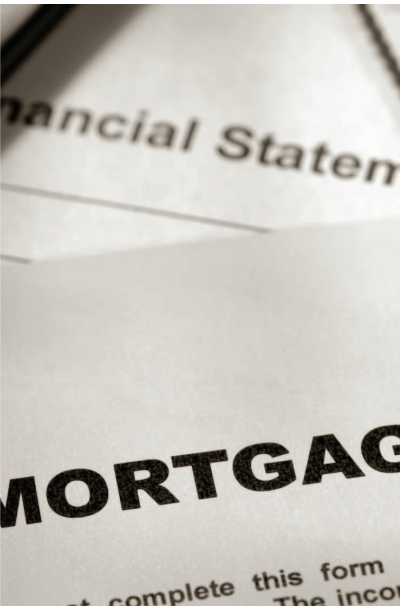
NATIONAL ASSOCIATION OF

NAHREP

HISPANIC REAL ESTATE PROFESSIONALS



STATE OF HISPANIC HOMEOWNERSHIP

2010

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Executive Summary

Introduction

The housing sector has played a pivotal role in the history and growth of the nation's economy. Since 1947, housing has constituted about 21 percent of the nation's gross domestic product when furnishings, rents and other housing-related costs are factored into the purchase of a home. Over the years, the housing sector has created thousands of jobs in the construction sector, contributed to the personal equity and wealth for homeowners and fueled the expansion of the middle class. Immigrants and minorities have achieved considerable economic success and progress through homeownership too.

They have also played an important role in forging a resilient middle class that has generated and sustained America's economic prosperity. Prior to the housing crisis, Hispanics had experienced substantial growth in employment and income levels and were emerging as one of the predominant segments of homebuyers who were poised to replace an aging Baby Boomer population. As the second largest consumer segment in the nation, Hispanics have the potential to reinvigorate the housing sector and accelerate the economy with their labor productivity, strong work ethic and the massive purchase power of their sheer numbers.

Current Economic Conditions

As the nation gradually approaches the end of a prolonged economic downturn, hopeful signs of a recovery abound. Although foreclosures, unemployment, immigration and insufficient business investments still plague the economy, last year major corporations posted impressive financial gains, Americans increased their savings, home sales and homebuilding moderately improved and monetary policies kept interest rates low.

Meanwhile other forces that are fundamental to restoring the housing markets to good health have started to emerge.

Household growth rates are not expected to remain depressed for long because of record levels of affordability. Indeed, household growth is expected to return to long-term trend levels once employment picks up and immigration growth rates recover.

Minorities and immigrants are expected to drive growth in housing demand because of their population size, age and greater propensity to be married with children. Within the next 15 years, they are expected to drive demand for condominiums, smaller starter homes and first trade-up homes. They are also expected to represent a rapidly growing segment of the middle and middle-upper markets for housing. For Hispanics, in particular, a few other favorable trends should help increase their rate of homeownership over the next several years including:

- **Hispanics are now the largest minority group in the country and represent a growing portion of the age group involved in most home sales - 26 to 46 years of age.**

- **More than other population groups, Hispanics can pick up stakes and move to other parts of the country in search of better jobs and more affordable housing.**

- **Hispanics continue to attain steady gains in population, income, education and entrepreneurship.** Their work ethic, strong desire to succeed, larger size of families and purchase power are enabling more of them to achieve homeownership.

- **More Hispanics can now afford to buy a home, especially in the suburbs, inner cities and in small towns.** Lower price values in homes, particularly at the lower end of the market, are making homes more affordable than at any time in the last 40 years.

- **Record low interest rates, government-backed loans and less predatory lending are making sustainable homeownership more affordable.**

Executive Summary

Consumer Attitudes

Hispanics strongly aspire to become homeowners. National housing surveys show that they are more motivated than the general population to buy a home for both emotional and financial reasons. More than the general population and by a wide margin, Hispanics yearn for a place to call home, a dwelling located in a safe and secure neighborhood in which to raise children and provide them with a good education and a home they can leave behind for the family.

These national surveys reveal:

- 61 percent of Hispanics said they expect their financial situation to get better over the next year, compared to 41 percent of all Americans;
- 34 percent of Hispanics said they are likely to buy a home in the next three years, compared to only 24 percent of all Americans;
- 74 percent of Hispanics said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 59 percent of all Americans, and;
- 57 percent of Hispanics consider owning a home a symbol of success, compared to only 33 percent of all Americans.

The Impact of Foreclosures on Hispanics

As a result of costly nontraditional subprime loans, massive foreclosures have delivered a highly disproportionate blow to Latinos. Nationally, subprime loans were issued 2.3 times more often to Latino borrowers than to non-Hispanic White borrowers in 2006. Data affirm that states with the highest foreclosure rates also lead the country in high-cost subprime loans, many made to Hispanic families who actually qualified for safer, more affordable mortgages. For example, Latinos in California experienced foreclosure rates 2.3 times that of non-Hispanic Whites in 2006. Most of these foreclosures were on modest homes that were originally sold at below area median prices to hard-working Latino families.

Presently, California, Florida, Arizona, Nevada, and New Jersey, which is home to 47 percent of all Hispanics, have experienced high foreclosure rates. Latinos have lost thousands of homes in these states largely as a result of their receiving a large number of unaffordable loans and the high levels of unemployment in their communities in the aftermath of the housing crisis. Between 2007 and 2009, Latino borrowers experienced a 7.7 percent foreclosure rate, losing nearly 340,000 homes. They are expected to lose at least $75 to $98 billion from all subprime loans made during the past decade. More than 700,000 Latinos are now at imminent risk of foreclosure.

Outlook

As the economy rebounds, the housing industry will begin addressing the homeownership needs of Echo Boomers, including minority groups and immigrants. As the Echo Boom generation reaches adulthood and immigration augments other generations, household growth among Hispanics and Asians will accelerate. Housing now occupied by many older non-Hispanic White Baby Boomers, in turn, is expected to be well-suited to the needs of younger and larger minority households. As Baby Boomers downsize, they will sell their homes to younger households. In the meantime, lower home values are improving homeownership affordability.

In addition to lower levels of income, savings and employment, homebuyers, however, continue to confront many barriers. Tight credit, higher fees, stricter underwriting standards, higher down payment requirements, credit history and job security concerns are preventing homebuyers from realizing their dreams. Down payment assistance and savings programs will, therefore, continue to be crucial in enabling many buyers to afford homes even at today's lower prices.

Lending patterns have shifted as well. In reaction to the meltdown in housing finance that began in late 2006, mortgage lenders became more restrictive in their practices, demanding extra documentation as proof of income and employment, lower debt-to-income ratios, larger down payments, higher fees and higher credit scores. This caused many borrowers, who would have been perfectly acceptable borrowers before the bubble, to not be able to get a loan. The trend toward excessive documentation is most pronounced in the loan conduits as lenders try to avoid loan repurchases. Fortunately, credit availability appears to be easing but still represents an uphill struggle for many creditworthy borrowers.

On the upside, rock-bottom prices, record-low interest rates and government assistance incentives should stimulate home buying. The government is also expected to play a more active role in implementing policies that will invigorate the economy, stabilize home prices, avert more foreclosures and help revitalize thousands of distressed communities. Some of these government actions are already starting to take effect, including this year's payroll tax cut and the delayed benefits of a massive Federal Reserve quantitative easing that began in November 2010, an action intended to further reduce long-term interest rates by buying $600 billion in government debt (US bonds) from banks.

Overall, the economy is expected to grow by 4 percent in 2011. In addition, the availability of low-cost loans for those who can qualify coupled with housing affordability at record-high levels should further stimulate the already pent-up demand for homeownership.

Buyers who are able to purchase homes at or near price bottoms stand to gain once price appreciation returns to its historic pace slightly above real income growth. The Federal government is also expected to continue its support of the home mortgage markets, thus helping to maintain the liquidity for home mortgages and keep prices from falling further. Moreover, the recovery of housing construction is long overdue, since housing demand has been exceeding the levels of building, especially in communities experiencing rapid growth.

The Role of Housing and Hispanics in the Economy

Most of us have, at one time or another, heard a version of "the bricklayer story." One day a famous architect visits a worksite and comes across a bricklayer busily working away. When the architect asks the bricklayer what he is doing, the bricklayer replies "I am laying bricks." A little later the architect comes across a second bricklayer and asks him the same question. The second bricklayer replies, "I am making a living." Finally, the architect comes across a third bricklayer and also asks him what he is doing. Beaming with pride, the third bricklayer replies, "I am building America's future."

Accordingly, along with jobs and consumer confidence, housing is a major catalyst, a driving force for the broader economy. Since 1947, housing has occupied about 21 percent of GDP when furnishings, rents, and other housing-related costs are included along with residential fixed investment.[1] The housing sector alone was responsible for over 75 percent of all job growth from 2004 through 2007.

The role of Hispanics in the nation's economy as workers in the manufacturing, construction, real estate and service industry sectors, and, as consumers and taxpayers, is equally monumental. In 2006, for example, Hispanic workers landed two out of every three new construction jobs, or nearly 400,000 jobs – even as the housing market was suffering a severe slump. In addition, while Hispanic consumer spending increased by 6.4 percent from 2005 to 2008, non-Hispanic consumer spending grew by only 2.9 percent (or less than 50 percent the rate of Hispanic spending) during that same time period.

> In essence, all of us are engaged in such an epic endeavor. Not just building homes, not just selling or financing America's living units: We are stimulating America's economic recovery. We are building the future of America.

