING ACADEMY	 <b>J. ANTHONY VAN NESS</b> FOUNDER, MANAGING PARTNER, VAN NESS LAW FIRM
---	--	--	--	---

WEBINAR PANELISTS FOR 08-18-21

 <b>MODERATOR</b> <b>MICHAEL RUIZ</b> DIRECTOR, SUPPLIER DIVERSITY, FANNIE MAE, PRESIDENT HISPANIC EMPLOYEE RESOURCE GROUP	 <b>PANELISTS</b> <b>TAI CHRISTENSEN</b> DIVERSITY, EQUITY, AND INCLUSION OFFICER, CBC MORTGAGE AGENCY	 <b>JASON RIVEIRO</b> VP GLOBAL AFFILIATE SERVICES, REALOY HOLDINGS	 <b>TERESA PALACIOS SMITH</b> CHIEF DIVERSITY, EQUITY & INCLUSION OFFICER, HOMESERVICES OF AMERICA
--	--	--	---

Recently, the [American Mortgage Diversity Council \(AMDC\)](#), a Five Star Institute membership group, hosted a 2021 Diversity & Inclusion Webinar Series, focused on the many colors that make up the one community we call housing.

Over the course of three weeks in August, more than 15 subject-matter experts and industry leaders discussed pressing diversity and inclusion topics impacting today's mortgage business. The series featured three educational panels covering topics regarding minority homeownership, talent diversity, and employee resource groups.

The lead-off session was "A Dream for All: Expanding Minority Homeownership." The panel of speakers included Frank Fuentes, National VP of Multicultural Community Lending for New American Funding; Jorge Newbery, Founder/CEO for AHP 75; and Daniel Ticona, Senior Manager, Affordable Lending for Freddie Mac. Together, they discussed measures the industry

can take to ensure that homeownership is within reach for as many Americans as possible.

The second in the AMDC Webinar series, "A Diversity of Talent: A Guide to Recruiting, Hiring, and Promoting Your Workforce," focused on diversity and inclusion (D&I) recruiting, hiring, and promotion strategies that give your company a competitive advantage over the others. The panel discussed how to approach these areas with expanded creativity and problem-solving, better decision-making, increased productivity, and employee engagement.

Webinar panelists included J. Anthony Van Ness, Founder, Managing Partner for the Van Ness Law Firm; John Drumgoole, Jr., VP, Minority Lending for New American Funding; Paul Gigliotti, CEO and Founder of Axis Lending Academy; Wendy Wilson, AVP Strategic Initiatives at DHI Mortgage; and Sharon Edwards-Parris, Senior Recruiter, Human Resources for Cenlar.

The third and final webinar in the series was entitled "Learn from Your ERGs: A Valuable Resource for Company Feedback on Initiatives." This installment focused on how Employee Resource Groups (ERGs) build high-level trust and help companies flourish. ERGs foster belonging, new perspectives, and help drive innovation, serving as a great place to seek feedback and gather needed intelligence on how a company meets its diversity and inclusion objectives.

Webinar participants included Tai Christensen, Government Affairs Director, Diversity & Inclusion Officer of CBC Mortgage Agency (Chenoa Fund); Michael Ruiz, Director—Corporate Procurement and Supplier Diversity for Fannie Mae; Jason Riveiro, VP of Global Services for Realogy Holdings Corp.; and Teresa Palacios Smith, Chief Diversity, Equity & Inclusion Officer for HomeServices of America.

MEMBER VOICES

# Wild Apricot Membership Platform

Updating membership profiles and making payments can be simplified with one online platform.

Updating your American Mortgage Diversity Council member profile and renewing your membership has just gotten so much easier. The Five Star Institute recently moved to Wild Apricot to make your member experience easier than ever. But what exactly is Wild Apricot?

Wild Apricot is a web-based software that simplifies the management of your membership and payments. Through Wild Apricot, you can manage and update your profile as well as receive important updates regarding your membership and make your initial or renewal payments.

If you have not yet explored the AMDC Wild Apricot membership platform, please visit: [americanmortgagediversitycouncil.wildapricot.org/Sys/ResetPasswordRequest](http://americanmortgagediversitycouncil.wildapricot.org/Sys/ResetPasswordRequest) to request a password reset. Your email will come from the [AmericanMortgageDiversityCouncil@wildapricot.org](mailto:AmericanMortgageDiversityCouncil@wildapricot.org). Be sure to check your spam and junk folders if you cannot locate the email in your inbox, and also remember to mark it as a safe sender. Once you have reset your password, log in and navigate to your profile, review your company information, and make any needed updates. Keep in mind this is what visitors to the AMDC website see, so make sure it is as complete as possible.

