

## FYI: An Update on Emerging Issues in Banking

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### Bridging the Information Gap: How Bankers Can Help the Hispanic Population Realize the American Dream of Homeownership

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Most bankers know that the Hispanic population in the United States is growing rapidly and that, like many other Americans, those in the Hispanic community dream of homeownership. In fact, many Hispanic renters characterize themselves as "very likely" or "somewhat likely" to buy a home within the next three years.<sup>1</sup> What most bankers may not realize, however, is the extent of inaccurate or incomplete information that Hispanic households have about the home-buying process. Despite this "information gap," prospective Hispanic homebuyers indicate that they are willing to attend free classes on the home-buying process.<sup>2</sup> These aspirations afford bankers the opportunity to help both their community and their banks. Bankers who work to close the information gap and increase successful Hispanic homeownership may also gain bank customers and expand their mortgage portfolios.

This article examines the information gap the Hispanic population faces regarding homeownership.<sup>3</sup> First, it summarizes the specific types of misinformation identified by various surveys that limit Hispanic homeownership growth. Second, it explains why closing the information gap is good business for both bankers and the Hispanic population. Finally, it lists several resources available through government agencies and private organizations that can help bankers reach out to prospective Hispanic homeowners and close the information gap.

#### Understanding the Information Gap That Limits Hispanic Homeownership Growth

Financial, legal, and insurance documents are integral parts of the home-buying process, yet a 2004 poll identified these types of documents as three of the five most perplexing information sources in Americans' daily lives.<sup>4</sup> Although a mortgage application is the document that starts the home-buying process, it was identified by many Americans as the *most* difficult document to understand. Sixty percent of the poll respondents rated mortgage applications as either "somewhat difficult to understand" or "very difficult to understand." Clearly, many prospective homeowners, even when they understand English, find the purchase of a home to be a daunting process.

Further, the home-buying process itself is often very different in other countries from that in the United States. For example, "immigrants from high-down-payment countries such as Korea, India, or those in Central and South America often greatly overestimate the minimum down payment needed in the United States."<sup>5</sup> Similarly, differing cultural influences can be a hindrance for prospective Hispanic homeowners.

The process may be even more daunting for Americans who do not speak English or speak it only as a second language. A recent study of Hispanic renters and recent first-time buyers found that "prospective home buyers either have no information, or even worse, misinformation" about the home-buying process.<sup>6</sup> The 2003 Fannie Mae Housing Survey found sizable differences in the information gap between the general population and various minority communities (see Table 1). The survey defines the "Spanish Hispanic" population as those in the Hispanic population who both speak and read Spanish more frequently than English at home and defines the "English Hispanic" population as those in the Hispanic population who either speak or read English more frequently than Spanish at home. The survey found that the home-buying information gap is the most pronounced in the Spanish Hispanic population.

Table 1

Percentage of People Who Know That the Following Statements Are False				
Statement	General Population	African American	English Hispanic*	Spanish Hispanic**
1. Information on buying a home is only available in English.	89	92	93	60
2. You need to have a perfect credit rating to qualify for a mortgage.	73	57	64	22
3. You need to have stayed in the same job for at least five years to qualify for a mortgage.	65	51	55	39
4. If you haven't always paid your bills on time or have carried some debt, you won't qualify for a mortgage.	64	49	50	29
5. You need to hire an attorney to fill out your paperwork when you buy a house.	70	53	70	39
6. If you want a mortgage, you have to accept a 30-year commitment.	74	60	65	27
7. Housing lenders are required by law to give you the best possible rates on loans.	59	36	42	25
8. The person buying the home pays the real estate professional.	48	34	47	23
**"English Hispanic" is defined as those in the Hispanic population who either speak or read English more frequently than Spanish at home.				
***"Spanish Hispanic" is defined as those in the Hispanic population who both speak and read Spanish more frequently than English at home.				

Source: 2003 Fannie Mae National Housing Survey.