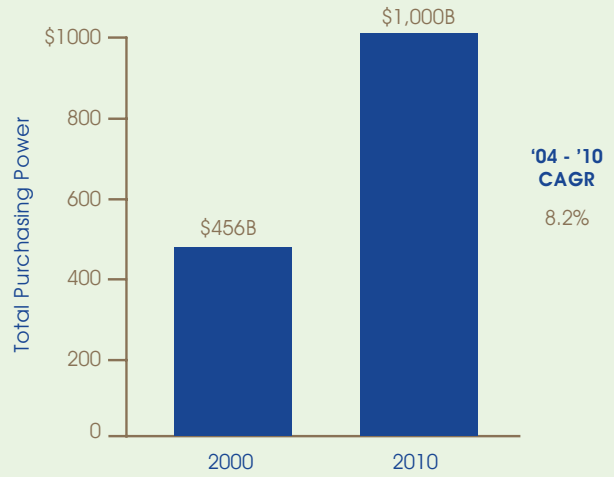
Prominent economists have long held that the precursor of an economic slowdown is a rapid decline in the construction sector. They also maintain that recoveries are equally contingent on an acceleration of construction, the stimulating effects of which are subsequently felt and multiplied throughout the economy. Dollars spent on a financial or real estate transaction will find their way, for example, into a local Starbucks or McDonalds where the dollars circulated will help maintain and even create new jobs. Another home built, sold and financed, in turn, will prod expenditures for utilities, new furniture, appliances and other home products. Another home sold and financed means increased investment by the private sector in other parts of the economy; increasing tax revenues that can be used to provide essential services such as public safety and education; and an essential and direct path to economic stability and growth.

In our nation's history, housing downturns have had catastrophic effects. However, as soon as the housing market begins to turn around, other sectors of the economy also begin to recover. Such has been the case in five of the last seven recessions.

As we review the state of Hispanic homeownership, we must begin by highlighting the greatest economic resource in our communities: a vibrant labor force with a strong work ethic. Hispanics are renowned for their high level of participation in the labor force (68 percent); low turnover, and low absenteeism; they also typically work extra hours, hold more than one job or have multiple wage earners in a household. Over the past decade, their labor productivity, earnings, and consumption substantively contributed to the nation's housing boom and economic prosperity. Hispanics not only work hard but also spend heavily on basic goods and services, and expend a far greater percentage of their wages than does the rest of the population.

Overall, the increasing capacity of Hispanics to own a home has contributed significantly to economic growth in the suburbs, prevented a decline in urban housing markets and helped stabilize housing markets and communities in small towns and rural areas. In addition, given their vigorous work ethic, population profile and burgeoning purchasing power, Hispanics have the potential of significantly stimulating America's economic growth once again. In spite of the subprime crisis, Hispanics have managed to preserve a substantial amount of home equity and a 48 percent rate of homeownership that remains three percentage points above the 1999 level when NAHREP was founded.

Figure 1. Hispanic Purchasing Power in the United States



The Role of Immigrants in the Economy

Immigrant workers, including those earning low wages, help preserve and create more jobs, and their heavy spending -- in part due to their larger household sizes -- enhances economic growth. Historically, they have filled gaps in American labor markets and generally boosted domestic business activity and job specialization as they often complement the work of others.

The added value and productivity of immigrants is typically overlooked. For instance, a majority of immigrants from Mexico (53 percent) have at least a high school diploma to two years of college preparatory education, with 15 percent of them completing technical, professional, or post-doctoral degrees.[2] In contrast, a 2003 study conducted by the Century Foundation found that Hispanic students constituted only 6 percent of the freshman class of the top 146 four-year colleges in the United States. Immigrants tend to take jobs in which their skills are far superior to the tasks they undertake, thus enhancing their value to their employers and the economy. They often will take jobs as construction workers, drywall installers or taxi drivers, while native-born workers may end up being promoted as their supervisors or managers.[3] As of 2009, 20 percent of all Mexicans with a Ph.D. degree lived in the United States and attained average earnings of about $50,000 a year, an amount considerably below the annual income most American citizens with a Ph.D. degree earn.

Not surprisingly, between 1990 and 2007, Mexican immigrant job productivity was associated with increases of between 6.6 percent and 9.9 percent in annual income per worker. Such increases equaled an increase of $5,000 annually per worker. According to research conducted by BBVA Bancomer in 2009, Mexican immigrant workers alone were contributing nearly 4 percent of US gross domestic product (GDP).[4]

The Washington Post, the New York Times Real Estate Magazine and top government officials, including Ben Bernanke, chairman of the Federal Reserve, and Edward P. Lazear, former chairman of the White House Council of Economic Advisers, have publicly acknowledged the integral role immigrants play in the nation's economy. They have emphasized that in the absence of immigrants there would be disruption and labor shortages in construction, manufacturing, assembly and machine operations, leisure and hospitality services. More important, their research findings show that immigrants not only fuel the nation's economic growth but also positively affect the incomes of native-born workers.

Overall, immigration stimulates economic growth by generating new consumers, creating new businesses and increasing the total level of investment in the economy, especially in the vital sectors of manufacturing, construction and sales. As a result of this growth, Doris Meissner, former commissioner of the U.S. Immigration and Naturalization Service, asserts that economists estimate that wages for the vast majority of American workers are slightly higher than they would be without immigration. Meissner emphasizes that economists have additionally calculated that for each job an immigrant fills, an additional job is created.

In summary, immigrants, most of whom are Hispanic, help create more jobs by adding value to the work of others and expending a high level of their earnings, thus spurring economic growth. In addition, their wages increase tax revenues, help finance Social Security, stimulate demand for housing units, and generally improve business prospects and activity throughout the economy.

As an aging homeownership population compels imminent replacement, immigrants and minorities represent America's new demographic majority of homeowners in the 21st century. Back in 2006, the New York Times Real Estate Magazine reported that Baby Boomers were expected to sell about 34 million homes over the next two decades.

The Role of Immigrants and Minorities in Homeownership

"When I think about clients I've assisted, one fine young enterprising and energetic couple is Miguel and Maria De La Torre. They are from Mexico and are U.S. citizens. They were newlyweds when we met four years ago, in their mid-twenties and bilingual. I sold them a duplex and they became landlords while they resided in one of the units.

Two years ago they opened their own Carniceria and bought a four-plex as their second investment property. Miguel works full time at Black & Decker and is also an auto dealer. They just had a precious baby boy and want me to help them with their first single family home. They are a great example of the benefits a community derives when Hispanic citizens work hard and smart and contribute to the economy."

- Gloria Mendoza, NAHREP Colorado Springs Chapter

Long before the housing crisis, it significantly wondered then who would buy these homes since native-born Americans alone would not be growing in sufficient numbers. The Times predicted that the buyers of these Baby Boomer homes could very well turn out to be first- and second-generation immigrants, who would be hitting the market just when they are needed the most. With thousands of immigrants buying homes at the lower end of the market and possessing strong upward mobility in housing, they are expected to provide a base of demand that eventually pushes everyone else up.

Indeed, NAHREP expects immigrant and minority homeownership to stimulate America's housing renewal. For nearly two decades, the rate of Hispanic homeownership alone had grown rapidly. During the 1990s, the percentage of Hispanics owning a home rose from 42 percent to 48 percent. This was the fastest rate of increase for any population segment in the country.

In 2007, the highest rate of homeownership among Latinos was recorded at 50.1 percent in both the first and third quarters of that year. Much of this homeownership growth came from immigrant households who spurred the demand for "starter" homes. Only 9.3 percent of Latinos who had recently arrived owned homes in 1990, but the number surged to 58 percent by 2008. In recent years, over 60 percent of Hispanic immigrants who are naturalized citizens have owned their homes. Moreover, the biggest gains in Hispanic homeownership have been in immigrant gateway states with large Mexican populations, like Texas, California and New Mexico.

A soft, weakened market offering near-record-low mortgage rates and rock-bottom home prices should enable more immigrants and minorities to buy a home in the near future. In addition, the built-up demand for homeownership caused by tight credit conditions strongly suggests that as credit becomes more readily available, more immigrants and minorities will be able to obtain a safe and appropriately underwritten mortgage loan at a fair and reasonable price.

Benefits of Housing and Homeownership

NAHREP strongly believes that improved education and jobs are among the most critical components of economic growth. It regards enhanced educational opportunities and higher-paying jobs as the foundation for future stability. However, NAHREP also contends that the benefits of homeownership are crucial to long-term economic progress.

Homeownership builds equity and wealth, fuels economic growth and creates jobs in the construction and home improvement sectors. Recent studies have also concluded that benefits for children of homeowners include the likelihood of their achieving higher levels of education and earnings, principally if their homes are located in stable and secure residential areas with access to quality schools. Moreover, homeownership typically provides a safer and better living environment in which to raise children and it strengthens neighborhoods by increasing stability, keeping capital in the community, attracting outside investment, and raising property values.

NAHREP also recognizes that the growth of home equity has provided minority families with access to cash for emergencies and for important endeavors such as their children's education and starting a small business. As the economy recovers, Hispanics are expected to continue making steady gains in jobs, income, education, business growth and homeownership.

According to Fannie Mae's 2010 Third Quarter National Housing survey:

74 percent of Hispanics said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 59 percent of all Americans.

In addition, the findings indicate the following:

- 34 percent of Hispanics said they are likely to buy a home in the next three years, compared to only 24 percent of all Americans;
- 61 percent of Hispanics said they expected their financial situation to get better over the next year, compared to 41 percent of all Americans;
- 67 percent of Hispanics think that the financial opportunity available by buying a home is a major reason to buy, compared to 58 percent of all Americans;
- 57 percent of Hispanics consider owning a home a symbol of success or achievement, compared to only 33 percent of all Americans.

All these findings demonstrate that Latinos are significantly more motivated than the general population by the prospects of improving their lives through homeownership, and a large number of them possess an unrelenting will to succeed economically.

Most industry experts predict that by 2020, 80 percent of all new homebuyers will be minority or immigrants, with Hispanics being the largest share. Homeownership is still the gateway to the American dream, with over 60 percent of the net wealth of Hispanics made up of their home equity. Hispanic families are also the fastest-growing portion of our economy. The need to include the fastest-growing population group in national homeownership policies as well as all other areas of our economy is a 21st century reality that must not be ignored.

For NAHREP, homeownership is and will continue to be the primary way for minorities to accumulate wealth and net worth, especially to leave something of value and significance to one's children. We believe that for minorities, as well as for most Americans, homeownership is both an end in itself – a highly motivating source of pride and accomplishment – and a means to an enhanced living standard, a greater sense of security and, ultimately, an improved educational and economic status.

