

NAREB Calls on Mortgage Lenders to Implement Special Purpose Credit Programs to Increase Black Homeownership and Wealth

There are a variety of ways that SPCPs can be applied, including allowing buyers to have a higher than normal loan-to-value ratios or lower down payments

WASHINGTON, DC, UNITED STATES, March 30, 2023
/EINPresswire.com/ -- Special Purpose Credit Programs Can Bolster Black Homeownership with New Legislation Unlikely in a Divided Congress



The [National Association of Real Estate Brokers](#) (NAREB) urges mortgage lenders to utilize Special Purpose Credit Programs (SPCPs) to increase mortgage originations from Black buyers and help close the Black-White gap in homeownership.

“

This is an opportunity to use public policy for good, to expand opportunities for Black families to enjoy the American Dream of homeownership...the major driver of wealth for Black families.”

Lydia Pope, NAREB President

In 1974, the Equal Credit Opportunity Act (ECOA) allowed the establishment of SPCPs by non-profit and for-profit organizations to meet the unique credit needs of borrowers. HUD released guidance in 2021 saying that SPCPs can legally be developed by non-profit and for-profit financial institutions to help resolve barriers faced by economically disadvantaged groups, such as Blacks, Hispanics, and women, when they seek to purchase a home.

With a deadlocked Congress unlikely to pass initiatives to increase homebuying, NAREB President Lydia Pope called

on more lenders to actively develop and utilize SCPC programs so they can be strong catalysts for increasing Black homeownership. NAREB's [2022 State of Housing in Black America Report](#) found the homeownership gap “an astounding” 30%, sustaining a two-decades expansion between Black and White homeownership.

“It’s disappointing that more mortgage lenders are not using these programs to increase homeownership, especially for those living in under-resourced communities,” Pope said.

"America has a low rate of homeownership among Black families because of the overt racism in government and private sector practices and policies that limited the building of intergenerational wealth. SPCPs provide opportunities to balance the scale and put more Blacks on a path towards building wealth through homeownership."

Before and after World War II, a series of government programs provided opportunities for White families to purchase homes and build wealth, resulting in a housing boom that created the modern suburbs surrounding major cities across the country. The wealth created from equity in homes has been passed down through generations, positioning

White families to enhance their quality of life and continue being homebuyers. But Blacks were not allowed to participate in these programs and the private sector, as well as the government, engaged in redlining to relegate Black to segregated neighborhoods.

In his book, *The Color of Law*, Author Richard Rothstein writes that the New Deal housing programs amounted to a "state-sponsored system of segregation." Rothstein says these decades-old housing policies had a lasting effect on American society: "The segregation of our metropolitan areas today leads ... to stagnant inequality, because families are much less able to be upwardly mobile when they're living in segregated neighborhoods where opportunity is absent."

Pope maintained that by offering SPCPs the nation can help repay the debt that is owed to generations of Blacks who suffered from racist public policies.

"This is an opportunity to use public policy for good, to expand opportunities for Black families to enjoy the American Dream of homeownership," she said. "Homeownership is the major driver of wealth for Black families. By increasing homeownership, it will strengthen communities and expand family economic security."

There are a variety of ways that SPCPs can be applied. For instance, some allow buyers to have a higher loan-to-value ratio than normal or a lower down payment. Recently Rocket Mortgage announced that it expanded its special-purpose credit program to offer a \$3,000 credit for first-



NAREB President Lydia Pope

time homebuyers to use toward their downpayment in select cities. Previously, Rocket Mortgage announced its Purchase Plus program that offered up to \$7,500 in credits for first-time buyers to use toward their mortgage costs. Further, Rocket Mortgage will also offer Freddie Mac's BorrowSmart Access program for buyers who are purchasing a home in Atlanta, Chicago, Detroit, El Paso, Houston, McAllen, Memphis, Miami, Philadelphia, and St. Louis. To be eligible, buyers must have an income less than 140% of the area median income and meet other Freddie Mac lending guidelines.

"NAREB fully supports the Rocket Mortgage program and urge other mortgage lenders to step up and offer SPCPs. They can make a difference for those seeking approval for their mortgage," said Pope. "NAREB is keeping track of which lenders are taking these bold and courageous steps to increase Black homeownership, and we will inform Black homebuyers which companies are addressing inequities and providing opportunities."

(For print or broadcast interviews with NAREB President Lydia Pope or more information about the campaign contact Michael Frisby, Mike@frisbyassociates.com/202-625-4328.)

ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was formed in 1947 to secure the right to equal housing opportunities regardless of race, creed, or color. NAREB has advocated for legislation and supported or instigated legal challenges that ensure fair housing, sustainable homeownership, and access to credit for Black Americans. Simultaneously, NAREB advocates for and promotes access to business opportunities for Black real estate professionals in each of the real estate disciplines.

Michael K. Frisby
Frisby & Associates
+1 202-625-4328
mike@frisbyassociates.com
Visit us on social media:
[Facebook](#)
[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/625109562>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.