The first misconception identified in Table 1 is that information on home buying is only available in English. Eighty-nine percent of the general population know that the statement "Information on buying a home is only available in English" is false. Larger percentages of the African American and English Hispanic populations know the statement is false (92 percent and 93 percent, respectively), whereas only 60 percent of the Spanish Hispanic population know the statement is false. Correcting this misconception is important. Recent research has identified language limitations as one of the greatest barriers to immigrant homeownership.<sup>7</sup> Therefore, banks hiring bilingual employees to assist Hispanic customers and providing home-buying information materials in Spanish are keys to reaching out to Hispanic homeowners.<sup>8</sup> Others have noted that even Hispanic immigrants with good English language skills often find that it is easier to discuss problems about a house or a contract with someone who speaks Spanish.<sup>9</sup> Over 55 percent of the Hispanic respondents to a Virginia multicultural home-buying study preferred that home-buying information be in Spanish.<sup>10</sup> Therefore, informing the Hispanic population that such information is available in Spanish is an important step in closing this information gap.

Several of the other commonly held misconceptions revolve around credit and qualifying for a mortgage. As seen in statements two through four in Table 1, Hispanics often think their credit and job histories have to be perfect in order to qualify for a mortgage. Focus groups made up of

Hispanics in Mobile, Alabama, and Las Vegas, Nevada, found that most participants did not know how to establish a credit history.<sup>11</sup> Another study identified unfamiliarity with the U.S. credit system and lack of a credit history as two of the greatest barriers to immigrant homeownership.<sup>12</sup> An ethnographic homeownership study found that correcting "the lack of home-purchasing knowledge, credit knowledge, and credit judgment" might enable more minorities and immigrants to become homeowners.<sup>13</sup> Many families in the study did not understand how credit is evaluated. Additionally, some Hispanics may not know that they might be able to use an Individual Taxpayer Identification Number in place of a social security number to apply for a mortgage.<sup>14</sup> Lack of information and misconceptions involving credit and mortgage qualifications are a significant part of the overall homeownership information gap.

The other misconceptions documented in Table 1, statements five through eight, regard the actual home-buying process. Many members of the Hispanic population, particularly members of the Spanish Hispanic population, believe that they need a lawyer to start the home-buying process and think they have no choice but to accept a 30-year mortgage. Even more members of the Hispanic population believe that homeowners pay the commission of the real estate professional rather than the seller and do not know the law stating that housing lenders must give prospective borrowers the best possible rate on a loan. An ethnographic study found that some families did not know that first-time homeowner programs existed or that there were subsidized programs to make financing easier.<sup>15</sup> A 2001 study cited "lack of information, confusion or even fear about the home-buying process" as obstacles to homeownership for lower-income, minority, and immigrant families.<sup>16</sup> Another study reported that 64 percent of the Hispanic population who are planning to buy homes in the next five years saw their unfamiliarity with the mortgage process as one of their biggest challenges.<sup>17</sup> In addition, Hispanic consumers who do not know where to go for assistance may fear or distrust mainstream institutions and can be vulnerable to predatory realtors and lenders; they need to know and understand their options regarding whether to use federally insured depository institutions or unregulated mortgage providers.<sup>18</sup> The lack of clear, understandable information about the home-buying process is another significant part of the overall homeownership information gap.

The information gap, especially when combined with a possible affordability gap and perceived credit gaps, has reduced the home-buying confidence of some members of the Spanish Hispanic population. While the English Hispanic population is nearly as confident as the general population that they can complete the various home-buying steps, the Spanish Hispanic population is less confident; for example, more members of the Spanish Hispanic population are less confident about obtaining a mortgage and finding a real estate professional.<sup>19</sup>

This lack of confidence, fed in large part by the information gap, is a likely contributor to an actual gap in homeownership statistics. In 2003, 68.3 percent of the total U.S. population owned homes versus 47.4 percent of the Hispanic population, which shows that there is an appreciable homeownership gap in the United States.<sup>20</sup> Therefore, it seems likely that bankers could use financial education to dispel commonly held misconceptions, help bridge the information gap, and increase Hispanic homeownership.