Strength of the Hispanic Homeownership Market

In spite of the housing crisis, various data confirm the strong capacity of Hispanics to purchase and finance a home:

• **Hispanics are now the largest minority group in the country.** Its population is expected to grow at a rate three times faster than that of the general population, and to account for 36 percent of household growth in 2010-2020. From 2000 to 2009, the Latino population grew 37 percent whereas the non-Latino White population grew less than 3 percent. During this time period, Latinos made up 51 percent of U.S. total population growth, compared to non-Hispanic White population contributing 21 percent of U.S. total population growth.

• **Hispanics represent an increasing portion of the age group involved in most home purchases– 26 to 46 years of age.** According to the U.S. Census, the Hispanic population is much younger, with a median age of 28, compared with the population as a whole at 37. Hispanics are also nearly twice more likely to be married with children than non-Hispanic Whites, comprise larger households and thus are strongly motivated to buy a home.

• **More than other population groups, Hispanics can pick up stakes and move to other parts of the country in search of better jobs and more affordable housing.** Job mobility is critical to the creation and expansion of jobs and home purchases. For example, from 1995 to 2005, Hispanics accounted for 90 percent of all household growth in Hawaii, 46 percent in Rhode Island, 40 percent in New York, and 36 percent in Illinois.

• **According to the Pew Hispanic Center tabulations of U.S. Census 2008 income data, 50 percent of Hispanic households earned more than $41,000 a year, nearly 30 percent earned more than $65,000 a year and over 12 percent earned more than $100,000 a year.** Over the past decade Hispanic households who earn more than $100,000 per year grew by 125 percent to 3.7 million. In 2010, Fannie Mae's National Housing Survey findings showed that 89 percent of Hispanic families with incomes over $100,000 owned a home.

• **From 1994 to 2005, the percentage of 18- to 24-year-old Hispanics who graduated from high school or obtained a GED rose from 56 percent to 66 percent. Nearly 25 percent of these young Hispanics are now enrolled in college.** Hispanics are also moving quickly into management, professional, and other white-collar occupations. They work more hours per week and are more likely to be employed than the average U.S. person.

• **In 2008, Hispanic purchase power was estimated at $951 billion and is now reported to exceed $1 trillion.** Hispanics will lead the first-time homebuyer market within the next ten years, when they are projected to represent about 40 percent of all new homeowners. In 2006, Harvard's Joint Center for Housing Studies reported that Hispanics represented less than 8 percent of U.S. homeowners in 2005 but would account for 25 percent of total U.S. homeownership growth between 2005 and 2020. At the time, the Center estimated that Hispanics would account for 11 percent of all U.S. homeowners by the year 2020.

Transitioning to a Broader, More Durable Economic Recovery

In 2010, corporate America achieved impressive financial gains as the S&P 500-stock index rose by 13 percent, lifting business confidence and consumer wealth. Americans also paid more of their debts and increased savings; homebuilding moderately improved as a result of falling home prices and the tax credit for homebuyers; and Federal Reserve monetary policies kept interest rates low. However, the jobless rate lingered around 10 percent, home prices failed to reach bottom, lower levels of immigration stifled demand, mortgage loans extended to minorities precipitously decreased and the economy grew modestly. Although the job outlook is improving, the foreclosure crisis intensified and continues to cause massive losses of homes, wealth and jobs.

In fact, from 2007 through 2009, the value of household real estate plunged 33 percent, while mortgage debt declined only 5 percent from its fourth-quarter 2007 peak. During the same time period, the number of annual bankruptcies climbed from 600,000 to 1.4 million, and the number of foreclosures tripled from 800,000 to 2.4 million. By the end of the first quarter of 2010, roughly one quarter of American homeowners with mortgages were underwater. All these financial calamities unduly affected minorities who disproportionately had been the recipients of higher-priced loans even after controlling for income, lender types, the largest individual lenders serving the markets, neighborhood racial and income composition, the channel the loan was sold through and the denial rates in neighborhoods.[5] By 2009, mortgage loans made to Latinos had decreased the most by 63 percent, to $78 million from $214 million in 2004. During the same time span, loans made to African Americans dropped to $49 million from $122 million, or 60 percent.[6]

Nevertheless, gradually increasing signs of a broader, more durable economic recovery offer an opportunity to restore housing markets to health beginning this year. According to the Harvard Joint Center for Housing Studies, household growth rates are not expected to remain depressed for long because of record levels of affordability and because household growth is estimated to return to their historical trend levels when employment growth picks up and immigration growth rates recover. Its latest projections imply that new housing demand will be in the range of about 16.4 to 18.7 million between 2010 and 2020.[7] The Center predicts that past inflows and higher fertility rates will ensure that minorities and immigrants will continue to drive growth in housing demand – even if immigration were to grind to a halt today. It also asserts that the mere size, age composition, and highly diverse make-up of the Echo Boom generation (born 1986-2005) and the Baby Bust generation (born 1966-1985) ensures strong household growth in the years ahead.

In addition, the large share of second-generation Americans (children born in the U.S. to immigrant parents) among the Echo Boomers is deemed highly significant in shaping the characteristics of future households.

In fact, their large size is considered to be good news because U.S.-born children of immigrants, especially householders aged 25-64, typically have higher household incomes than both foreign-born and other native-born households of all races and ethnicities. In the next 15 years, Echo Boomers, led by Hispanic households, will generate substantial demand for condominiums, smaller starter homes and first trade-up homes. As a result of increasing gains in education, income and entrepreneurship, Hispanics will also represent a rapidly growing segment of the middle and middle-upper markets for housing.

Prospects for the Future

A combination of positive trends that include income gains by Hispanics, low interest rates, and an increasingly responsive housing industry led to a rapid increase in the rate of Hispanic homeownership – from 42 percent in 1994 to 48 percent in 2009, an increase of 14 percent, or twice the rate of growth of non-Hispanic White households (7 percent) during the same time period.

Table 1. Homeownership Percentage Rates by Race/Ethnicity

Year	All Households	White Non-Hispanic	Hispanics	Black	Asian/Other
1994	64	70	41.2	42.5	50.8
1995	64.7	70.9	42.1	42.9	51.5
1996	65.4	71.7	42.8	44.5	51.5
1997	65.7	72	43.3	45.4	53.3
1998	66.3	72.6	44.7	46.1	53.7
1999	66.8	73.2	45.5	46.7	54.1
2000	67.4	74.0	46.0	47.6	54.3
2001	67.8	74.3	47.3	48.4	54.7
2002	67.9	74.7	47	48.2	55.0
2003	68.3	75.4	46.7	48.8	56.9
2004	69	76	48.2	49.7	59.7
2005	68.9	75.8	49.5	48.2	60.3
2006	68.8	75.8	49.7	48.4	60.8
2007	68.1	75.2	49.7	47.8	60.1
2008	67.8	75.0	49.1	47.9	59.5
2009	67.4	74.8	48.4	46.6	59.0
2010	66.9	74.5	47.5	45.4	58.0 est.

Sources: State of the Nation's Housing 2010, Joint Center for Housing Studies, Harvard & US Census Homeownership and Vacancy data

By early 2005 the rate of Hispanic homeownership had reached 49.5 percent, long before the onset of the subprime crisis. In 2006, Hispanics took out 700,000 home-purchase loans, far outpacing all minority groups. Since then, the annual rate of Hispanic homeownership has remained steady at 48 to 49 percent. Accordingly, unless Hispanics are unduly affected by the subprime crisis and the absence of immigration reform, the gap in the rate of homeownership between Hispanics (48 percent) and that of the U.S. total population (67 percent) may well continue to narrow in this new decade.

Favorable trends that should help increase the rate of Hispanic homeownership include:

• Hispanics are continuing to attain steady gains in population, income, education and business entrepreneurship.

Their vigorous work ethic, strong desire to succeed and larger size of families will continue to accelerate the process of homeownership for Hispanics. Indeed, larger Hispanic households with multiple wage earners are consistently pooling their incomes and other assets to make their dreams of buying a home a reality. Hispanic-owned businesses are now generating about $400 billion in sales and are expected to grow by 10 percent a year.

• A greater number of Latino families from all income levels can now afford to buy a home, especially in the inner cities, suburbs and in small towns.

As early as 2005, 35 percent of all mortgage loans made to Latino households went to households with below-median incomes. This substantial number of loans represents a promising market for affordable lower-end home sales, especially if the large number of eligible Latino households takes advantage of rock-bottom home prices, low interest rates and homeownership assistance programs. Such programs help cover down payment and closing costs and often help lower monthly mortgage costs through subsidized, below-market soft-second mortgage loans.

Decreasing price values in homes at the lower end of the market are also making homeownership more affordable, as prices for these homes have declined over 50 percent more than those of homes at the high end. By March 2009, home prices were making homes more affordable than at any time in the last 40 years, when compared with personal income.

Since more homes are selling at the lower end of the market, the housing industry is spending more time helping first-time homebuyers benefit from homeownership assistance programs. The programs are particularly appealing to both lenders and homebuyers because they feature safeguards, including homebuyer education and counseling, which help ensure buyers are well-prepared for the responsibilities of homeownership and can obtain safe, affordable loans. Overall, these homeownership programs are helping more first-time homebuyers qualify for loans that are in line with their creditworthiness and financial capacity, have offered as much as $90,000 in assistance in high-cost communities and typically combine local, state, and federal government funds.

• Low interest rates, government-backed loans, including USDA-guaranteed and FHA- insured loans, and less predatory lending by financial institutions are making sustainable homeownership more affordable for Hispanics.

As of this writing, 30-year fixed mortgage rate loans hover at around 5 percent, the government is improving its efforts to prevent troubled borrowers from losing their homes, and lenders are targeting loan initiatives to more effectively reach minorities. However, diminished access to credit, additional fees, and stricter loan terms continue to represent formidable barriers.

Hispanics are also realizing that the sooner they are able to buy a home, the sooner they will be able to build equity and benefit from mortgage interest deductions. In addition, some lenders, including the Federal Housing Administration (FHA) and Wells Fargo, are piloting or implementing underwriting systems that enable lenders to assess the creditworthiness and financial capacity of all borrowers more accurately. Such systems take into account multiple wage earners and documented income from more than one job and they add weight to on-time payments of rent, phone bills, utilities and other "alternative" credit indicators.

• Hispanics are highly motivated to become homeowners because they yearn for a place to call home: a home in which to raise children and provide them with a good education, a legacy that they can leave behind for their children.