Existing or lapsed members may also make payments online through Wild Apricot with a major credit card.

If you have any questions about Wild Apricot, or need assistance, please contact Gina Gallutia at [gina.gallutia@thefivestar.com](mailto:gina.gallutia@thefivestar.com) or 214.525.6755 for assistance.



**Gina Gallutia** is the Executive Membership Director for The Five Star Institute.

MEMBER VOICES

# A Proven Blueprint

Here's how New American Funding is working to increase lending access among underserved communities.

by Charles Lowery



For far too long, far too many deserving people were left behind when it came to buying a house. As a mortgage lender, New American Funding believes that the greatest path to generational wealth is through owning a home.

That is why thousands of our team members are working tirelessly to ensure that everyone who can buy a home has the opportunity to do so. Buying a home improves lives, both in the moment and in the future. It can create generational wealth and help people change the trajectory of their lives. That is very important to us as a company.

However, this issue is not something that can be fixed overnight. It is not as simple as creating a “diversity and inclusion” initiative. It takes years of focus and dedication to address these issues. It takes involvement and attention from all levels of the company, from senior leadership on down.

New American Funding is a mission-driven company, and that mission is focused on helping underserved communities become homeowners. Many years ago, we set a goal of matching both our lending percentages and our hiring

percentages with the minority population in the U.S. We feel it is important to be representative of the diversity in the country in our lending and in our hiring.

Company leadership established and formalized this direction as a part of the company’s mission. As a result, each employee feels that they are pulling in the same direction because they are a part of something larger than themselves.

For us, the journey began in 2013 when we established our Latino Focus initiative, which works to improve homeownership among members of the Hispanic community who face challenges when trying to buy a home, including language barriers and financial literacy.

Latino Focus seeks to enhance the quality of Hispanics’ experience when looking to obtain a home loan and enrich the Hispanic community through homeownership. The effort has led to the introduction of Spanish-language educational materials and Spanish-language advertising campaigns. The initiative prioritized outreach specifically designed

(continued on page 4)

(continued from page 3)

to educate the Hispanic community about its homeownership opportunities.

We have found success in doing business this way, as our share of lending to Hispanic borrowers equals the national breakdown and exceeds that of the overall industry.

According to the most recent Census Bureau data, 18.7% of the country is Hispanic. However, nationally, only 11.9% of the purchase loans in 2020 went to Hispanic borrowers, per 2020 HMDA data.

New American Funding surpassed the industry in 2020, with 18% of our purchase loans going to Hispanic borrowers, per 2020 HMDA data.

After seeing success with Latino Focus, we formed the New American Dream initiative in 2016, which seeks to increase homeownership within Black communities by building consumer confidence through the homebuying education programs and increasing accessibility to a variety of loan programs.

New American Dream aims to help families realize that owning a home is an achievable goal. The committee that heads New American Dream helps identify and remove roadblocks that can detain or prevent the dream of homeownership.

New American Funding also uses manual underwriting to accommodate unique borrower scenarios for earning, spending, and credit that are common among minority borrowers. This tactic is different than many other sizable lenders that focus on technology to speed up the underwriting process.

This program delivers results as well. According to the Census data, 12.1% of the U.S. population is Black. However, only 6.7% of all purchase loans in 2020 went to Black borrowers, per the 2020 HMDA data.

New American Funding exceeds both numbers, as 12.4% of our purchase loans in 2020 went to Black borrowers.

However, it is not enough just to have the programs. These are complex problems that require complex solutions. More than anything, it is about giving these issues proper attention and being willing to do the work to affect change.

We know that it is critically important to hire people who understand the delicate and nuanced differences that make each culture unique. New American Funding believes in hiring “mirrors,” people who are familiar with cultural differences and equipped to help those in minority communities.

We address this by continuing to invest in mortgage professionals who are equipped to work with minority borrowers, including a focused effort on hiring bilingual employees. As a result of our effort, approximately 45% of the company’s workforce are minorities, 23% of our employees are Hispanic, and 60% of the company’s employees are female.

But hiring a diverse workforce isn’t enough. It is equally important to make sure that every person in your organization is on the same page.

At New American Funding, we stand for authenticity, community, ingenuity, diversity, education, and a respectful workplace. Our leaders set the example, and it is the goal of every New American Funding team member to strive to attain this standard of excellence.

Doing it the right way isn’t a business motto at New American Funding, it is the cornerstone. Treating people, the way they want to be treated, respecting one another, and choosing right over wrong is what all our employees do in their personal lives. As a company, we simply brought those personal principles into the business as well.

Our employees play by the book, uphold the truth, look at what is right and wrong, and choose right. Our team treats their customers and their fellow employees with the integrity they deserve.