### **Raising Hispanic Homeownership Rates and Increasing Bank Business**

The Hispanic population is the largest and fastest-growing ethnic group in the United States. Much of the recent growth has been in states such as Georgia and Nebraska, which have not previously been recognized as "Hispanic entry states." This new growth is not only in urban centers but also in rural and suburban areas. Moreover, the number of affluent Hispanic households, while small, is increasing rapidly—U.S. Census data show that the number of Hispanic households with incomes higher than \$75,000 tripled between 1990 and 2000. As the purchasing power of the Hispanic population increases, their need for financial services may be expected to increase as well.<sup>21</sup> Reaching out to the Hispanic population is no longer just a good idea in the historically well-known Hispanic enclaves in Arizona, California, Florida, New York, and Texas but also in many other states across the Southeast and Midwest and, indeed,

nationwide.

Henry Cisneros, president and CEO of American CityVista, projects that the Hispanic population could buy some 3 million homes by 2010.<sup>22</sup> This potentially large market offers an opportunity for bankers to increase their mortgage portfolios.

Given the situation outlined above, what exactly should banks do? Some prospective homeowners face wealth, income, and supply gaps as well as an information gap in terms of homeownership. There are strategies that bankers can use to address each of these gaps (see Table 2). It is interesting to note that the strategies with the lowest risks and program costs—outreach, group training, and individual counseling—are those that address the information gap. Bankers can use these strategies to reach out to the many prospective Hispanic homeowners who do not face the other gaps because of either rising affluence or the pooling of family resources.

Table 2

<b>Strategies to Bridge Gaps Facing Potential Homeowners</b>		
<b>Risks and Program Costs</b>	<b>Strategies</b>	<b>Gap</b>
Low	Outreach	Information
	Group Training	Information
	Individual Counseling	Information
Moderate	Liberalized Loan Underwriting	Wealth <sup>a</sup>
	Down Payment Assistance	Income <sup>b</sup>
	Mortgage Rate Subsidy	Income
High	Subsidized Home Developments	Supply <sup>c</sup>

<sup>a</sup> Wealth is the net difference between the total assets owned and the total outstanding debt owed at a point in time.  
<sup>b</sup> Income is the flow of money over a period of time either from labor or capital.  
<sup>c</sup> Supply refers to the availability of housing commiserate with one's wealth and income.

Source: Adapted from Figure 4 of J. Michael Collins and Doug Dylla's "Mind the Gap: Issues in Overcoming the Information, Income, Wealth, and Supply Gaps Facing Potential Buyers of Affordable Homes," LISC Center for Home Ownership, October 2001.

Studies have found evidence that consumer behavior can be positively influenced by these lower risk strategies. Measuring the effects of specific education and information delivery methods is difficult, however, and many organizations do not assess their efforts.<sup>23</sup> And because financial literacy programs that are specifically targeted to prospective Hispanic homeowners (and typically conducted through outreach, group training, and individual counseling) have been implemented rather recently, to date there have been no formal studies of their effectiveness. Nevertheless, there is ample anecdotal evidence of their benefits, and an increasing number of organizations are reaching out to prospective Hispanic homeowners.

Bankers that offer liberalized loan underwriting standards or down payment assistance in tandem with financial literacy programs may have opportunities to tap into a higher percentage of the Hispanic market. As indicated in Table 2, these strategies typically have more risks and higher costs. Some recent literature suggests, however, that beyond the obvious Community Reinvestment Act benefits, there are other offsetting benefits to the higher risks and costs. For example, Order and Zorn analyzed the performance of a large sample of fixed-rate low-income and minority mortgages purchased by Freddie Mac in the 1990s.<sup>24</sup> They found that these types of mortgages are generally prepaid more slowly than other loans when rates fall. (Loans that

prepay less rapidly when rates fall are more valuable to the holder of those loans.) The positive effect of the lower rate of prepayment for these types of loans was found to offset the negative effect caused by the higher default rates for the same types of loans.