According to Fannie Mae's latest National Housing survey, 74 percent of Hispanics said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 59 percent of all Americans.

Most Latinos strongly aspire to own a home and associate homeownership with a personal and collective sense of pride, security, independence, and achievement. As prospective homeowners, they envision themselves becoming free of the restrictions and poor living conditions they often associate with rental housing, and see themselves more as masters of their own destinies.

From 2002 to 2007, housing appreciation rates had increased considerably in five of the most popular places for Hispanic homeownership in the country: 142 percent in Riverside, CA, 136 percent in Los Angeles, 133 percent in Miami, 97 percent in Phoenix, and 51 percent in Chicago. As of mid-2007, median home prices were $397,000 in Riverside, CA, $384,000 in Miami, $265,000 in Phoenix, $283,000 in Chicago, and $593,000 in Los Angeles.

Overall, the average housing appreciation rate during that five-year period was 83 percent in the top Hispanic demographic areas. Despite huge decreases in home prices since then, most of these markets maintain nominal prices safely above 2000 levels. Accordingly, homeownership continues to preserve wealth for millions of successful Hispanic homeowners. As of the end of 2010, nearly half of all Hispanic households (48 percent) still owned their homes. Latinos are very likely to do everything they can to preserve their homes.

• A large number of real estate professionals, who are often bilingual and culturally sensitive, are successfully addressing the homeownership needs of Hispanics by forging strong and viable partnerships with lenders, national housing groups such as LISC, Enterprise, counseling and nonprofit housing organizations, and government entities.

In October 2010, for example, NAHREP's Nevada Chapter joined with Freddie Mac, Wells Fargo, the Greater Las Vegas Association of Realtors, Nevada's Department of Business and Industry Housing Division, the Consumer Credit Counseling Service of southern Nevada, PMI Mortgage Insurance Co., and the East Las Vegas Community Development Corporation to launch the Nevada Latino Homeownership Initiative. This collaborative effort is intended to increase real estate professionals' understanding of how to reach and serve the Latino homebuyer and help Latinos learn about homebuyer assistance programs. The Initiative will also serve as a clearinghouse of up-to-date information about Nevada's homeownership programs and services.

Learning from the Past: The Real Causes of the Housing Crisis

In the aftermath of the housing crisis, the *Washington Post* and other media sources began to make unsubstantiated claims (based on anecdotes) that recent homeownership gains had resulted from extending credit to people who could not afford it and that promoting homeownership for low-income minorities caused the housing crisis. These false allegations completely ignored how massive borrowing in the private financial sector, improperly rated mortgage-backed securities, and profiteering through the proliferation of faulty Wall Street financial innovations virtually ruined the nation's economy. Such unproven allegations have hindered the implementation of national policies that can effectively meet the housing and credit needs of all Americans.

A study in 2010 by the McKinsey Global Institute found that it was lending to middle- and upper-middle-income borrowers that propelled the housing bubble – not lending to first-time low-income homebuyers. According to the study, lenders had "determined" that such borrowers did not qualify for prime loans because of "poor credit histories" and instead made subprime loans to them that required no downpayment or low or no documentation of income. Notably, by 2006 nearly two-thirdsof all high-cost subprime loans had not been made for home purchases but mostly for refinancings used to extract equity.[8]

Importantly, some housing experts point out that the characteristics of the loan product itself have proven to be far more relevant as a contributing factor of the housing crisis than the characteristics of the borrower.

Historically, affordable loans that fully take into account the borrower's ability to repay perform well. On the other hand, loans that are costly to the borrower and minimally regard his or her ability to repay perform badly. Over the past decade such loans involved cursory underwriting and risky features such as non-amortization, low teaser rates that reset to significantly higher rates, and no documentation of income or assets. By 2007, 60 percent of all "subprime" loans required little or no income documentation.

In contrast, FHA, which is renowned for making loans to working families, remains actuarially sound. Recent findings show that Hispanics are more likely to perform better if they have access to FHA loans rather than to nonprime loans. For example, on FHA loans made between 2001 and 2005, Hispanic borrowers experienced lower payment difficulties than other FHA borrowers, thus demonstrating their perseverance in paying for and keeping their homes.[9]

FHA loans have remained safe and reliable for both consumers and investors because it has never insured loans using stated income. FHA achieved this reputation of safety and reliability even though its portfolio is filled with a significantly higher share of loans with minimal down payments and lower credit scores than the government sponsored enterprises (GSE) acquired at the peak of the housing bubble. FHA data analyzed last year show that fully documented, low-down payment loans can be made on an actuarially sound basis.[10]

Other examples of sound loans made to low-and moderate-income families include (1) Community Advantage Program loans, which were CRA-eligible and sold to Self-Help Credit Union in North Carolina, in 2006 experienced one-third the defaults of broker-originated adjustable-rate loans with prepayment penalties, and (2) NeighborWorks affordable loans, also in 2006, experienced delinquency rates lower than subprime or FHA loans, and foreclosure rates lower even than prime loans.[11]

In reality, the root causes of the housing crisis began with the making of risky Alt-A and non-traditional "subprime" mortgage loans, including interest-only and option adjustable interest rate loans, that were made using loose or minimal underwriting standards and contained risky product features such as "teaser" rates that later exploded into significantly higher rates when they reset. Borrowers were often advised that they were getting a short-term break that helped them qualify on the front end with the hopes that either rising incomes would help them pay the higher rate payments later, or rising home values would enable them to refinance into a traditional fixed rate mortgage. Many of these borrowers were subsequently surprised when their payments doubled or tripled as interest rates adjusted or as their mortgage balances expanded because they had not paid down any principal. Once this happened and home values plummeted, such borrowers saw their mortgage balance rise, even after years of payment, and ultimately ran the risk of foreclosure.

In addition, unscrupulous lenders often chose not to offer the lowest cost and "lowest risk" available loan product that was directly related to the borrower's credit rating because doing so often required full documentation, and thus more work. Instead, they opted to offer only the products that required less documentation and work while simultaneously offering equal and often better compensation.

Indeed, some brokers and loan officers frequently did not bother to tell borrowers that providing income and job verification would lower the loan's costs considerably. Instead, many lenders routinely used "piggy-back" second liens to originate mortgages up to, and sometimes beyond, the full value of the home, and they even ignored built-in payment increases when evaluating a borrower's ability to repay a loan. The net result was that a great number of minority borrowers, including Hispanics, wound up unnecessarily paying higher-cost loans that put them in danger of losing their homes. According to the Wall Street Journal, more than 60 percent of borrowers who received subprime loans in recent years could have qualified for less expensive, lower risk conventional loans.

The Impact of Foreclosures on Hispanics

As a result of receiving a disproportionate number of high-cost, higher risk subprime loans, thousands of Latinos lost much of the considerable equity and wealth they had accumulated. Nationally, subprime loans in 2006 were issued 2.3 times more often to Latino borrowers than to White borrowers. In recent years, for example, Latinos in California experienced foreclosure rates 2.3 times that of non-Hispanic White.[12] Since a large number of costly subprime loans were made to Latinos in California, they experienced almost half (48 percent) of all foreclosures statewide between September 2006 and October 2009. Most of these foreclosures were on modest homes that were originally sold at below area median prices to hard-working families.

By 2008, nearly 10 percent of all Latino homeowners missed a mortgage payment. Since then, California, Florida, Arizona, Nevada, and New Jersey, which house 47 percent of all Hispanics, have experienced high foreclosure rates. Correspondingly, these states have also experienced a high incidence of unaffordable lending to Latinos, higher-cost homes, and high levels of unemployment.

Overall, between 2007 and 2009, Latino borrowers experienced a 7.7 percent foreclosure rate, losing nearly 340,000 homes. They are expected to lose at least $75 to $98 billion from all subprime loans made during the past decade.[13]

According to a 2010 study by the Center for Responsible Lending, 17 percent of Hispanics had already lost their homes or were in imminent risk of foreclosure on loans originated between 2005 and 2008, compared to 7 percent for non-Hispanic Whites. Even more depressing, the Center estimates that when all the foreclosures are completed from the loans originated during the same period, Hispanics will have experienced one million foreclosures. This means that nearly one out of every seven Hispanics homeowners will lose their home in a foreclosure action.[14]

More than 700,000 Latinos are currently at imminent risk of foreclosure. If we are to prevent foreclosures more effectively, we need to complete loan modification efforts before foreclosing, include loan principal reduction in loan modifications, establish an independent third-party to whom to appeal adverse denials of loan modification requests, and expand funding of housing counseling agencies.

Outlook

"I don't think housing prices are going to drop significantly from here. We got the best affordability we have ever seen, with mortgage rates still below 5 percent, home prices down about 25 percent from their peak, and disposable income is going up quarter after quarter and that makes housing more affordable. This is spectacularly a good time -- if you are starting out in life -- to buy a house. This is a great time to buy, not to rent."

David Kelly, Chief Market Strategist for JPMorgan Funds, Bloomberg Television, January 20, 2011

Soon, the housing industry will have to address the homeownership needs not only of echo boomers (generations X and Y) but also of minority groups, immigrants, and other households that are emerging as vital homeownership markets. As the echo-boomer generation reaches adulthood and immigration continues to augment other generations considerably, household growth among Hispanics and Asians, especially among married couples with children, will continue to accelerate. For Hispanics, 80 to 90 percent of the growth in population and households will come from childbirth and the maturation of their relatively youthful constituents.[15]

According to the Harvard Joint Center for Housing Studies, the housing now occupied by many older non-Hispanic White Baby Boomers is expected to be well-suited to the needs of younger and generally larger minority households. As Baby Boomers begin to downsize, they are expected to turn over their homes to younger households, particularly in the suburbs of large metropolitan areas. While home prices at the lower end of the market are improving affordability for minority homebuyers, implementing economic policies that will help improve their education, jobs, and incomes will be crucial to their ability to afford these lower-priced "starter" homes.

In addition to lower levels of income and employment, Latinos now confront many barriers to homeownership. Currently, the prospects of consumers buying a home are being adversely affected by the lack of a viable mechanism to prevent a larger number of foreclosures as well as by political gridlock in Washington, budget cutbacks in state and local government, and the constant competition of cash investors. Over the long term, tighter credit, stricter underwriting standards, excessive downpayment requirements, higher fees, credit history and job security concerns, difficulty finding an affordable interest rate, lack of information on affordable homeownership programs and mistrust of financial institutions will continue to prevent potential Hispanic homebuyers from realizing their dreams. Downpayment assistance and savings programs will therefore continue to be crucial in enabling many Latino buyers to afford homes even at today's lower prices.

