



March 20, 2020

The President of the United States
The White House
1600 Pennsylvania Ave, NW
Washington, D.C. 20500

The Honorable Nancy Pelosi
The Speaker of the House
United States Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

Mr. President, Speaker Pelosi, and Majority Leader McConnell:

On behalf of the National Association of Hispanic Real Estate Professionals® (NAHREP®) we want to first commend your work in passing the Families First Coronavirus Response Act (H.R. 6201). Swift and decisive action is imperative in this time of unprecedented crisis, and this bill was a necessary first step. Slowing the spread of COVID-19 and preventing the loss of human life must be a priority. In addition, it is critical to vigorously mitigate the impact on the nation's economy and the imminent economic recession. We write this letter urging immediate action to sustain workers and the housing market due to the impact of the coronavirus.

NAHREP's 40,000-member association has more than 100 chapters around the country comprised of real estate brokers, mortgage loan originators, title agents, closing attorneys, appraisers, homebuilders and other professionals within the housing industry. The passion behind our growing membership is to advance the economic mobility of Latinos through sustainable Hispanic homeownership. Our members are resilient, hardworking, and innovative. Members across the country are lifting each other up and being of service to others, as they tackle current and potential market challenges.

NAHREP members understand far too well the devastation caused by an economic crisis. Memories of the 2008 Great Recession, where Latinos saw two-thirds of their wealth evaporate, remain fresh in the minds of most.

The housing market has a domino effect on the livelihood of the American economy and should be prioritized in any stimulus. Today, we are seeing the early signs of what could be a foreclosure crisis similar to what happened in 2008. Loan originations are not closing because consumers are losing their job, particularly for those in the service industry. According to the National Association of Home Builders, housing comprises 16.3 percent of our nation's GDP, and Hispanics contribute 11.1 percent of that share.



With over 24 percent of Latinos in the leisure and hospitality industry and 19.9 percent in the services industry¹, the Latino community will be disproportionately hit by a loss of employment in response to the pandemic. There have already been reports of large layoffs from employers such as Marriott International, MGM Resorts, and Union Square Hospitality group that employ larger numbers of Latino workers. In addition, federal unemployment insurance claims jumped by 33 percent last week.² We predict that even after measures to limit social interactions subside, there will be a lag to businesses returning to usual activity levels due to continued fear of the pandemic.

After twelve consecutive years of declines that affected all population segments, the Hispanic population helped pull the nation out of a devastating housing recession in 2015 when it became the first ethnic demographic to show an increase in its post-recession homeownership rate. Today, Hispanics are the fastest growing demographic, accounting for 57.6 percent³ of the total U.S. population growth last year, with the highest labor force participation in the nation⁴ and almost a decade younger than the general population.⁵ With the appropriate federal economic response to prop up America's working class, we have no doubt that Latinos will again be the cavalry that lifts the U.S. economy up in the aftermath of this pandemic.⁶

As such, NAHREP urges the prioritization of the following proposals in any economic stimulus package:

Real Estate Industry:

- **Real estate sales and corresponding services should be deemed essential services to the economy:** According to the National Association of Realtors, the real estate industry accounted for 17.3 percent of the nation's Gross State Product in 2018. We cannot afford a shutdown of the real estate industry.
- **Remove red tape associated with remote closings:** The real estate industry is innovative and will find a way to conduct business while safely sheltered in place. However, it is imperative that all red tape associated with remote closings, eRecordings and eSignatures be lifted so that small businesses across the country can remain afloat. Currently, borrowers in over half the country lack the ability to close on a real estate transaction without signing documents in person. Municipal offices must continue to process transactions remotely in order to avoid a halt to the real estate industry.

¹ Bureau of Labor Statistics

² Department of Labor. (2020, March 19). Unemployment Insurance Weekly Claims. Retrieved from <https://www.dol.gov/ui/data.pdf>

³ U.S. Census Bureau. (2019, July). PEP6H: Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for the United States, States, and Counties: April 1, 2010 to July 1, 2018.

⁴ U.S. Bureau of Labor Statistics. (2020). Labor Force Statistics from the Current Population Survey. LNU01300009.