Realtors, brokerages, and builders are some of the organizations that have concluded that the benefits of closing the information gap outweigh the costs. In 2002, Coldwell Banker Success Realty in Arizona purchased a brokerage that worked with Hispanic customers and named the new division Coldwell Exito Realty.<sup>25</sup> Other brokerages and builders have Spanish-speaking agents or are teaching employees Spanish. A joint venture between American CityVista and Los Angeles-based homebuilder KB Home hopes to bring the economies of scale of a large homebuilder to urban, often Hispanic, markets where they expect housing demand to surge.<sup>26</sup>

A number of large banks and mortgage companies have also concluded that the benefits of closing the information gap outweigh the costs. Merrill Lynch & Company's 350-person Hispanic unit generated \$1 billion-worth of new business nationwide in 2003, double its goal. Merrill planned to hire another 100 financial advisers (mostly bilingual) in 2004.<sup>27</sup> Wells Fargo's Los Angeles regional office reported that its efforts to reach out to the Hispanic community have resulted in the opening of 22,000 new accounts per month. One way Wells Fargo reaches out is by holding in-home seminars. A host invites 15 or so friends and family to his or her home, and a Wells Fargo branch employee joins them to talk about topics such as buying a house and establishing good credit.<sup>28</sup> Washington Mutual has a national manager who is in charge of emerging markets and is reaching out to the growing Hispanic market with free business checking and flexible home-loan products.<sup>29</sup> In 2003, Bank of America launched two ads in Spanish about mortgages with less paperwork as part of a campaign to acquire 7,000 new mortgages in its largest Hispanic markets.<sup>30</sup>

Some community bankers are also reaching out to prospective Hispanic homeowners to close the information gap and to get ahead of their competitors. Home Federal in Nampa, Idaho, has 30 bilingual staff members. As it expands, it plans to staff each branch and each department with at least one bilingual representative.<sup>31</sup> Home Federal has established a branch at the Idaho Hispanic Cultural Center in Nampa and started teaching financial literacy classes there in January 2004. The president and CEO of UniBank in Florida conducted his first presentation in English and Spanish in 2003 to 70 parents of high school students, covering basics such as checking, mortgages, loans, and credit reports.

Bankers that seek partnerships with organizations within their community to provide homeownership education can achieve encouraging results. In the mid-1990s, Arvest Bank in Rogers, Arkansas, decided to reach out to the Mexican community by partnering with the local poultry plants.<sup>32</sup> The poultry plants were facing a high turnover rate and were considering relocation. The bank created special loans to help immigrants build their credit history, and the poultry plants offered classroom space at the work site. The plants also paid their workers to take the bank's classes on banking and homeownership. The bank made 586 home loans and generated an estimated \$80 million in business. Moreover, Arvest has had zero defaults over the last eight years. Once the workers planted roots in the community through their home purchases, the poultry plants saw the turnover rates drop. One plant went from a turnover rate of 200 percent in 1992 to a turnover rate of 15 percent in 1999. The poultry plants stayed in Rogers and the town was able to keep millions of dollars in business and taxes in the region.

An increasing number of organizations, including financial services institutions, have concluded that the net effect of reaching out to prospective Hispanic homeowners is positive. A chief operating officer of a North Carolina mortgage broker, a strong proponent of having bilingual employees, says that "some companies will commit to [having bilingual operations] with foresight, some folks will do it because that's the only way they can get back lost market share. But those who have the foresight will do better."<sup>33</sup> Clearly, many organizations see that bridging

the prospective Hispanic homeownership gap is good for business.

### **Finding Resources to Help Banks Close the Gap**

Numerous organizations can help bankers close the larger information gap that prospective Hispanic homeowners face. The organizations include government and independent agencies, government sponsored enterprises (such as Fannie Mae and Freddie Mac), nonprofit organizations, partnerships between private and public organizations, trade organizations, realtors, builders, and contractors. Many of the materials and programs that these organizations provide are free and available in Spanish. The following are some of the resources available and a short description of what they provide:

#### **Government**

**Federal Deposit Insurance Corporation.** The Money Smart financial education classroom curriculum and the new computer-based instruction version, which is available as a CD-ROM and on the Federal Deposit Insurance Corporation's (FDIC) Web site, are available in Spanish. Each of the program's ten modules stands alone so that instructors can either custom-design a program for their particular audience or use the entire series. The module entitled "Your Own Home: What Home Ownership Is All About" provides information on the pros and cons of renting versus owning, determining your readiness to buy a home, selecting a mortgage, and learning the basic terms used in the mortgage process.<sup>34</sup> For information and instructions on how to obtain copies of the curriculum, click on the FDIC Money Smart link at <http://www.fdic.gov> or call (202) 942-3404.