The reaction to the meltdown in housing finance that began in late 2006 has a shift by mortgage lenders to restrictive lending practices. Requirements for extra documentation, proof of income and employment, reduced debt-to-income ratios, larger down payments, higher credit scores and larger loan fees are preventing many qualified buyers from getting loans. The shift to overcautious or excessive documentation is most pronounced in the loan conduits as they try to avoid loan repurchases, with conduits accounting for the majority of loan volumes. Fortunately, credit availability appears to be easing, though it remains an uphill struggle for many creditworthy borrowers.

More worrisome, however, are the potentially adverse effects of future policies that are being publicly espoused, including postulating that (1) persons who only have 5 percent for a down payment should be renters, (2) only 20 percent or higher down payments are acceptable for obtaining qualified residential mortgages, (3) only borrowers with high credit scores should be considered for mortgage financing, and (4) low-and moderate-income borrowers should only be eligible for FHA financing. Although the current housing debacle is cited as justification for these recommendations, we know that the resulting housing losses and economic turmoil were primarily caused by the housing finance policies and practices that were carelessly adopted during the housing boom years.

Equally perplexing are the financial public policies being advanced that call for further raising fees, increasing down payment requirements, tightening credit standards, and lowering the loan to value ratios and conforming loan limits. These policies would ensure that homeownership will become more difficult to attain or be completely out of reach for millions of Americans, especially for minorities who will become the majority of the population within the next 40 years.

America's wealth is in the family home, which represents the largest asset in a family's portfolio. For Hispanics, home equity represents on average two thirds or more of the wealth of the family while for non-Hispanic Whites it is around 40 percent of the family wealth. The fortunes of the housing market have a profound effect on the total economy and as the fortunes of the housing market go so does the economic health and wealth of the nation. It is estimated that Americans lost $7 trillion of wealth in this current downturn which has had a profound negative effect on individuals and businesses alike.

In the face of such challenges, how Latinos respond when home prices stop falling and how they will ultimately benefit when the economy rebounds will determine to what extent their rates of homeownership will go up again. For the majority of Latinos, the dream of homeownership endures, and we must also regain the trust of those disillusioned by the housing crisis by actively developing well-informed and well-prepared, mortgage-ready households.

Historic low prices, record-low interest rates, and strong participation in the workforce with good paying jobs still hold the promise of record levels of home affordability for Hispanics in America.

Table 1. Homeownership Percentage Rates by Race/Ethnicity

Barriers and Risks

- Tighter credit, stricter underwriting standards, and higher fees
- Concerns over credit history and job security
- Lack of income and savings for downpayment and closing costs
- Process of buying a home seems too complicated
- Mistrust of financial entities and fear of getting bad loans
- Lack of information on affordable homeownership programs
- Potential of lower home values after purchase

Factors Supporting Homeownership

- Hispanics are highly motivated to buy a home
- Near rock-bottom home prices, historically low interest rates,and more government-backed loans and assistance incentives
- Hispanics continue to attain steady gains in population, income, education, and entrepreneurship
- Greater access to housing counseling and improved coordination of "best practices" and leveraged resources
- Greater number of ethical real estate professionals who are bilingual and/or cross-culturally attuned to Latino needs

The Administration and Congress have also taken several actions to resolve the housing crisis and are expected to play a more active role in carrying out significant actions that will further stimulate the economy, stabilize home prices, entice first-time homebuyers into entering the market, avert foreclosures for a greater number of deserving borrowers, and help revitalize thousands of distressed communities across the country. Some of these government actions are already starting to take effect, including this year's payroll tax cut and the delayed benefits of a massive Federal Reserve quantitative easing action that began in November 2010, an action intended to further reduce long-term interest rates by buying $600 billion in government debt (US bonds) from banks.

Overall, the economy is expected to grow by more than 3 percent in 2011. In addition, the availability of low-cost loans for those who can qualify coupled with housingaffordability at record-high levels should further stimulate the already pent-up demand for homeownership. According to the National Association of Home Builders, the share of all new and existing homes that U.S. families making the national median income of $64,400 can afford to buy has remained well above 70 percent, meaning that a large number of homes are now affordable for nearly four million Latino households that earn more than the national median income.

Currently, buyers of homes at or near price bottoms stand to gain once price appreciation returns to its historical pace slightly above real income growth.[16] The Federal government is also expected to continue supporting the home mortgage markets, thus helping to maintain mortgage liquidity and keep prices from falling much further. Finally, the recovery of housing construction is long overdue, since housing demand has been exceeding the levels of building, especially in communities experiencing rapid growth.

It is currently estimated that housing starts are about 1 million below trend demand of housing units, based not only on replacement demand but also on household formation.[17] Such pent-up demand means that even though foreclosures will not cease in the near future, demand is expected to return to more normal levels, potentially clearing out the inventory and in due course generating more new construction.[18]

One formidable caveat is that within the next decade the majority of employment growth is expected to be in low-paying service and in high-paying professional occupations. Even if Latinos are able to attain higher wages and move into better-paying jobs, they will still find it difficult to overcome housing affordability problems. It is therefore imperative that business and public policy initiatives be instituted so Hispanics may continue to play a pivotal role in the growth of housing through their expanding population growth, rapidly growing purchasing power, and significant employment and entrepreneurial contributions. Accordingly, NAHREP will continue to advocate the formulation and implementation of business and government policies that will result in improving the quantity and quality of education, jobs, and entrepreneurial opportunities of all Americans, especially minorities who will continue to be key elements of economic growth.

In the meantime -- as Hispanics, minorities, Generations X and Y and Echo Boomers begin to rebuild America's future -- all of us at NAHREP remain committed to helping the real estate practitioners we serve increase their share of the market the right way – helping Hispanic families find their dream home by responsibly guiding them through the home purchase process, making loans properly and transparently, offering homebuyer education and counseling, reasonable loan terms and conditions with affordable down payments, and financial assistance for eligible first-time homebuyers. We strongly believe that this is a win-win proposition, one that will not only benefit the housing sector, but the nation's economy and all Americans as well.

Policy Recommendations

The combined 70,500 members and affiliates of the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association of America (AREAA) and the National Association of Real Estate Brokers (NAREB) have developed The Five-Point Plan: Restoring the Future of Minority Homeownership, to create a sustainable path to homeownership, foster economic growth, and strengthen America's families. The Plan seeks to stabilize and restore confidence in the homeownership market; provides a balanced regulatory approach that supports and encourages sustainable homeownership; increases diversity and high level minority representation in the financial services sector; preserves and enhances mortgage liquidity; ensures strong consumer protections and oversight; and mandates financial education for all first-time homebuyers.

Until now, the federal government's response to the housing crisis, though well intended, has achieved limited impact, especially in minority neighborhoods where the incidence of higher-cost mortgages and unemployment is greater. At the peak of the housing boom, African Americans and Latinos held high-cost mortgages at two to nine times the frequency of non-Hispanic Whites in some foreclosure regions. According to the Federal Reserve, African-American borrowers were 1.8 times as likely as non-Hispanic White borrowers to be in foreclosure and Latino and Asian borrowers were 1.4 and 1.3 times, respectively, to be in foreclosure.

Currently, various policy makers, who lack historical knowledge and experience regarding the critical economic role that housing has played in America, have in the aftermath of the nation's economic crisis concluded that homeownership should no longer constitute a high priority economic need. They assert that other sectors such as manufacturing can drive the economy as vigorously as housing has done in the past.

However, until the housing market regains its stability and vibrancy, homeownership as a noble policy goal and worthy personal aspiration for all Americans, the nation's economy will not be able to recover and grow.

Indeed, proponents of such policies fail to acknowledge six decades ending about ten years ago of highly successful housing finance business and public policy, which resulted in exceptionally high levels of homeownership for Americans at attractive loan performance levels to investors worldwide. During that period, financing was extended to Americans at all levels of income, with little or no down payment to more substantive down payments and people with stellar credit histories. Buyers with blemished credit paid slightly higher interest rates for a home mortgage. We, therefore, strongly oppose the perspective that homeownership strategies must be curtailed and that government must step back from its support of the secondary market. We believe that implementation of the Five-Point Plan will not only result in the recovery and resurgence of housing but will also help restore confidence in the American dream of homeownership, especially for the multicultural communities that have been hit so hard by foreclosures.

The Five-Point Plan: Restoring the Future of Minority Homeownership specifically recommends:

1. Providing a balanced regulatory approach to Qualified Residential Mortgages (QRMs) exemption definition in order to support and encourage sustainable homeownership for qualified and responsible homebuyers. Establishing a QRM that is significantly tighter and more restrictive than current market standards will unfairly result in categorizing countless creditworthy buyers as high-risk borrowers and would potentially lead minority and underserved borrowers to obtaining higher cost mortgages, thus once again adversely affecting their prospects of homeownership and economic progress.

Although we strongly support the goal of the Dodd-Frank legislation to better align the interests of borrowers, lenders, and investors in a way that results in making loans with a considerably lower risk of default, we believe that this can best be achieved by creating a solid and strong underwriting framework that promotes fair, responsible, and ample lending and borrowing. Indeed, leading up to the housing crisis, it was narrow underwriting guidelines that created the opening for the proliferation of nontraditional "subprime" loans. If we do not strike the right balance around the QRM definition, we will unintentionally create a similar scenario for non-QRM lending, with minorities and working families once again facing higher down payment and FICO-score requirements, and prohibitive higher rates and fees.

We, therefore, support the establishment of a QRM definition that recognizes the unique borrowing characteristics of multicultural homebuyers in order to make it possible for America's primary homebuyers in the future to obtain financing at reasonable and affordable mortgage terms and conditions. For example, many minority buyers tend to be small business owners, self-employed, or "thin" file borrowers, making the documentation of their income or determination of creditworthiness a challenge. Rather than automatically categorizing these borrowers as high risk, the regulatory framework should provide lenders sufficient flexibility and discretion to allow compensating factors in its underwriting for these borrowers.