While the corporate policies strive to anticipate and offer guidance for as many workplace scenarios as possible, the company’s values further support and sustain a company-wide culture of ethical decision-making.

The company believes in fostering an exceptional work environment where differences are respected, teamwork is encouraged, and hard work is rewarded.

That attitude helps shape the company’s mission of lending to underserved borrowers. It is a cultural mandate at New American Funding to serve every borrower who is worthy, regardless of where they are located or where they come from. These types of lofty goals require complete buy-in from all employees, which starts at the very top of the company.

More than the numbers or the bottom line, it is about helping hundreds of thousands of hardworking people buy a home and establish a solid financial footing for their future.

New American Funding is helping build stable neighborhoods and helping people all over the country create generational wealth that can help change the course of their lives. We believe that buying a home is not just about putting a roof over your head. It is also about building wealth and financial security for you and your family.

That is why New American Funding does what it does. We value our role in helping people build their lives.

That is what it takes to bring about real change. It takes everyone working together, all the time. The effort must be consistent. The effort must be compassionate. The effort must be all-encompassing. When that happens, the results take care of themselves.



**Charles Lowery**  
is the Director Legislative  
Policy and External Affairs  
at New American Funding.

## MEMBER ALERT

# Diversity Calendar

OCTOBER

2021

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

### October

- Global Diversity Awareness Month
- LGBT History Month
- National Disability Employment Awareness Month
- October 10:  
World Mental Health Day

### November

- Native American History Month
- November 11: Veterans Day
- November 20:  
Transgender Day of Remembrance
- November 26:  
Native American Heritage Day

### December

- December 1: World Aids Day
- December 3: International Persons with Disabilities Day
- December 26 –January 1: Kwanzaa

# A Question of Culture

Here's why NTC believes a company approach to creating a diverse, equitable, and inclusive culture.

by John Hillman and Carolynn Smith-Jones

Since the protests over the death of George Floyd in May 2020, companies nationwide have put a bigger emphasis on diversity and inclusion.

Corporate leaders have begun investing in diversity, equity, and inclusion work now more than ever and are implementing policies that create equity and foster inclusion for underrepresented minorities.

Regardless of what beliefs you may personally hold, today's leaders must all find ways to create inclusive environments for our staff and leadership so that the workplace we come to each day is the workplace that we want to come to.

NTC recognizes that to be successful, a company is made up of individuals with a diverse mix of qualities, experiences, and work styles who tend to have available a richer set of ideas, perspectives, and approaches to a business. Therefore, we make every effort to make sure each employee within NTC feels welcomed, respected, supported, and valued as a team member.

Over the last year, Nationwide Title Clearing has dedicated full-time staff to implement new diversity, equity, and inclusion programs and initiatives. We are committed to continuing our research, education, and incorporation of these efforts long-term.

## New Key DE&I Programs

NTC's commitment to diversity includes multiple partnerships with community and national organizations such as Boys and Girls Clubs of Tampa Bay, Tampa Pride (LGBTQ+), the NAACP, and more. The partnerships allow us an opportunity to involve our staff to be a part of these organizations by attending events, donation drives, and community outreach initiatives and other opportunities to give back.

We have found over the years that managing and promoting diversity, equity, and inclusion efforts improves company morale and positivity in our workplace. Our company strives to ensure everyone feels validated and important regardless of their gender, race, background, and differences.

Key benefits we have found from these programs include boost in company morale, positive reviews on employee websites, and an overall increase in staff signing up for community outreach events offered by the company.

In 2019, NTC had an incredible number of employees come together to support one

another by marching in the LGBTQ+ Pride parade that our company sponsored. We had employees form a small committee to help manage the event and allowed them to promote to staff within the opportunity. Overall, the introduction of LGBTQ+ events and support from our company created a positive impact on our company morale. We signed up for a second year and had a larger presence at this year's PRIDE events.

Another key program that we have sponsored for years is helping the inner-city and underprivileged youth from the Boys and Girls Clubs of Tampa Bay. Each Christmas, our employees can shop for a child's "Wish List" that is wrapped and given to the children the week of Christmas. We also give our staff the opportunity to volunteer at the Christmas event that is always a heartwarming and impactful event. This has been a special initiative that many of our staff look forward to participating in every year.

Recently, we partnered with the Boys & Girls Clubs for a school supply drive where our staff donated and volunteered at the Back-to-School celebration event held at a Boys and Girls Club in the inner city of Tampa Bay.