**U.S. Department of Housing and Urban Development.** An extensive English-Spanish home-buying dictionary and a Spanish mortgage glossary are available at the U.S. Department of Housing and Urban Development (HUD) Web site at <http://www.hud.gov/buying/index.cfm>. HUD also offers a booklet entitled "Buying Your Home: Settlement Costs and Information" that is available in Spanish and can be downloaded either as a Microsoft Word or PDF file. In addition, prospective homeowners can speak to Spanish translators on the HUD's housing counseling hot line at (800) 569-4287.

**Fannie Mae.** A Web-based tool for counselors called Home Counselor Online is available in English and Spanish on Fannie Mae's Web site at <https://hco.efanniemae.com/hco/>. Home Counselor Online includes worksheets and checklists to guide families through the home-buying process, a glossary of mortgage terms, a rent-versus-own calculator, and a nontraditional credit payment history report. For more information, call Fannie Mae's Customer Contact Center at (877) 722-6757 (toll free) or access its general Web site at <http://www.fanniemae.com>.

**Freddie Mac.** An 11-module credit curriculum is available from Freddie Mac in English and Spanish. The module on homeownership, "Becoming a Homeowner," offers guidance on such topics as buying versus renting, determining homeownership readiness, assessing the costs of owning a home, selecting a mortgage, finding a real estate professional, and homeownership education and credit counseling.<sup>35</sup> An overview of Freddie Mac's credit program is available in Spanish at <http://www.freddiemac.com/creditsmartspanol>, and workshop information is available from Freddie Mac's eight partners via links from its Web site at [http://www.freddiemac.com/creditsmart/partnership/our\\_partners.html](http://www.freddiemac.com/creditsmart/partnership/our_partners.html).

#### **Private Organizations**

**Fannie Mae Foundation.** Four free guides are available from the Fannie Mae Foundation in English and Spanish to assist prospective homeowners: "Knowing and Understanding Your Credit," "Opening the Door to a Home of Your Own," "Choosing the Mortgage That's Right for You," and "Borrowing Basics: What You Don't Know Can Hurt You." The guides can be ordered by phone by calling (800) 611-9566 as well as downloaded or ordered for delivery by mail from

the Fannie Mae Foundation Web site at <http://www.homebuyingguide.com>.

**Congressional Hispanic Caucus Institute National Housing Initiative.** The Congressional Hispanic Caucus National Housing Initiative is a nonprofit, bipartisan effort to increase homeownership opportunities for Hispanics across the country and works with Fannie Mae and other national housing institutions. It produced Focus Group Findings: Cross-Site Report ([http://www.chci.org/nhi/cross\\_site.pdf](http://www.chci.org/nhi/cross_site.pdf), which provides an in-depth look at the barriers to Hispanic homeownership and suggests strategies and best practices to address the barriers.

**New Alliance Task Force.** The New Alliance Task Force is a partnership between the FDIC, the Mexican Consulate, banks, community-based organizations, federal regulators, the secondary market, and private mortgage insurance companies. The partnership has opened 50,000 new bank accounts totaling \$100 million. For more information on the New Alliance Task Force efforts, see "Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market," by Michael A. Frias, *Supervisory Insights*, Federal Deposit Insurance Corporation, Winter 2004, [http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino\\_mkt.html](http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino_mkt.html).

**America's Community Bankers.** Brochures are available from America's Community Bankers in English and Spanish on credit, homeownership, and financial basics through its Money Rules series. For more information and prices, go to <http://www.americascommunitybankers.com/tools/toolsbody.asp#> or call (888) 872-0568 (toll free).