In that spirit, we strongly endorse FHA's pilot program to establish an automated process for providing alternative credit rating information for borrowers who have no or insufficient credit history as a tool for determining their creditworthiness.

Such credit rating information may include rent, utilities, insurance payment histories, and other appropriate sources of credit history information. Ideally, FHA's application of such an alternative method of credit scoring should result in ensuring that borrowers with "thin" files are charged fees and premiums that more accurately reflect their creditworthiness.

To support such an initiative, a recent Federal Reserve study found that married individuals and immigrants perform better than predicted by their conventional or non-traditional credit scores. The Federal Reserve finding thus provides an important rationale for supporting FHA's use of an alternative credit scoring mechanism to extend credit to borrowers with "thin" credit files, especially since most immigrants are people of color who are also nearly twice more likely to be married with children than other population groups.

At the same time, thoughtful consideration must be given to prevent raising down payment requirements excessively. As indicated previously, FHA, which is renowned for making loans to working families, remains actuarially sound. Its loans have remained safe and reliable even though its portfolio is filled with a higher share of loans with minimal down payments and lower credit scores than the loans Fannie Mae and Freddie Mac acquired at the peak of the housing bubble. FHA data analyzed last year show that full documentation, low-down-payment loans can be made on an actuarially sound basis. Overall, we strongly believe that careful calibration of the QRM exemption and ability to pay definition is critical to ensuring that diverse housing consumers continue to have appropriate and adequate access to credit in America.

3. Increasing diversity in the financial services sector and adequate oversight of minority business utilization and senior management hires. According to a 2008 study by the General Accounting Office, less than 10 percent of employees in financial services firms were minority. The industry figures for contracts awarded to minority-owned businesses are even lower.

In order to address the need for programs that support diversity in financial services, the Dodd-Frank Wall Street Reform and Consumer Protection Act contains a provision that mandates that each covered governmental agency establish an Office of Minority and Women Inclusion (OMWI) to "be responsible for all agency matters relating to diversity in management, employment and business activities." In cases where an OMWI director determines an agency contractor has failed to make a good-faith effort to include minorities and women in their workforce, the agency head may refer the matter the Office of Federal Contract Compliance Programs or take other appropriate action, including termination of the applicable contract.

Although it is generally assumed that racial discrimination has decreased in mainstream America, institutional discrimination in the past had substantially hampered the social and economic advancement of multicultural communities. Consequently, several residual effects of such discrimination still exist today, with hiring and procurement decisions in the marketplace continued to be made based on factors other than strictly merit considerations.

Given the meager representation of minorities in the highest levels of financial services firms, it is most unlikely that they will continue to be hired or contracted based on traditional practices which emphasize close personal relationships and connections. The government must therefore continue to support proactive efforts to increase diversity, especially within a financial services sector that has been widely leveraged and buoyed through government and taxpayer support, and yet remains an industry possessing an extremely poor record for inclusion and diversity.

Diversity in financial services is also critical for the long term health of the industry itself. Without it, the industry will be unable to adequately serve the growing minority and women consumer base that is vital to the future growth of the economy. Since we now form part of a more extensively interconnected global economy, we similarly recognize that the benefits and value of having diverse perspectives at all levels of corporate decision-making are particularly crucial to a firm's planning processes and long-term prospects of profitability.

We expect the Dodd-Frank Act to be vigilantly enforced in order to have the financial services industry create policies and programs that successfully increase diversity within their employment ranks and their suppliers. In addition to their employment roles, banks, the GSEs, and other financial institutions employ and contract small business firms and thousands of real estate professionals to assist them in several areas, including the acquisition and disposition of bank-owned real estate. Ultimately, the economic recovery of distressed minority communities is directly tied to the ability of the financial services industry to employ minority-owned small business firms that can help these communities save their homes and revitalize neighborhoods.

3. Upholding the historical mission of the Federal Government to provide continued liquidity and stability to the housing and mortgage markets by preserving a critical role in the secondary mortgage market. A stable and robust secondary market is essential for mortgage lending to remain affordable and accessible to current and future homebuyers.

Currently, Administration and Republican officials are beginning to negotiate, albeit aggressively, the termination of the government's traditional role of insuring or guaranteeing mortgages for a large number of American homeowners.

In addition, they are calling for the demise of the GSEs, which over the past several decades had been the largest source of mortgage capital for minority homebuyers and helped millions of homeowners and neighborhoods.

Although we share the goal of bringing back secure and transparent sources of private capital into the mortgage market, we believe that the adoption of these proposals will damage the access of minority communities to legitimate sources of credit, and will lead to a two-tiered system of mortgage finance for the well-to-do and everyone else. Implementing these proposals would result in leaving behind large pockets of unmet financing needs at a time of high pent-up demand, and would thus substantially harm multicultural homebuyers nationwide.

We readily acknowledge that the public-private nature of the GSEs led these led these institutions to create conflicting goals and develop misaligned incentives that resulted in their involvement in the subprime crisis. However, we are not willing to disavow that the GSEs did establish the 30-year fixed rate mortgage, introduced the ability of consumers to "lock-in" a mortgage rate prior to closing, and pioneered several innovations that helped homeowners access stable and predictable loans, which over the long term provided the best combination of lower payments and equity accumulation.

At the same time, the GSEs brought into the mortgage market trillions in capital and played a key role in meeting the affordable housing needs of the country. Before taking drastic steps in response to the current crisis, we believe that we must preserve parts of the secondary market that have worked well for America's neighborhoods and multicultural homebuyers. We also strongly believe that there must be:

(1) An orderly transition of the current portfolio and guarantee book of business to minimize any disruption to the mortgage market.

(2) A middle-market, government-backed enterprise, in addition to FHA, that adequately focuses on the broader needs of housing consumers, especially multicultural homebuyers.

(3) Affordable goals set by all institutions that provide federal insurances and guarantees.

(4) A government-supported mortgage research and development program to ensure that new products and innovative approaches to lending will continue to be implemented.

The government's affordable housing mission in particular should continue to be met through various mechanisms, including a combination of FHA, USDA, and VA loan guarantees, a government reinsurance program, or some other expanded or new government program. In sum, we advocate a plan that positively addresses the housing needs of underserved communities.

4. Providing strong consumer protection oversight in order to restore consumer and market confidence in homeownership. The Consumer Financial Protection Bureau (CFPB), recently established by the Dodd-Frank legislation and slated to begin operations in July 2011, must be empowered to act decisively against harmful financial products, abusive practices, and unscrupulous financial industry players.

The CFPB must always put consumer interests first, offer consumers practical and robust protections, and implement reforms that align industry practices with values that serve the common good.

A systemic failure to protect consumers from unscrupulous lenders in the recent past led to a historic unraveling of the real estate market. As a result of such poor oversight, basic trust in the housing market has been basically lost. That trust can only be restored if everyone believes fairness, transparency, and enforcement exist within the financial industry. Without that trust, multicultural communities will hesitate to reengage fully in the market. Rather than join foolhardy efforts to abolish such an agency before it even begins operations, we believe that the CFPB can be highly instrumental in helping to restore much needed trust in the housing sector.

Consequently, we firmly believe that the CFPB constitutes a key element in rebuilding the nation's housing and financial markets. Strong and balanced regulations are critical to restoring confidence to consumers, investors, and housing related-firms as well as to ensuring that the products and services offered in the marketplace are properly reviewed and evaluated. Regulatory reforms must also be capable of balancing and aligning innovation and efficiency with a guiding set of principles that protects consumers and advances sustainable homeownership. Until our values are in alignment with our actions and practices, we cannot rebuild the real estate market and restore confidence in the American dream.

Ultimately, we need to institute consumer protection policies which ensure that individuals and families are able to buy homes, maintain them, and build wealth over the long term. The goal must be to help all homeowners not only to finance and keep their homes but also to achieve a legacy of financial stability and wealth that can be passed on to future generations.

Concerted education and protection efforts are needed to help consumers: o Determine whether owning a home is the right choice;
• Ensure they are prepared for homeownership;
• Select a loan that fits their financial situation;
• Learn how to budget, save and invest effectively;
• Provide distressed borrowers with the right information, protection and services that will help them keep their homes or minimize their losses.

Enhanced consumer protection policies should help prod lending institutions into making affordable mortgage loan products more readily accessible to hard-working households, including providing them with information on first-time homebuyer assistance programs. In the end, both government and the housing industry must be totally committed to the goal of increasing homeownership for all Americans who qualify for, and can obtain, safe and sound mortgage loans, especially through innovations such as longer-term fixed rate loans, use of alternative credit scoring systems, and viable equity-sharing programs.

5. Require mandatory homebuyer education and counseling for all first-time homebuyers. Financial literacy and homebuyer education play an important role in preparing prospective homebuyers to save, improve their financial management skills, repair credit problems or establish credit, qualify for a mortgage, and responsibly buy and maintain their homes. Such training helps families make sound financial choices, and prevents them from obtaining inappropriate loans that can cause them to lose their homes.

Housing counseling is particularly important to minority communities who otherwise face indelible barriers to homeownership, including language barriers, lack of traditional credit histories, the threat of ubiquitous predatory lenders, and lack of thorough and clear information on the buying and financing of a home.

Without such counseling, minority communities will be unable to achieve sustainable homeownership, and their accumulation of wealth and economic progress will be substantially curtailed.

In addition, the lack of education and counseling which leads to unsuccessful homeownership pursuits will result in creating greater costs to homeowners and neighborhoods alike. Indeed, Treasury Deputy Secretary Neal Wolin recently noted: "As America recovers from the most severe financial crisis since the Great Depression, it is critical that we strengthen every aspect of our financial system. That means not only strong reforms and consumer protections, but also improved financial literacy and access."

Congress should, therefore, annually provide HUD with sufficient funding to adequately support housing counseling programs across the country, portions of which should be allocated to fund effective foreclosure prevention and special outreach efforts to vulnerable populations, including minorities. The National Foreclosure Mitigation Counseling Program, for example, has cured the loans of 55 percent of its clients within 12 months after their loans had entered foreclosure, compared to only 38 percent of those who did not receive such counseling. In addition, Congress should also appropriate adequate funding for the newly created National Housing Trust Fund in order to begin fully addressing the need for both rental and homeownership housing among the nation's extremely low-income households.