## Recruiting Diverse Talent

When it comes to recruiting diverse talent, NTC utilizes many different methods of obtaining diverse applicants, including job boards, local schools, job fairs, and employee referrals. At NTC, we strive to make all new team members feel included. On the very first day, new team members are given a personal tour by the Employee Engagement Manager. They are introduced to everyone in Human Resources, the training room staff, and their management team. We let our new team members know from the beginning how important they are to us and how grateful we are they have decided to embark on their career journey with NTC. We let everyone know that we have our open-door policy, and about their ability to talk to any member of the leadership team, including the CEO, John Hillman, should they choose to. We empower not just our new team members but all our employees to give us what I refer to as courageous feedback.

## Monthly, Year-Round DE&I Efforts

We have highlighted additional DE&I efforts we have implemented to improve our company culture

**1. DE&I Corner in the company newsletter, "NTC People."** We launched a new feature in our company newsletter, "D&I Corner," where we highlight various aspects of diversity, equity, and inclusion.

**2.** During Black History Month, we provided insight on the origins of the month and highlighted some of history's most influential Black Americans. In honor of Women's History Month, we highlighted important women in history, as well as our very own Female Executive of the Year, Tonie Popovich, former VP of Human Resources. We also celebrated generational differences between baby boomers and millennials, Mother's Day, and Asian American & Pacific Islander Heritage Month. Celebrations have also included Father Day, Pride Month, Independence Day, and Cross-Cultural Communication.

**3.** As part of the diversity, equity, and inclusion focus, we have also set up interactive games in the courtyards and communal areas for employees to participate in during breaks. This has resulted in great feedback that they are enjoyed and that this initiative has increased employee culture.

**4.** NTC implemented new protocols on CEO statements addressing social injustice issues in our Nation (example: CEO Statement regarding Black Lives Matter and George Floyd). The CEO plays a vital role in promoting diversity in our company. He should be the first to react and set an example for the rest of your company's employees when it comes to embracing workplace diversity, equity, and inclusion. We built a media center of monthly PowerPoint presentations and TED Talks that are shared with NTC Executives and Management. Examples of topics include:

- a. Managing in a Multigenerational Workplace
- b. Creating a diverse slate of company candidates and staff
- c. Melody Hobson: Colorblind or Color Brave? (TED Talk)
- d. Discussing racial stereotypes and racial discrimination
- e. 3 ways to combat gender bias in the workplace
- f. Implicit and unconscious bias

(continued on page 6)

(continued from page 5)

**Ongoing Education**

Our VP of HR, AVP of HR, and Public Relations team enrolled in the University of South Florida’s ‘Diversity, Equity, and Inclusion in the Workplace Certificate Program’ and received countless hours of education and resources that have been instrumental in building DE&I efforts within our programs. C-level leadership and executives have been participating in DE&I training as well.

In conclusion, the idea of approaching a conversation about race and racism may give you some serious pause. Many of us have been firmly instructed that race has no place in the workplace. Managers and leaders have a significant role in establishing psychological safety for their employees, and there is a place and need for these conversations and efforts. Our leadership at NTC has taken the pledge to manage that discomfort and do the work needed to serve our teams and ensure we are offering a diverse and equitable company.

to increase affordable housing to address homelessness, and \$5 billion for 70,000 emergency housing vouchers.

**About Nationwide Title Clearing**

*Nationwide Title Clearing, Inc. (NTC) is a privately owned leading research and document-processing service provider to the residential mortgage industry. NTC services the nation’s top mortgage lenders, servicers, investors, and custodians. NTC has won the Tampa Bay Times Top 100 Workplace Designation five times in its history and has been listed among the top 200 companies in Tampa Bay twice. For more information, visit the company’s website at [nationwidetitleclearing.com](http://nationwidetitleclearing.com).*



**John Hillman** is the CEO of Nationwide Title Clearing. Hillman was named to the Board of Directors in 2004 and became CEO in 2006. He has held various executive roles for the company for 19 years and has been credited with transforming NTC into the growing quality mortgage servicing provider it is today. Under his management, NTC has increased revenue by 500% since 2008 and 350% since 2011.



**Carolynn Smith-Jones** is the CEO of Seven Marketing + PR, a national firm based in Tampa, Florida. Jones has closely collaborated with senior management of Nationwide Title Clearing, Inc.

**MEMBER ALERTS**

# AMDC is Pleased to Welcome...

**Premier Member**

Brace—Brace unlocks financial performance for every homeowner. By leveraging a modern infrastructure, communications, and design in an end-to-end, compliant, and configurable cloud experience, Brace provides an efficient, transparent solution that enables actionable insights for all.