An online homeownership program in Spanish is available as an alliance between America's Community Bankers and Genworth Financial. The program, called Tu Casa Ahora (Your Home Now), is at <http://www.tucasaahora.com>. Tu Casa Ahora provides potential homeowners with instructions on the mortgage process, interactive tools to calculate payments and analyze rates, and access up to \$2,000 in discounts and special offers on home-related products and services. Members of America's Community Bankers can be listed under a section of the Tu Casa Ahora Web site that helps homeowners find lenders who are familiar with the needs of the Hispanic community and offer Spanish language services. Lenders can also link their Web site directly to Tu Casa Ahora.

### Other Resources

**Realtors and Builders.** The National Association of Hispanic Real Estate Professionals, although based in California, hopes to soon have chapters in every state. Bankers can join the Association and list their loan officers with their online referral directory for prospective homeowners. Trial memberships, individual memberships, and corporate memberships are available. Visit <http://www.realestateespanol.com/Professionals/MainMenu.html> or call (800) 964-5373 for more information.

The builder Pulte Homes has a Spanish-language Web site at <http://www.espanol.pulte.com> where prospective homeowners can search for a new home. Many other local builders and realtors are reaching out to prospective Hispanic homeowners and can be found on the Internet and through local commerce organizations.

**Bilingual Employees.** Bilingual employees are an excellent resource for bankers. However, some bankers may not be able to add permanent bilingual employees to all their branches. Other bankers may face a shortage of qualified Spanish-speaking loan officers in their communities. In these cases, temporary agencies and contractors are available as a resource for bilingual employees on a temporary or part-time basis. Another resource is to partner with an education provider. For example, <http://www.bilingualuniversity.com> is a Web site that offers mortgage training for Spanish-speaking loan officers in partnership with [Mortgage-](#)

[Education.com](http://www.education.com), an Internet-based continuing education provider for mortgage professionals.

Credit repair and financial literacy, which are the keys to reaching Hispanic consumers, may be achieved by staffing with Spanish speakers, providing materials in Spanish, and focusing on homeowner education.<sup>36</sup> Resources to assist banks to deliver these types of services are readily available from the sources discussed in this paper. Bankers that tap into these resources may be able to close the information gap, gain new customers, and increase their mortgage portfolios.

## Conclusion

Studies show that a larger information gap exists among prospective Hispanic homeowners than in the general population. This wider gap has limited the growth of Hispanic homeownership. Targeted financial literacy programs are relatively low in cost, have few risks, and may help to bridge these gaps. There are numerous resources, often free, that bankers can use to reach out to prospective Hispanic homeowners.

Bankers that want to tap into more of the growing Hispanic market can also offer other services, such as liberalized loan underwriting standards, down-payment assistance, and mortgage rate subsidies. These services have somewhat higher costs and risks; however, there is recent evidence that shows that lower prepayment risk tends to offset the higher default risk. Individual bankers should assess what will work best for them. Either way, bankers who successfully tap into this growing market will have an opportunity to gain new customers, expand their mortgage portfolios, and over the long-term, make a positive impact on their communities and the nation's economy.

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## Endnotes

<sup>1</sup> Fannie Mae, Understanding America's Homeownership Gaps: 2003 Fannie Mae National Housing Survey, <http://www.fanniemae.com/global/pdf/media/survey/survey2003.pdf> - PDF 4.8mb ([PDF Help](#)). The survey found that 57 percent of all Americans in rental housing are "very likely" or "somewhat likely" to buy a home in the next three years. Minority groups scored higher than the national average: African American population, 63 percent; English Hispanic population (those who use English more than Spanish at home), 64 percent; and Spanish Hispanic population (those who use Spanish more than English at home), 59 percent.

<sup>2</sup> Southeastern Institute of Research, Inc., Multicultural Home Buying Study (prepared for the Virginia Association of Realtors), April 6, 2001, <http://www.varealtor.com/Research/Documents/Multi.ppt> - PowerPoint 222k ([PPT Help](#)). The study found that more than 60 percent of the Hispanic population is "somewhat likely" or "very likely" to attend a free class.

<sup>3</sup> Although it is acknowledged that consumers, financial institutions, nonprofit organizations, and the financial industry in general need better information on the Hispanic market as well as the federal banking laws and regulations that impact that market, this paper focuses on the need for better information and education for Hispanic consumers regarding homeownership.