⁵ U.S. Census Bureau. (2019, July). PEP6N Geography-United States Year-July 1, 2018 Hispanic Origin-Hispanic: Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018.

⁶ U.S. Census Bureau. (2019, February 28). Current Population Survey/Housing Vacancy Survey. Available from <https://www.census.gov/housing/hvs/data/index.html>.

Consumer Credit:

- **Suspend all negative consumer credit reporting during the pandemic:** As of last year, during a strong economy, Latinos had a median credit score of 684.⁷ Today, Latinos are disproportionately represented in the service, hospitality and restaurant industries – the industries exhibiting the highest number of layoffs. Consumer credit scores should reflect a person’s ability to manage debt. Lowering credit scores with derogatory references due to layoffs beyond anyone’s control helps no one and diminishes the meaning of credit scores generally. We fully support the passage of The Disaster Protection for Workers’ Credit Act introduced by Senators Brian Schatz (D-HI) and Sherrod Brown (D-OH).

Protect Housing

- **Institute a foreclosure moratorium:** As cash flow of many furloughed and laid-off workers is significantly curtailed during this time, it is important that a moratorium be put in place on both the beginning of a foreclosure and foreclosure sales for at least six months. It is important to note that today’s loans are well underwritten with income fully documented. We have confidence that consumers who struggle to make their mortgage payments have experienced an economic shock and therefore need help.
- **Provide a minimum of six months of forbearance:** Offer borrowers at least six months, and possibly more, of forbearance on their loan payments. Six months or more of forbearance can help borrowers focus the funds they have on health care, food, and other immediate necessities until their income returns to normal. We urge a streamlined process devoid of the excessive paperwork required by past similar programs such as Home Affordable Modification Program (HAMP).
- **Require forbearance for mortgages on rental properties:** To the extent that owners of rental properties continue to have trouble servicing their debt during moratoriums placed on rental payments and evictions, these owners should be granted forbearance on their mortgages as necessary.
- **Prepare for the lasting impact of a recession:** Allow borrowers to get back on track after forbearance by extending their loan by the length of the forbearance, with no fees, penalties, or accrued interest. Borrowers should not have to pay more or face a penalty because they had a temporary financial setback because of this unprecedented situation. However, the loss of interest payments to bond holders can lower confidence in mortgage-backed securities in the future. That would inevitably lead to higher rates and less available capital for lending. The Federal Government must backstop bondholders in order to keep them whole during this period.

Cash-flow

- **Ensure at least \$2,000 a month stimulus payments for all adults and \$1,000 per child:** Through a money-financed fiscal program, the Federal Reserve should be directed to fund automatic stabilizers in the form of at least \$2,000 for every adult and an additional \$1,000 for every child for each month of the crisis. The economic shock of massive layoffs

⁷ Credit Bureau data for Sep 2018 to investigate consumers’ credit. Median values are used. Data combines anonymized individual credit bureau data with marketing data. Freddie Mac.



will be hardest-felt in areas with low savings rates. With Latinos being concentrated in high-cost areas such as California, many families have been cash-strapped and unable to save for unexpected situations. This stimulus money will empower families to make their own financial decisions based on their unique financial situations as they attempt to get back on their feet.

Small Businesses

- **Ensure supplier diversity:** The eminent economic crisis will disproportionately impact Latino households for the reasons listed above. Considering that Latinos are the youngest segment of the nation's population and have the highest workforce participation of any demographic, a scenario that negatively impacts Latinos will have a magnified impact on the overall economy and will slow any recovery efforts. Government and corporate contracting opportunities that emerge from this crisis must provide Latino small business owners with an equitable share of those opportunities.

We know this is a challenging moment for our nation. Working together to protect and shore up our greatest assets – our people – we can come out of this crisis stronger. In that vein, we thank you for your consideration. For any questions regarding this letter, please feel free to contact Noerena Limon, SVP of Public Policy and Industry Relations at nlimon@nahrep.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Sara Rodriguez".

Sara Rodriguez
2020 President
NAHREP

A handwritten signature in black ink, appearing to read "Gary Acosta".

Gary Acosta
Co-founder & CEO
NAHREP