

Industry Leaders Join Forces to Promote the Profession

Leaders from CAR, the Consolidated Realty Board of Southern California, Korean Real Estate Brokers Association of Southern California, Chinese American Real Estate Association of America, National Association of Hispanic Real Estate Professionals, Multicultural Real Estate Alliance for Urban Change, Hispanic Council of REALTORS®, and California Association of Real Estate Brokers met at the Consolidated Realty Board's headquarters in Los Angeles recently to discuss common concerns affecting California's real estate community.

Key issues included communication; professionalism and ethics; consumer and licensee education; housing affordability; overcoming language barriers; legislative advocacy; and predatory lending and credit-scoring practices. The meeting was the second of its kind between the various organizations which pledged to work together to educate consumers about the homebuying process and the importance of using a licensed professional. The group also focused on raising awareness throughout the licensee community about profes-

sional standards and codes of conduct. In addition, the organizations agreed to collaborate on a common legislative package for the 2001-2002 legislative session that opened in Sacramento after the November General Election.

DRE Commissioner Paula Reddish Zinnemann was on hand to discuss the DRE's efforts to provide housing counseling for consumers and increase license awareness of industry regulations. NAR President-elect Richard Mendenhall also joined the group to share NAR's efforts with respect to the key areas under discussion. Representatives from Fannie Mae, the Fair Housing Council of San Fernando Valley, and the title and mortgage industries also attended to discuss the industry's concerns with predatory lending and consumer awareness of credit-scoring practices.

"One of the things that I would like to walk out of here today is, the feeling that we have come further along with the art of communicating and that we have come to the realization that there is a problem..."

"What I want to walk out with today? After unrest, we got the city Rebuild L.A. coalition —

nothing's coming out of that. We see a lot of the same problems: the factionalization, the Balkanization of the city. And I don't see the city or the elected officials or the selected appointments doing anything. So I am excited about doing something meaningful and productive with this group."

"I'd like to come out with some tools with which I can go back to my community and encourage people... to participate."

"I think all of us in this group would like to take a small step toward eliminating the differences or the perceived differences between us."

The people speaking are African-American, Anglo and Hispanic. They are Democrats and Republicans, women and men, young and old. They come from wealthy communities and poor ones. They have two things in common. They are all involved with local real estate, whether as brokers, agents, lenders or representatives of trade organizations, and they all want to do their part to heal the rifts in the community brought into focus by the April riots. They are members of the Multicultural Real Estate Alliance for Urban Change.

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It is November 5, and a group of 35 Alliance members have gathered at the Baptist Tabernacle in Watts for a day-long goal-setting and planning session. Ellen Poll, past president of the Los Angeles Association of REALTORS®, is the group's chairperson.

"Today," she says, "is both the culmination and a beginning." It is the culmination of months of exchanging ideas and defining their purpose and the beginning of the action phase of the group's history.

After Poll's brief introduction, Phyllis Waller of the CORO Foundation, a 50-year-old organization that provides public service training, goes over the day's agenda, the expected outcomes, and the ground rules for productive dialogue. On this day, the Alliance members will articulate their "visions" or goals for the real estate community in Los Angeles and decide on "action steps" to achieve them.

To best utilize the time available, they break into work groups. One will address redlining, the practice of designating neighborhoods as high-risk areas for loan purposes. Another will focus on affordable housing. The Planning and

Permitting working group will examine the impediments to rebuilding the areas destroyed by the riots and the Multicultural Education group will look at barriers to communication within the real estate community and among real estate practitioners and clients.

The group was born out of conversation that Kerry Morrison, CAR's vice president of public affairs, had with Poll and REALTORS® from other boards and associations shortly after the riots. "Kerry was the prime instigator," Poll recalls. "She started calling people and saying, 'How do you feel? What can we do? We cannot allow something like this to have happened in our city and not work toward some sort of improvement in this dreadful situation.'"

So in early May, about 40 real estate practitioners from different cultural groups and different parts of the city met downtown at CAR headquarters. "The disturbances were so profoundly affecting to many members of the group that we just felt the need to come together and see what needed to be done. We didn't have a goal. We

didn't have a plan. We just felt a need to talk just out of human concern." Poll says.

"When we did come together, we were astonished to find that there were issues that were very much real estate issues in character and problems that were going on in some communities in the city that were almost taken for granted by some members of the group, such as redlining."

"Our initial concerns were rebuilding and healing, but as we were talking about the problems of people, for example, working in South Central, we realized that some of the problems that they have, they've had for years, such as redlining. It became apparent that it is a more complicated problem than we had realized."

The group originally hoped to provide a representative to Rebuild LA (RLA), the task force started by Mayor Tom Bradley and headed by Peter V. Ueberroth. Accordingly, the group's first name was the REALTORS® Rebuild LA Coalition (RLA).

"As we realized the volume of response that Mr. Ueberroth's committee was dealing with, we realized

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that he was dealing with people who were really 'captains of industry' types and that the best we could hope for was to make ourselves available as a resource if one of his subgroups had need or our expertise."

In the end, the Alliance was not successful in establishing a tie with RLA. So in subsequent months, the group met to decide on issues it would tackle on its own. Redlining often dominated the discussions.

"A lot of us had no idea that redlining, with any sort of racial characteristics, was still practiced" says Poll. "... You think of redlining as something that has been done away with by legislation or that it is an old-fashioned prejudice that has no relevance today."