<sup>4</sup> Siegel & Gale, "Perplexity Poll Summary of Results," *Brand Voice*, August 2004, <http://www.siegelgale.com/newsletter4/PerplexityPollSummary.pdf> - PDF 1.57mb ([PDF Help](#)). The other two types of documents identified as the most perplexing were instruction manuals and computer documents.

<sup>5</sup> Mitchell S. Ratner, "Many Routes to Homeownership: A Four-Site Ethnographic Study of Minority and Immigrant Experiences," *Housing Policy Debate* 7, no. 1 (1996), Fannie Mae



Foundation, <http://www.fanniemaefoundation.org/programs/hpd/v7i1-ratner.shtml>.

<sup>6</sup> Lew Sichelman, "Study Urges Help for Hispanic Home Buyers," *St. Petersburg Times*, August 28, 2004.

<sup>7</sup> Andrew I. Schoenholtz and Kristin Stanton Jones, "Reaching Emerging & Underserved Home Ownership Markets," *Home Ownership Summit 2001 Research Series*, Center for Home Ownership of the Local Initiatives Support Corporation, [http://www.lisc.org/resources/assets/asset\\_upload\\_file145\\_2421.pdf](http://www.lisc.org/resources/assets/asset_upload_file145_2421.pdf) - PDF 227k ([PDF Help](#)).

<sup>8</sup> Christopher Palmeri, "Online Extra: Here Come the Latino Home Buyers," interview with former HUD Secretary Henry Cisneros, *Business Week Online*, March 15, 2004, [http://www.businessweek.com/print/magazine/content/04\\_11/b3874009\\_mz001.htm](http://www.businessweek.com/print/magazine/content/04_11/b3874009_mz001.htm).

<sup>9</sup> See note 5.

<sup>10</sup> See note 2.

<sup>11</sup> Bendixen & Associates, "The Barriers to Banking and Building Credit History for Latin Americans: A Focus Group Study of Un-Banked Hispanics in Mobile, Alabama and Las Vegas, Nevada," a study done for Homeownership Alliance, June 16, 2004, <http://www.homeownershipalliance.com/documents/BarriersToBanking.pdf> - PDF 224k ([PDF Help](#)).

<sup>12</sup> See note 7.

<sup>13</sup> See note 5.

<sup>14</sup> For more information on alternative forms of identification that can be used to obtain a mortgage, see "Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market," by Michael A. Frias, *Supervisory Insights*, Federal Deposit Insurance Corporation, Winter 2004, [http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino\\_mkt.html](http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino_mkt.html).

<sup>15</sup> See note 5.

<sup>16</sup> J. Michael Collins and Doug Dylla, "Mind the Gap: Issues in Overcoming the Information, Income, Wealth, and Supply Gaps Facing Potential Buyers of Affordable Homes," *Home Ownership Summit 2000 Research Series*, LISC Center for Home Ownership, October 2001, [http://www.lisc.org/resources/assets/asset\\_upload\\_file63\\_537.pdf](http://www.lisc.org/resources/assets/asset_upload_file63_537.pdf) - PDF 324k ([PDF Help](#)).

<sup>17</sup> John Cox, "Boosting Access," *Hispanic Business Magazine*, October 2004, <http://www.hispanicbusiness.com/news/newsbyid.asp?id=18336>.

<sup>18</sup> Congressional Hispanic Caucus Institute National Housing Initiative, Focus Group Findings: Cross-Site Report, June 2004, [http://www.chci.org/nhi/cross\\_site.pdf](http://www.chci.org/nhi/cross_site.pdf) - PDF 4.15mb ([PDF Help](#)).

<sup>19</sup> See note 1.

<sup>20</sup> Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing: 2004," table A-6 entitled "Homeownership Rates by Age and Race/Ethnicity: 1993–2003," [http://www.jchs.harvard.edu/publications/markets/son2004\\_appendix\\_tables.xls](http://www.jchs.harvard.edu/publications/markets/son2004_appendix_tables.xls) - Excel 367k ([Excel Help](#)) (text of report available at <http://www.jchs.harvard.edu/publications/markets/son2004.pdf> - PDF 2.95mb ([PDF Help](#))).