- A&D Property Services
- Altisource
- American Mortgage Service Co.
- Aspen Grove Solutions
- Bank of America
- Brace
- BRON
- Chenoa Fund
- CoreLogic
- Deval LLC
- DHI Mortgage
- Eagle Home Mortgage
- Fannie Mae
- Federal Home Loan Bank of Dallas
- Independence Title
- JGM Property Group Inc.
- Mr. Cooper
- National General Lender Services
- National MI
- Nationwide Title Clearing
- New American Funding
- Ocwen Financial Corporation
- PennyMac Financial Services
- Planet Home Lending
- Prosperity Home Mortgage
- Ruth Ruhl
- Skyhill Financial
- Sourcepoint

# Why Micro Mortgages Matter

A fair and realistic solution to homeownership inequality.

by Jorge Newberry



As I discussed in a recent *Huffington Post* article, one of the unintended consequences of the 2010 Dodd-Frank Act—which sought to address toxic mortgage lending practices that led to the Great Recession and the ensuing housing collapse—was that it resulted in most national lenders deciding that loans under \$100,000 were not worth the hassle, and so they began to move away from financing homes beneath the \$100,000 threshold. The reason? Because Dodd-Frank placed caps on the fees and interest a bank can collect on a mortgage. The result? Most lenders set minimum loan amounts ranging from \$50,000–\$100,000, which ended up with America’s most underserved communities having far fewer mortgage options than they already had prior to 2008.

Though Dodd-Frank was designed to protect consumers from subprime mortgages and predatory practices, its effect was that banks simply excluded many potential homeowners looking to buy in America’s most affordable communities.

So, the micro-mortgage—as it has come to be known in finance and real estate—is one potential and realistic solution to the problem of inaccessible home financing. Luckily, there have been many small lending operations that have

identified this solution, and micro-mortgages have slowly become more common and have opened opportunities for homeownership to larger amounts of people.

With a micro-mortgage, a \$25,000 home in your neighborhood can be purchased by you or one of your neighbors, rather than being snapped up by a cash investor who turns it into a rental, leasing it to the same family who had hoped to buy it in the first place. Why does this matter? Because these neighborhoods that used to have civic pride and that were once predominately owner-occupied have shifted to predominantly tenant-occupied. This is problematic for the community.

Strong communities are built when people can put down roots and invest both financially and emotionally in their neighborhood, and homeownership is the key to this. Homeowners are far more likely to be positively involved in their communities because they are invested in the long-term more so than renters, who tend to feel more mobile, temporary, and disconnected from the larger concerns of the neighborhood.

Major nationwide lenders do have the ability to make micro mortgages, of course, but they rarely, if ever, choose to do so. It is not seen as a cost-effective way of doing business. Even if they do decide to lend below

*(continued on page 9)*

# Government Agencies Seek Affordable-Housing Solutions

HUD announced a series of actions to support President Biden's plan to unlock and create more housing for lower-income borrowers.

The shortage of housing—of both the affordable and merely available variety—is a forefront issue for housing-policy decision-makers and is at the center of many recent studies aiming to gain understanding and access solutions. The idea of housing as infrastructure has been a discussion topic for Treasury officials and the Biden Administration, whose Build Back Better plan aims to “create, preserve, and sell nearly 100,000 additional affordable homes for homeowners and renters across the country over the next three years,” according to a news



alert from the Department of Housing and Urban Development (HUD).

HUD announced a series of actions to support, in an administrative capacity, the President's plan to unlock and create more housing for lower-income segments.

“President Biden promised the American people that his administration would dramatically expand our nation's supply of affordable rental housing—and the actions announced today represent a significant down payment toward that commitment,” said HUD (continued on page 10)

(continued from page 8)

\$100,000, which is rare, very few will lend below \$50,000.

Another positive aspect of micro mortgages is that they are also able to be paired with government-backed mortgage lending programs. This means that government-sponsored enterprises like Fannie Mae and Freddie Mac are working with micro-mortgage lenders to help create more homeowners in the communities that need it most. A major benefit to homebuyers utilizing these programs is that you can often buy a home with as little as 3% down—and, in some cases, even 0% down. CRA loans can be utilized with micro-mortgages as well, and often have the option to put down as little as 3%. Other government homebuyer assistance programs—such as [FHA, VA, and USDA loans](#)—are also able to be used by homebuyers using micro mortgages.

People often bemoan the inequities baked into American society, particularly regarding homeownership disparities and racial wealth gaps, which are both inextricably bound together. The micro-mortgage is one way to push back against systemic racism in the real estate space.

In his blog, social justice writer Aaron Morales has covered the various historical reasons why America's most vulnerable communities are being locked out of the world of homeownership. He shows how [homeownership is a social justice issue](#) at its core. He explains why [poor and minority Americans assume we will never be allowed to become homeowners](#), and therefore, rarely bother taking meaningful steps to achieve homeownership. Morales has even unpacked the many ways predatory lenders are knowingly and purposely bleeding

the poorest and most ignored communities for every penny they can, all while leaving behind millions of people drowning in unsustainable debt that haunts them for years.