"... So redlining has become a kind of focal point because it has such a profound significance on our industry. We are very dependent on loans. If you can't get loans because of your neighborhood ... it is a serious impediment to the ability to do business. It is a serious impediment to the ability of any neighborhood to prosper."

In August, a highly-placed

official of Bank of America gave a presentation to the Alliance on Neighborhood Advantage, the bank's low down-payment program for low-income buyers. Later, Marie Rapley-Gaynor, an LAAR member active in the Alliance's core strategy group, contacted the official about a buyer working with her firm who had been turned down for a Neighborhood Advantage loan. After examining the case, she reported that although the home was in an eligible census tract, the private mortgage insurance company had declined to insure the loan.

The Alliance is continuing to research loan denial cases. "We need to have a real understanding of what PMI underwriting criteria is for Neighborhood Advantage and other special programs with five-percent-down criteria for low- and moderate-income buyers," Rapley-Gaynor says. "We're looking to establish a rapport between the PMI companies and the realty community."

"... We also need to understand how underwriting by lenders and PMI companies differs. The question is why in some cases the lender says OK and the

PMI company says NO."

Another critical issue that surfaced in the Alliance's early meetings were the communication barriers that exist between the city's various cultural groups and within the real estate community as well.

"One of the big problems we can see as we look around the room is that there are people with whom we do not now communicate and it's going to be our job to reach out and bring those people in," Poll said in her opening remarks on November 5.

The Alliance would like to have representation from the Persian, Iraqi and/or other Middle Eastern communities; the Asian and Hispanic communities are underrepresented as well.

And, although there are many African-American REALTOR® members, the group hopes to increase involvement of the local chapter of the National Association of Real Estate Brokers, an organization of African-American real estate professionals known as Realists, in the Multicultural Alliance projects.

"We would like to encourage participation from other real estate professional

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groups and people who are not affiliated with other groups—just people who are out there practicing in the world,” Poll emphasized. Up to the end, Alliance members voted overwhelmingly to change their name once more from the Multicultural REALTORS® Alliance to the Multicultural Real Estate Alliance at the November meeting.

Although some people involved with the Alliance from the beginning were disappointed with the pace of the group’s progress during its first months, a lot of groundwork was laid between May and November. Besides working with Bank of America on non-funding cases, the Alliance met with the regional director of Fannie Mae and expressed concerns about redlining.

Much work was also devoted to defining the group’s purpose and structure. CAR had been instrumental in bringing the group together and Morrisson and CAR President-Elect Pat Neal have provided a lot of guidance; but, CAR has intended from the beginning for the group to assume its own identity and direct its own efforts. In the past few months, CAR

has stepped back from its leadership role and assumed more of a participant role.

In August, Poll was chosen by the Alliance members to lead the group and Cora Rawls of the Southwest Los Angeles Board of REALTORS® became vice chair.

In October, the group sought and received a commitment of \$29,800 for organizational and fundraising efforts from CAR’s Issues Mobilization Political Action Committee (IMPAC). As of mid-November, LAAR, the Southwest Los Angeles Board, the Long Beach Board, and the Rancho Los Cerritos Boards of REALTORS® had given the Alliance an additional total of \$3,500. The Alliance was also awaiting a proposal from an independent consultant being considered to serve as the organization’s staff.

At the conclusion of the November 5 retreat, members of the Multicultural Education Working Group made commitments to reach out to the Realtists, Korean brokers, and Hispanic licensees who are not involved with organized real estate. The working

group also plans to start researching a proposal for a mandatory DRE course on cultural differences.

The Affordable Housing group will be working to make real estate agents citywide more knowledgeable about sources of funding. In this way, the group hopes to help equalize the ratio of home ownership among all ethnic groups. The group plans to look at mortgage financing needs community by community and is developing a plan for a prototype study of the financing needs of a South Central neighborhood.

The Planning and Permitting Working Group is working to make the rebuilding of riot-damaged properties the priority for municipal planning and permitting departments. The group is starting a study of three riot-damaged properties currently moving through the planning and permitting process: a commercial property, an apartment building, and a residence.

The Redlining Working Group will be tackling discrimination in credit, appraisal, insurance, and the availability of specialized mortgage products. In addition to loan denial cases,

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the Redlining group is examining the regulation of the PMI industry and its' underwriting practices. One of the group's goals is to hold companies practicing redlining accountable. Another is to educate buyers—first-time buyers, people trying to obtain refinancing, those buying up—on qualifying for a loan, getting an accurate appraisal, and, in particular, on making a full financial disclosure so that lender can accurately identify the loan programs for which the borrower qualifies.

At the end of the retreat, most participants felt they had accomplished a lot and many said that the expectations they voiced at the beginning of the day were fulfilled.

"Overall, I though it was a very productive meeting," says Floyd Penn, president of the Southwest Los Angeles Board of REALTORS®. "I thought changing the name of the Multicultural Real Estate Alliance was a means of reaching out to bring in a lot of real estate people from different cultural and ethnic groups and making them feel comfortable and a part of the Alliance."

Miguel LaPayese, a member

of Alliance's core strategy group from the Southeast Board of REALTORS® had expressed impatience with the prospect of more talk at the beginning of the meeting. Some of the day's organizers considered his reaction an important gage of their success.

How did he assess the Alliance's work that day? "Very productive and I think overdue." LaPayese reports, "... I think now it's going in the right direction. We've got to have more of these kinds of meetings and talk about specifics. I'm the one who complained that we talk a lot but that day was really good."