<sup>21</sup> See "Banks Are Still Sizing Up Opportunities in the Growing Hispanic Market," by Jeffrey A. Ayres, Stephen L. Kiser, and Adrian R. Sanchez, *FDIC Outlook*, Winter 2004, <http://www.fdic.gov/bank/analytical/regional/index.html>. This article provides information on the growth and socioeconomic status of the Hispanic population across the United States.

<sup>22</sup> See note 8.

<sup>23</sup> For more information, see "Delivery Systems for Financial Education in Theory and Practice," by Susan Burhouse, Donna Gambrell, and Angelisa Harris, *FYI*, Federal Deposit Insurance Corporation, September 22, 2004, <http://www.fdic.gov/bank/analytical/fyi/index.html>.

<sup>24</sup> Robert Van Order and Peter Zorn, "Performance of Low-Income and Minority Mortgages," Low-Income Homeownership Working Paper Series, LIHO-01.10, Joint Center for Housing Studies of Harvard University, September 2001.

<sup>25</sup> Catherine Burrough, "Agents, Lenders, Builders Catering to Hispanic Buyers," *The Arizona Republic*, March 2, 2003, <http://www.azcentral.com/class/marketplace/homevalues03/0228value-hispanicbuyers02.html>.

<sup>26</sup> See note 8.

<sup>27</sup> Brian Grow, "Hispanic Nation," *Business Week Online*, March 15, 2004, [http://www.businessweek.com/print/magazine/content/04\\_11/b3874001\\_mz001.htm](http://www.businessweek.com/print/magazine/content/04_11/b3874001_mz001.htm).

<sup>28</sup> According to a report published by the Congressional Hispanic Caucus Institute National Housing Initiative (see note 18), "word of mouth" between friends, family members, or co-workers is the most frequent way homeownership information is communicated in the Hispanic community.

<sup>29</sup> See note 17.

<sup>30</sup> Bank of America, "Bank of America Launches New Spanish Television Ads to Attract New Checking Accounts, Mortgages," news release, August 11, 2003, [www.bankofamerica.com/newsroom/press/press.cfm?PressID=press.20030811.02.htm&LOBID-3](http://www.bankofamerica.com/newsroom/press/press.cfm?PressID=press.20030811.02.htm&LOBID-3).

<sup>31</sup> Charles Keenan, "Financial Literacy: How It Adds Up to Good Business," *Community Banker*, March 2004.

<sup>32</sup> David Lawson, "Financial Literacy and Homeownership Education: Building Assets for Minority and Immigrant Communities," National Conference of State Legislatures, March 2003, <http://www.ncsl.org/programs/immig/index.htm>.

<sup>33</sup> Amilda Dymi, "Loan Officials Go Bilingual," *Outreach* 6, no. 3, June 2004/July 2004, Texas Credit Union League, <http://www.tcul.coop/7Jun20042.html>.

<sup>34</sup> The other modules are: "Bank On It: An Introduction to Bank Services"; "Keep it Safe: Your Rights as a Consumer"; "Borrowing Basics: An Introduction to Credit"; "To Your Credit: How Your Credit History Will Affect Your Credit Future"; "Check It Out: How to Choose and Keep a Checking Account"; "Charge It Right: How to Make a Credit Card Work for You"; "Money Matters: How to Keep Track of Your Money"; "Loan to Own: Know What You're Borrowing before You Buy"; and "Pay Yourself First: Why You Should Save, Save, Save."

<sup>35</sup> The other modules are: "Your Credit and Why It Is Important," "Managing Your Money," "Goal Setting," "Banking Services: An Important Step," "Establishing and Maintaining Credit," "Understanding Credit Scoring," "Thinking Like a Lender," "Avoiding Credit Traps," "Restoring

Your Credit," and "Planning for Your Future."

<sup>36</sup> See note 8.

### **About *FYI***

*FYI* is an electronic bulletin summarizing current information about the trends that are driving change in the banking industry, plus links to the wide array of other FDIC publications and data tools.

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