I encourage anyone interested in social justice within the real estate space to pay a visit to his blog and see the enlightening work he has done to dissect the issue of homeownership inequality from a wide variety of angles.

## How Micro-Mortgages Work

Other than the lower amount of the loan, there should not be any difference from conventional loans in how a micro-mortgage functions. They are simply for smaller amounts. Interest rates should be the same. Loan terms should be the same. Unfortunately, there are some lenders who, citing the “high-risk” buyers asking for micro-mortgages, raise fees and interest rates to predatory levels. Avoid these lenders at all costs.

The process of applying for and obtaining a home loan with a micro-mortgage is also the same:

- Find a real estate agent to represent you and locate a home you wish to purchase.
- Determine your budget for a deposit and monthly payments.
- See which [government-backed mortgages](#) you are eligible for and apply.
- Get approval for a loan amount and make your offer.
- Upon acceptance, go through the process of closing on the home.
- Finally, upon closing—or finalizing—the purchase of the home, you have reached the first and most important step on the path of creating wealth for yourself and future generations, not to mention the many other financial and personal benefits that come

from owning a home.

The company I founded last year as a social justice initiative to increase American homeownership rates to 75% for all Americans, regardless of race or income, makes **micro-mortgage loans for as little as \$5,000 up to \$100,000**. We are also able to make **loan lengths up to 30 years**, just like a conventional mortgage. Having the option to extend a micro-mortgage for up to 30 years will have an immediate and lasting impact on any buyer's financial situation.

## A Ray of Hope

So why a loan as small as \$5,000, up to \$100,000? Why a micro-mortgage under the \$100,000 national lender threshold? Because there really are places in America where homes are that affordable.

Imagine the freedom of being able to buy a home with just a few hundred dollars down, spending so much less than rent, and owning the home instead of watching your monthly housing cost evaporate into thin air. The micro-mortgage is the key.

I am hopeful that companies like mine, and micro-mortgages in general, will be a much-needed catalyst for change in the fight for homeownership equality. I am hopeful that it will be a ray of hope for the countless poor and minority Americans who have written off the possibility of homeownership in their lifetimes.



**Jorge Newberry** is the founded American Homeowner Preservation, AHP Servicing and AHP Mortgage Direct, a national mortgage banker which originates micro mortgages as low as \$5,000.

# Biden Admin Raises Cap on GSE LIHTC Investment

New FHFA initiative is aimed at narrowing the homeownership gap.

In a move to support the nation's underserved housing markets, the Biden Administration and the [Federal Housing Finance Agency \(FHFA\)](#) has announced that Fannie Mae and Freddie Mac (the GSEs) can each invest up to \$850 million annually in the Low-Income Housing Tax Credit (LIHTC) market as equity investors. Previously, each GSE was limited to \$500 million of investment annually.

Within this \$850 million annual funding cap, any investments above \$425 million each year are required to be in areas that have been identified by FHFA as markets that have difficulty attracting investors.

This move by the FHFA marks an increase in the number of investments under the cap that must be made in targeted transactions that either support housing in Duty to Serve-designated rural areas, preserve affordable housing, support mixed-income housing, provide supportive housing, or meet other affordable housing objectives.



"The severe shortage of affordable housing in America requires coordinated government action," said Acting Director

Sandra L. Thompson in a statement. "As part of the federal government's response, FHFA is instructing Fannie Mae

*(continued on page 11)*

*(continued from page 9)*

Secretary Marcia Fudge. "These actions will expand access to critical capital for state Housing Finance Agencies, empower local communities to build more affordable housing using the historic investments contained in the American Rescue Plan, and advance equitable housing policies such as inclusionary zoning practices. Moving forward, HUD and the Biden-Harris Administration will continue to pursue bold actions to create and preserve affordable homes for all Americans."

As Congress considers the Build Back Better agenda, President Biden in a White House Fact Sheet said he "is committed to using every tool available in government to produce more affordable housing supply as quickly as possible and to make supply available to families in need of affordable, quality housing—rather than to large investors." The Fact Sheet cites a recent report on investor homebuying that showed 35% of the nation's housing stock is being purchased by large companies.

HUD's Policy Development and Research team will also release research on state and local governments' pursuit of strategies to remove regulatory barriers. HUD has published a catalog listing 4,800 barriers and solutions, broken down by counties and cities, it says, along with solutions and information. Collectively, the research and

catalog are known as HUD's "Regulatory Barriers Clearinghouse." The Clearinghouse also is intended to inform Biden's locally driven zoning reform initiative, a competitive grant program to target so-called exclusionary zoning laws—think minimum lot sizes, parking requirements, and prohibitions on multifamily housing—that the administration says have inflated construction costs and locked out segments of the population.

