



The NAACP's Nine Reforms to Advance Home Ownership

Throughout its 102 year history, the National Association for the Advancement of Colored People (NAACP) has recognized economic equality as one of its core values. To “ensure the political, educational, social, and economic equality of all citizens” is a key provision in the NAACP Constitution and is part of the NAACP core mission.

Historically home ownership is one of the primary means for many people to build equity and wealth; it is also, sadly, an area in which racial and ethnic minority Americans have been and continue to be disproportionately discriminated against. Long ago, the NAACP recognized that, "in no area of civil rights is the need for national action more compelling than in the field of housing. Racial segregation in housing virtually assures segregation in school, recreation, community facilities, and severely limits access to new job opportunities." The segregation which has plagued our nation for centuries continues today, with practices in mortgage lending disproportionately steering African Americans and other people of color into unsustainable loans and stripping them of any wealth they may hope to accumulate through homeownership. For example, during the current foreclosure crisis, it has been clearly documented that African Americans and Hispanics have held a disproportionate share of subprime loans and that this disparity continues in the area of home foreclosures. As a result, there is now a real danger that the door for the majority of African Americans to become homeowners is being closed. African Americans continue to have the lowest homeownership rate of any racial or ethnic group at 46.2% compared to Whites who have the highest homeownership rate of 74.4%. In large part due to the bursting of the housing bubble it has been estimated that African Americans between the years of 2005 to 2009 has lost over 50% of their wealth and now has only 5% of the wealth of white Americans. All of these factors are creating a scenario where African Americans and other low wealth Americans could be locked out of the housing market for the foreseeable future.

The Administration's success in reforming Wall Street and establishing the Consumer Finance Protection Bureau (CFPB) are strong steps in the right direction for the future of housing mortgage reform. Future home reform efforts should similarly be aimed at the primary causes of the recent financial crisis and ongoing housing bust: out of control Wall Street derivative markets and unscrupulous unsustainable mortgage lending practices. Never in American history has the African American community been majority homeowners and it is fundamental to advancing a sustainable Black middle class that housing reform be implemented with the aim of advancing this objective. The NAACP proposes nine measures that will help resolve the current housing and foreclosure crisis and will assist in charting a future for housing in America in which the



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majority of all American communities regardless of race or ethnicity will be able to become homeowners. The following is a summary of the nine point home ownership reforms, to see a more detailed explanation of the NAACP Nine Home Ownership Reforms see the NAACP Economic Department website www.naacp.org/econ.

Point #1: Ensure Non-Discriminatory Lending

Point #2: Ensure a Strong and Autonomous Consumer Financial Protection Bureau

Point #3: Support the Federal Role in the Secondary Mortgage Market that also Serves to Protect the Interests of All Homebuyers

Point #4: Support Risk Retention while Adopting a Qualified Residential Mortgage (QRM) rule that does not Decrease Homeownership Opportunities

Point #5: Adopt a Qualified Mortgage (QM) Definition that will not Shut Out Most Prospective Minority Homeowners

Point #6: Provide Continued and Increased Funding for Certified Housing Counselors

Point #7: More Assistance to Help Those Persons Devastated by the Foreclosure Crisis

Point #8: The Federal Government, Banks, and Financial Institutions Must Increase Mortgage Principal Reductions tied to Current Home Values

Point #9: Enhance Federal Efforts to End Housing Discrimination

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And

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