Concluding Statement

As the nation establishes a new and far-reaching national housing policy, we believe that implementation of our collective Five-Point Plan must be an essential element of it. We must ensure not only the establishment of a safe, stable and reliable system of mortgage financing and securitization but also the availability of a constant and ample supply of credit to meet the housing needs of all Americans, especially those of low- and moderate-income households.

Historically, national housing policies which have been implemented effectively and managed responsibly worked well. Many of the housing innovations that were formulated in response to the Great Depression and in the aftermath of World War II laid the foundation for a period of remarkable economic performance that was sustained for well over 60 years. We must, therefore, return to making mortgage loans the right way and properly securitized in order to achieve sustainable homeownership for an increasing number of Americans. Although we readily acknowledge that rental housing must remain a top policy priority for meeting the shelter needs of the poor, we must not forget that homeownership itself has long been considered the cornerstone of the American dream and the first step towards the creation of long-term wealth. A policy that would limit millions of Americans to rental housing would deprive them of the many benefits of homeownership and the capacity to build wealth for themselves and their children.

In particular, we believe that a revamped national housing policy must rely on the joint efforts of government agencies and the private sector to carry out programs and deliver products and services that adequately serve and meet the affordable housing needs of low-and moderate-income households, especially by properly setting affordable housing goals. The Federal Home Loan Bank's Affordable Housing Goals program, for example, has achieved considerable success in securing affordable housing for working families in various parts of the country.

Indeed, one of the untold stories of the housing crisis is that for several decades working families have been able to achieve sustainable homeownership through the provision of various affordable and appropriate loan products. For example, Housing our Communities (HOC), a nonprofit housing organization based in Arizona and Nevada, has successfully assisted hundreds of low-income families through the use of HUD's Voucher Homeownership Program, the Neighborhood Stabilization Program (NSP), and the Federal Home Loan Bank's Affordable Housing Goals Program, and other homeownership assistance programs.

In 2010 alone, HOC created 288 first-time homebuyers. Remarkably, it has had only nine foreclosures in its 23-year history. HOC provides quality homebuyer education and one-on-one counseling, and fully prepares home buyers to obtain the right affordable loan product.

In spite of the foreclosure debacle, a great number of Americans are now mortgage-ready and fully capable of buying and financing a home. We at NAHREP, in partnership with the members and affiliates of the Asian Real Estate Association of America (AREAA) and the National Association of Real Estate Brokers (NAREB) stand ready to assist millions of Americans in achieving homeownership that is both highly cherished and sustained. ▪

NAHREP

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FANNIE MAE National Housing Survey P. 35

Poor credit and affordability remain the top perceived barriers to buying a house.

	Renters	Hispanics	By income <25	25+	50+	100+
You don't have good enough credit for a mortgage [Credit History]	52%	58%	59%	51%	50%	35%
You don't think you can afford the purchase or upkeep of a home [Income]	46%	40%	56%	47%	32%	22%
You don't think it's a good time economically to buy a home [Income, Credit, Jobs]	43%	50%	49%	45%	40%	35%
You don't think you will be in a certain area for an extended period of time [Mobility]	37%	35%	35%	38%	46%	57%
The process of buying a home seems too complicated [Information, Counseling]	27%	43%	31%	24%	17%	06%
You can live in a better neighborhood by renting [Perceptions, quality of area]	24%	35%	26%	21%	21%	17%

Observations

Credit history, job security, and home price uncertainties are greater barriers for Latinos than having the income needed to buy a home, with 50 percent thinking that it is not a good time economically to buy a home now.

Staying put is less of a concern to Hispanics, and yet Hispanics are better able to pick up stakes and move. Confidence in receiving the needed information to get the right loan is of considerably greater concern to Hispanics, suggesting the need for wider distribution of information and counseling services for Latinos, including information on the different types of loans available.

Lack of market information regarding where to find a better neighborhood in which to buy may be affecting the decision of Hispanic renters to stay put. This finding should prompt local marketing efforts to showcase good homeownership potential in better neighborhoods with access to amenities such as better schools and proximity to jobs and shopping. Location matters.

FANNIE MAE National Housing Survey P. 64

Most homeowners paid less than 20 percent down when purchasing a home, which is especially true of delinquent borrowers, of whom 52 percent say they paid less than 10 percent.

Observation: The implication is not that borrowers who make low downpayments are more apt to become delinquent since other loan characteristics such as prepayment penalties, types of loans, and the disproportionate number of higher cost loans made in predominantly minority neighborhoods are more significant factors. (It would be worthwhile, e.g., to compare the loan performance of subprime borrowers with the performance of FHA borrowers and borrowers getting downpayment assistance.) The intended implication is that homebuyers need to be well-informed and well-prepared to attain mortgage readiness through the provision of homebuyer education, effective counseling, and household budget management training.

FANNIE MAE National Housing Survey P. 68

Since the time of purchase, 59 percent of mortgage borrowers have seen their home value increase over time.

Observation: To improve the psychological impact of positive market news on consumer behavior, such information on home appreciation values needs to be promulgated in contrast to the news that 40 percent of delinquent borrowers say their home is now worth less than when they bought it – keeping in mind the critical time when homeowners bought their homes.

FANNIE MAE National Housing Survey P. 75

Profile of Hispanics

• 61 percent of Hispanics said they expected their financial situation to get better over the next year, compared to 41 percent of all Americans.

• 34 percent of Hispanics said they are likely to buy a home in the next three years, compared to only 24 percent of all Americans.

• 74 percent of Hispanics said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 59 percent of all Americans.

• 67 percent of Hispanics think that the financial opportunity available by buying a home is a major reason to buy, compared to 58 percent of all Americans; (and 57 percent of Hispanics consider owning a home a symbol of success or achievement, compared to only 33 percent of all Americans, Fannie Mae P. 90).

Observation: The more positive attitudes among Hispanics are striking. These findings demonstrate that Latinos are significantly motivated than all Americans by the prospects of homeownership, and many of them possess an unrelenting will to succeed. Overall, Hispanics are more optimistic about personal finances and the economy.

Fannie Mae National Housing Survey Page 88
What is the biggest obstacle to getting a home mortgage?

	General Population	Hispanics	By income <25	25+	50+	100+
Credit History	17%	21%	23%	16%	17%	08%
Job or job security	14%	21%	14%	16%	12%	11%
Income	19%	20%	33%	22%	10%	05%
Having enough for a down payment [Savings]	16%	13%	10%	17%	19%	19%
Finding an affordable rate [Information, Outreach]	11%	09%	07%	12%	13%	14%
Total debt [Money management]	07%	05%	04%	05%	09%	13%

Observations

Concerns over credit history, job security, and insufficient income are the biggest obstacles. Having sufficient savings to cover a downpayment and finding an affordable interest rate are the next biggest obstacles, with total debt considered to be a less significant obstacle.

Analysis of Housing Survey Results by Local Market Area Real Estate Professionals

In analyzing national housing survey data, we encourage local NAHREP members and other real estate professionals to more carefully assess the implications of survey findings on their own local market conditions and characteristics. For example, what are the implications in local market areas of knowing that Fannie Mae surveys have found that (a) Latinos in areas with low levels of ownership are most likely to be inspired to buy because they consider homeownership a symbol of success, (b) second generation Latino immigrants have a higher homeownership rate than the overall population, and (c) across the country, the percentage of Hispanic families owning a home is 89 percent for families with incomes over $100,000; 68 percent for Hispanic families with incomes between $50,000 and $99,000; 53 percent for Hispanic families with incomes between $25,000 and $49,000; and 36 percent for Hispanic families earning less than $25,000?

In contrast to just knowing about Latino aspirations which reflect their basic demand or desire to buy a home, we also encourage NAHREP members and other real estate professionals to review all market data that reflect Latinos' demand and capacity for buying and financing a home. For example, is the demand of consumers for homeownership in line with data and other information that show whether or not local consumers can afford a home right now and can achieve mortgage readiness? In other words, do realtors have access to local market data on Hispanic population growth; age distribution; education, immigration, job, and marital status; and income distribution? Do they know where to gather such information and how to use it most effectively?

Is this a major reason to buy a home?

Non-Financial Reasons	General Population	Hispanics	By income <25	25+	50+	100+
A good place to raise children and provide them with good education	80%	86%	79%	79%	83%	80%
More space for family	75%	86%	75%	73%	77%	77%
A safer place	79%	82%	77%	80%	81%	79%
More control over living space	69%	73%	66%	68%	73%	72%
Nicer place to live	59%	73%	58%	62%	62%	57%
More convenient location	56%	61%	61%	59%	53%	51%
Financial Reasons	**General Population**	**Hispanics**	**By income <25**	**25+**	**50+**	**100+**
A good way to build wealth that can be passed along to family	59%	74%	66%	60%	52%	48%
A good retirement investment	57%	70%	60%	59%	60%	48%
A good financial opportunity	58%	67%	61%	55%	64%	52%
Provides tax benefits	47%	57%	47%	43%	51%	54%
Borrow against if needed	35%	53%	42%	39%	32%	25%

Appendix

Fannie Mae National Survey Findings on Hispanics from 12/12/2009 to 10/04/2010

HEADLINE Fig. 1.	Hispanics vs. General Population: KEY DIFFERENTIATORS
More optimistic about their personal finances	60% of Hispanics expect their financial situation to get better over the next year, while the number among all Americans is 18 percentage points lower at 42%.
More likely to be renters; less likely to be homeowners	41% of Hispanics say they are renting their primary residence and 53% of Hispanics say they are homeowners (either own their home outright or have a mortgage). Among GP, 30% of the respondents are renters and 65% are homeowners.
Difficulty getting a mortgage. Job security and credit history are the biggest obstacles.	73% of Hispanics think that getting a home mortgage today would be difficult (36% say very difficult – in comparison to 27% of GP), while among all Americans this number is 16 points lower at 57%. 22% of Hispanics (14% of GP) say their job or job security would be the biggest obstacle to getting a home mortgage and 21% cite credit history as the biggest obstacle (17% GP) and 21% say income would be the biggest obstacle (19% among GP).
More likely to be making a great financial sacrifice to own	Among the 53% of the Hispanics who are homeowners, 36% say they are making a great deal of financial sacrifice to own their home, while the number among all Americans is 13 percentage points lower at 23%.
More likely to say that their income is insufficient for the amount of expenses they have	37% of Hispanics do not agree with the statement that their household income is sufficient for the amount of expenses they have. Among GP this number is 9 percentage points lower at 28%.
More likely to buy a house in the next three years	While 24% of all Americans say they are likely to buy in the next three years, 35% of Hispanics expect to buy in the same period of time
Less likely to perceive their savings as sufficient	33% of Hispanics say they have sufficient savings and 66% say their savings are insufficient. Among all Americans, 43% say their savings are sufficient while 53% say that they do not have sufficient savings
Hispanic renters and boarders more likely to consider the process of buying a home as a reason not to buy	40% of Hispanic renters and boarders say that the perception of buying a home appearing as too complicated is a major reason not to buy a home. In comparison, among all renters and boarders, only 24% cite as a reason not to buy a home.
Less likely to be confident they would receive the necessary information to choose the right loan if they were buying or refinancing	While 76% of Americans are confident they would get the necessary information, only 62% of Hispanics say the same. Furthermore, while 47% of all Americans are very confident in this regard, only 32% of Hispanics are.