A report earlier this year suggested that re-zoning certain residential areas is the first thing many experts think of when asked to address the shortage. Zillow Research also published a paper entitled "Zoning Changes Most Effective Path to Boosting Housing Supply," for which authors considered insight from a panel of more than 100 subject-matter experts and economists.

Further, HUD's Community Development and Planning arm announced it is creating a new toolkit featuring easy-to-implement strategies to deploy resources to grantees facing affordability challenges worsened during the pandemic.

HUD stated that its actions are part of an interagency effort to increase affordable housing supply.

The efforts go hand in hand with Federal Housing Administration's Housing Finance Agency Risk-Sharing Program, the Department of Treasury's Federal Financing Bank (which provides

low-cost capital needed to spur development of rental housing), and related agreements with state housing finance agencies, which "mark a renewed focus on supporting construction and development of affordable housing units in states across the country," HUD reported.

The White House in its statement acknowledged that "persistent imbalances in the U.S. housing market have formed over many decades and it will take concerted effort and iterative policymaking to correct them."

The White House, HUD, and FHFA plan to regularly convene with state and local officials and stakeholders for a series of peer learning and listening sessions.

"These sessions will allow for the exchange of best practices on locally led zoning reform to address supply and affordability challenges, including a virtual session on accessory dwelling units hosted by FHFA in September," noted the White House briefing. "The sessions will also identify the obstacles to implementation that remain, which the President's Build Back Better Agenda and potentially federal administrative action, can help address."

The comprehensive list of actions by the White House and agencies is available at [whitehouse.gov](https://www.whitehouse.gov).

(continued from page 10)

and Freddie Mac to boost the housing supply in communities across the country by significantly increasing their Low-Income Housing Tax Credit investments and by expanding opportunities for local families to access affordable homeownership and rental housing. In addition, FHFA will begin to study the interaction between exclusionary zoning and our regulated entities.”

As supply constraints have intensified, large investors have stepped up their real estate purchases, including of single-family homes in urban and suburban areas. One out of every six homes purchased in Q2 was acquired by investors, and reports indicate that in some markets, that number is one in four. Within investor purchases, typically more than 35% of purchases are made by investors that own more than 10 properties. Large investor purchases of single-family homes and conversion into rental properties speeds the transition of neighborhoods from homeownership to rental and drives up home prices for lower-cost homes, making it harder for aspiring first-time and first-generation homebuyers, among others, to buy a home. At the same time, these purchases are unlikely to boost supply in the lower-cost portions of the rental market meaningfully, as investors charge more for rent to recoup higher purchase costs.

The LIHTC is the primary government program available to address the shortage of affordable rental housing through the creation and preservation of affordable units in underserved areas throughout the country. FHFA will continue to evaluate the GSEs’ participation in the LIHTC equity market on an ongoing basis.

In addition to the FHFA raising the LIHTC for the GSEs, the Biden Administration has also announced the following goals to boost affordable housing:

- Boosting the supply of manufactured housing and two- to four-unit properties by expanding financing through Freddie Mac. Along with Fannie Mae’s and the Federal Housing Administration’s (FHA) existing policies, these steps will enable more Americans to purchase homes and increase the availability of rental units throughout the country.
- Make more single-family homes available to individuals, families, and non-profit organizations—rather than large investors—by prioritizing homeownership and limiting the sale to large investors of certain FHA-insured and HUD-owned properties, in addition to expanding and creating exclusivity periods in which only governmental entities, owner-occupants, and qualified non-profit organizations can bid on certain FHA-insured and government-owned properties.

- Work with state and local governments to boost housing supply by leveraging existing federal funds to spur local action, exploring federal levers to help states and local governments reduce exclusionary zoning, and launching learning and listening sessions with local leaders.

Since its return to the LIHTC market, Fannie Mae’s \$1.8 billion worth of commitments has supported the creation and preservation of thousands of affordable units. The LIHTC program accounts for most of all affordable rental housing created and preserved in the U.S. The increase in the cap allows Fannie Mae to maintain its commitment to supporting the growing needs for quality affordable housing for the nation’s renters.

“LIHTC investments are one of the most impactful tools we use to create and preserve affordable housing in underserved markets. Increasing the annual cap allows us to better address the affordable housing supply shortage for low- and very low-income families,” said Michele Evans, EVP and Head of Multifamily, Fannie Mae. “Since our return to the LIHTC market in 2018, we have been able to better serve the multifamily market and play an integral role in addressing our nation’s affordable housing crisis.”

Debby Jenkins, EVP and Head of Multifamily for Freddie Mac, said, “Freddie Mac has built a robust LIHTC Equity investment program, with more than 120 investments in 26 states and Puerto Rico and Guam since 2018. This work has supported the preservation or creation of thousands of units of rental housing, meeting the needs of underserved communities throughout the country. FHFA’s announcement today will allow us to build on this work in the years to come and do so much more to meet the tremendous need for additional safe and affordable housing.”

Some of Fannie Mae’s notable LIHTC investments made through June 30, 2021, include the following properties:

- Talbot Court in Greensboro, North Carolina, which will provide 56 units, of which six are designated for disabled or homeless residents. Twenty-five percent of this property’s units will be restricted to residents who earn 30% of the area median income (AMI).
- Wellington North in Clarkson, New York, will provide 50 units for senior residents with eight designated for disabled tenants. More than a third of this property’s units will be offered to residents who earn 30% of the AMI or less.
- Apache Manor & Sandy Park Apartments in Tulsa, Oklahoma, will facilitate Rental Assistance Demonstration conversion of 318 public housing units in two properties. The Housing Authority of the City of Tulsa will provide supportive services to all residents.

- Beachwinds Apartments in Narragansett, Rhode Island, will offer 104 units for senior and disabled residents with supportive services.

“FHFA’s increase in the cap allows us to continue to play a leadership role in supporting underserved markets and projects, including rural, supportive housing developments, and disaster-impacted areas,” said Dana Brown, VP, Multifamily for Fannie Mae. “We are a steady and reliable presence in the LIHTC equity market. This consistent support was evident over the past year when pandemic-related factors disrupted many markets and economic activities. Throughout this challenging period, Fannie Mae continued its steady pace of LIHTC investments month after month, assuring our LIHTC market partners that we planned to continue to invest throughout 2020 and beyond.”

Some of Freddie Mac’s LIHTC equity investments include the following:

- Freddie Mac’s investment in Hilltop Apartments will support the occupied-rehab of an existing 72-unit multifamily property located in Madison, Florida. The property is comprised of 15 one-story residential buildings and one community building. All 72 units will be set aside for households with incomes at or below 40% and 60% of AMI. Four units are set aside for special needs households targeting a homeless person, a survivor of domestic violence, a person with a disability, and a youth aging out of foster care.
- Freddie Mac’s investment in Mamie Nichols Townhomes supports the new construction of a scattered-site multifamily development in the Point Breeze neighborhood of South Philadelphia. Eleven efficiency and one-bedroom units will be available for veterans with special needs, while 22 two- and three-bedroom units will be available to low-income families. All 33 units are rent restricted to households at or below 20% to 60% of AMI.
- Freddie Mac’s investment in Yurok Homes #3 supports the new construction of 36 units of multifamily housing located 10 miles from Eureka, California on land owned by the Yurok Indian Housing Authority (YIHA). The development will include 12 two-story structures featuring flats, town homes and rental homes. The property will target families earning no more than 30% to 50% of AMI. All 36 units will benefit from a tribal subsidy allowing tenants to pay 25% of their income toward rent.

“Increasing the amount each Enterprise can invest in the LIHTC market, especially in areas that have difficulty attracting investors, will help expand the supply of affordable housing across the country,” added Thompson. “Today’s announcement is a part of FHFA’s continued efforts to help alleviate America’s affordable housing shortage.”

MEMBER ALERT

# New American Funding Wins Great Employer Awards

New American Funding has won two 2021 Stevie Awards for Great Employers, the Gold for Employer of the Year—Financial Services, and Bronze for People-Focused CEO—HR Individual for the company’s CEO, Rick Arvielo. The company has won 35 Stevie awards since 2016. These two 2021 Stevie Awards for Great Employers categories recognize the world’s best employers and the achievements of individual professionals since the beginning of 2020. Award winners are determined by the votes of employees, the public, and scores of industry experts.

MEMBER ALERT

# PCV Murcor Awards Marketing Director Beatley

PCV Murcor has awarded the Margaret Murray Entrepreneurial Spirit Award to Charles Bealey, Marketing Director, for going above and beyond. The award is named after the grandmother of Founder and CEO Keith Murray. She instilled the value of hard work and determination in him. The award honors her life and how she led it.

THEFIVESTARINSTITUTE

# SUBSCRIBE TO THE LEADER IN DEFAULT SERVICING NEWS



**DSnews**  
Default Servicing | Trusted · Reliable · Informed

DS News is the leading publication dedicated to providing default servicing professionals with news and content focused on their industry.

**SUBSCRIBE NOW!**

Connect with us online at [DSNews.com](https://www.dsnews.com).