Observations

Hispanics are significantly more motivated buy a home for non-financial reasons rather than for financial reasons, mainly as a good place to raise children and provide them with a good education, and to enhance family safety and space.

Hispanics are significantly more motivated than the general population to buy a home for non-financial reasons, that is, mainly to enhance family well being and improve living conditions.

Hispanics are significantly more motivated than the general population to buy a home for financial reasons, mainly to leave behind something of value for their children, to have access to retirement income, and noticeably to borrow against if needed. Many Hispanic households with mortgages do not benefit from the mortgage interest deduction; nevertheless, 57 percent of Hispanics consider tax benefits a major reason to buy a home.

All these findings demonstrate that Latinos are significantly more motivated than the general population by the prospects of improving their lives through homeownership.

Figure 2. Reasons to buy a home: Differences between Hispanics and GP

Is this a major reason, minor reason or not a reason at all to buy a home? Showing: % Major Reason (Ranked by Gap)	Hispanics	General Population	Gap
It's a symbol of your success or achievement	60	32	+28
It allows you to live in a nicer home	78	59	+19
Owning a home is a good way to build up wealth that can be passed along to my family	74	59	+15
Owning a home gives me something I can borrow against if I need it	48	34	+14
It is a good retirement investment	71	57	+14
It motivates you to become a better citizen and engage in important civic activities, such as voting, volunteering, and contributing to charities	43	30	+13
It allows you to have more space for your family	85	74	+11
Buying a home provides a good financial opportunity	67	58	+9
It allows you to select a community where people share your values	60	52	+8
It allows you to live in a more convenient location that is closer to work, family, or friends	63	55	+8
Owning a home provides tax benefits	53	46	+7
It means having a good place to raise children and provide them with a good education	86	79	+7
You have a physical structure where you and your family feel safe	84	79	+5
It gives you control over what you do with your living space, like renovations and updates	75	70	+5
Paying rent is not a good investment	60	62	-2

Observations

Overall, Hispanics rate 14 of the 15 reasons to buy a home higher than the general population. For Hispanics, owning a home symbolizes family pride, dignity, and security. They consider owning a home a milestone, symbolic of achieving personal success and cohesiveness as a family unit. By a wide margin, Hispanics are significantly more motivated than the general population to own a home as a way to build up wealth, to borrow against if needed, and as a good retirement investment.

HEADLINE Fig. 3.	Hispanics with Income of Less than $25K: Key Differences
Less likely to think it is a good time to buy a home	Only 40% of the <$25K Hispanics think it is a good time to buy a home. In comparison, those Hispanics whose income is higher are much more positive about it being a good time to buy a home (64% of $25-$49K; 78% of $50-$99K; 78% of $100K+).
Most likely to think it would be very difficult for them to get a home mortgage	47% of the <$25K Hispanics believe it would be very difficult for them to get a home mortgage today. In comparison, those Hispanics whose income is higher are less likely to say it would be very difficult for them to get a mortgage (35% of $25-$49K; 24% of $50-$99K; 18% of $100K+).
Most likely to cite their income and their job/job security as the biggest obstacles to getting a mortgage	28% of those Hispanics making under $25K name their income and the same percentage cite their job/job security as their top obstacle.
Most likely to be renters	55% of those Hispanics making under $25K are renting their primary residence; 18% are outright homeowners and 18% have mortgages
Most likely to rent if they were to move	44% of the <$25K Hispanics say they would rent if they were going to move (vs. 34% of $25-$49K; 24% of $50-$99K; 20% of $100K+). However, 49% among this income group do say that they would buy if they were to move.
Least likely to prefer getting a fixed rate mortgage	Only 59% of those Hispanics making under $25K say they would prefer getting a fixed rate home mortgage (vs. 72% of $25-$49K; 77% of $50-$99K; 86% of $100K+). Ten percent of this sub-group would prefer a hybrid ARM, 9% would choose ARM and 9% would not take out a loan.
Most likely to move to an urban area if they were to buy	44% of those Hispanics making under $25K say they would buy in an urban area if they were to buy a house (vs. 38% of $25-$49K; 31% of $50-$99K; 28% of $100K+).
Least likely to think that buying a home is a safe investment	55% of those Hispanics making under $25K think that buying a home is a safe investment (vs. 63% of $25-$49K; 69% of $50-$99K; 73% of $100K+). Furthermore, 42% in this income group think that buying a home is a risky investment.
HEADLINE Fig. 3.	**Hispanics with Income of $25K-$49K : Key Differences**
Most likely to say they are likely to buy a house in the next three years	40% of the Hispanics whose income is between $25K and $49K say they are likely to buy a house in the next three years (vs. 34% of <$25K; 32% of $50-$99K; 33% of $100K+).
Credit history is the biggest obstacle to getting a home mortgage	25% of the Hispanics with annual income of $25K-$49K say their credit history would be the biggest obstacle; 22% cite their job/job security.
More likely to be homeowners	42% of the Hispanics with annual income of $25K-$49K are renters and 53% are homeowners (32% have a mortgage and 21% are outright owners)

Observations

Hispanics who make less money are more likely to rent and be less confident about getting a home mortgage, and yet are more optimistic about their personal finances. Most of the differences are not unexpected. The same patterns can be seen when looking at the general population by different income brackets. What is startling is Latinos' optimism even at lower income levels.

Figure 4. Demographic Profiles	GP %	Hispanic %	African - American %	Asian %
Immigrants	11	**40**	6	61
Education				
Grade school	3	**9**	2	1
Some high school	8	**17**	11	3
High school graduate	30	**32**	35	17
Some college	26	**21**	27	19
College graduate	21	**15**	16	37
Graduate school	10	**4**	7	23
Technical school	2	**2**	2	1
Age				
18-24	12	**17**	14	23
25-34	18	**21**	22	32
35-44	19	**27**	19	21
45-54	19	**17**	18	14
55-64	14	**10**	13	6
65-74	9	**4**	8	3
75+	9	**4**	6	1
Marital status				
Married or partnered	56	**61**	35	52
Single	26	**27**	45	43
Widowed	8	**4**	8	1
Divorced	8	**7**	9	3
Other	1	**1**	3	1
Children under 18 in household (mean)	0.77	**1.26**	0.9	0.87
Children 18-23 in household (mean)	0.2	**0.31**	0.24	0.3
Children 23 or older in household (mean)	0.19	**0.34**	0.2	0.3
Parents of respondent or spouse/partner in household (mean)	0.18	**0.32**	0.2	0.46
Other relatives in household (mean)	0.09	**0.15**	0.14	0.15
Other non-relatives in household (mean)	0.09	**0.09**	0.08	0.22

Figure 5. Employment Profiles	GP %	Hispanic %	African - American %	Asian %
Employment status				
Employed full-time	49	**49**	48	62
Employed part-time	11	**14**	12	15
Not currently employed in a paying job	15	**22**	18	17
Retired	22	**11**	19	4
Type of employment				
Professional	30	**20**	23	43
Other white-collar	23	**19**	25	25
Fine arts	1	**1**	3	1
Blue collar	34	**43**	35	17
Military	1	**0**	1	1
Other	10	**14**	12	11
Others in household employed full time (mean)	0.65	**0.84**	0.56	0.95
Type of employment of others in household employed full time				
Professional	30	**17**	24	35
Other white-collar	21	**16**	19	26
Fine arts	1	**1**	2	0
Blue collar	39	**53**	45	25
Military	2	**1**	2	3
Other	9	**12**	11	10
Others in household employed part time (mean)	0.19	**0.25**	0.13	0.27
Anyone in household with more than one job				
Yes	9	**7**	9	9
No	86	**86**	89	91
Don't know	4	**7**	2	0

Figure 6. Household Finances	GP %	Hispanic %	African - American %	Asian %
Total family income for 2009				
Less than $10,000	8	**12**	15	9
$10,000-$14,999	6	**10**	9	4
$15,000-$24,999	11	**14**	16	8
$25,000-$34,999	10	**12**	12	7
$35,000-$49,999	13	**13**	12	13
$50,000-$74,999	16	**13**	13	21
$75,000-$99,999	10	**6**	8	11
$100,000-$149,999	8	**4**	5	11
$150,000-$199,999	3	**2**	2	4
$200,000+	2	**1**	1	3
Percentage of pre-tax income that goes into savings (mean)	9	**10.3**	10.3	12.2
Feel they have sufficient income	70	**61**	59	70
Feel they have sufficient savings	43	**33**	37	50
Financial assets/total debt				
Less than $10,000	43/38	**59/46**	59/50	40/41
10,000 -$99,999	24/24	**17/23**	18/24	30/16
$100,000 - $249,999	6/15	**3/10**	6/8	7/13
$250,000 - $499,999	4/5	**2/4**	2/4	4/10
$500,000 - $999,999	2/1	**0/1**	1/1	4/5
$1 - $2 million	1/0	**0/0**	0/0	0/1
More than $5 million	0/0	**0/0**	0/0	0/0

Notes

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