



OVERCOMING BARRIERS TO HISPANIC HOMEOWNERSHIP

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ABOUT AIME

The Association of Independent Mortgage Experts (AIME) is a non-profit national trade association created to support independent mortgage brokers. Mortgage brokers play a critical role in ensuring sustainable and equitable housing solutions, as well as home purchase and refinancing for the middle-class, low and moderate-income homeowners (including minority and rural households), Veterans, and those in underserved communities from all income brackets.

AIME was formed to unite, empower and champion independent mortgage brokers as the best option for homebuyers. Our community does much more than broker mortgages for their borrowers; we use our voice and resources to advocate for homebuyer diversity and fair business practices. When it comes to the American consumer, we must communicate that **Brokers Are Better**.

MESSAGE FROM AIME LEADERSHIP

Katie Sweeney, CEO

Brendan McKay, President of Advocacy

Homebuyers and homeowners in the Hispanic community have historically experienced systemic discrimination and a severe lack of representation. They've seen their properties drastically undervalued, they struggle to be approved for conventional mortgages, and they're forced to utilize more costly loans and rates. There are systemic barriers that continue to make wealth building in the Hispanic community significantly more difficult than it is for their White counterparts.

AIME recognizes the remnants of state-sanctioned discriminatory practices that continue to widen the Hispanic homeownership gap. Our advocacy and education efforts facilitate positive change by helping brokers guide more Hispanic and Spanish-speaking people towards a path to homeownership. AIME's advocacy wins have helped Hispanic homebuyers to be served by brokers in their community with the awareness and cultural competencies to help them achieve homeownership.

There may not be a big bank in every neighborhood, but **there's always a mortgage broker nearby**, and AIME is dedicated to helping brokers help more people.



Katie Sweeney



Brendan McKay

AIME HISPANIC HOMEOWNERSHIP COMMITTEE

INTRODUCING AIME'S HISPANIC HOMEOWNERSHIP COMMITTEE

The Hispanic Homeownership Committee is made up of five independent mortgage brokers servicing homebuyers in 50 states and Puerto Rico. This committee provides AIME leaders and the wholesale broker community with essential insights about the barriers to homeownership and other issues experienced in the Hispanic community, and suggests effective solutions to help the Hispanic homebuyers and homeowners they represent.

The Hispanic Homeownership Committee meets monthly and conducts quarterly committee roundtables, welcoming members of the wholesale community to share their input with the Hispanic Homeownership Committee and take an active role in helping to resolve some of these challenges.

MISSION

To empower the Hispanic community with mortgage options to help them achieve the American dream.

VISION

To serve and create educational connections, bridge the language barrier, and raise awareness so that no one is left without an opportunity to build generational wealth.



Amorette Hernandez
Chair



Andres Munar
Vice-Chair



Arturo Viramontes
Committee Manager



Gerardo "Jerry" Avila
Member



Brittanie Dierlam
Member



THE HOMEOWNERSHIP IMPACT

THE HOMEOWNERSHIP NUMBERS OF HISPANIC AMERICANS

There are roughly 62.5 million Hispanic people living in the United States, with collective homebuying power exceeding \$2.6 trillion.

Source: US Census, 2022

The Hispanic American population increased from 50.5 million, or 16.3% of the U.S. population, in 2010 to **62.5 million**, or **18.8%** of the country's population in 2020. In this population increase, there has been an average increase in Hispanic homeownership of about 1 percentage point every two years. If that trend continues, it could reach **50% by 2025**, estimated to **70% of all Hispanic Americans of age to own homes within 20 years**.



49% of mortgage specialists confirmed an increase in Hispanic investment property purchasing throughout 2022.
Source: NAHREP



In the next 20 years, the rate of homeownership growth is projected to **70%** of all Hispanic Americans becoming homeowners.
Source: NAHREP



41% of mortgage specialists stated that most, if not all of their Hispanic Homebuyers in 2022 were **First-Time Homebuyers**
Source: NAHREP

Hispanic Americans are drivers of economic growth, as they make consistently high contributions to the workforce, the formation of new businesses, and to American entrepreneurship. Hispanic Americans are integral to the long-term prosperity of the US economy.

At the same time, the opportunities for economic growth and prosperity of the Hispanic population are systematically limited, due to historic inequities and lack of opportunity fueled by decades of systemic racism. These hurdles can be broken down via advocacy, and targeted policies intended to help Hispanic people achieve equity and wealth in the areas of housing, banking, and income equality.

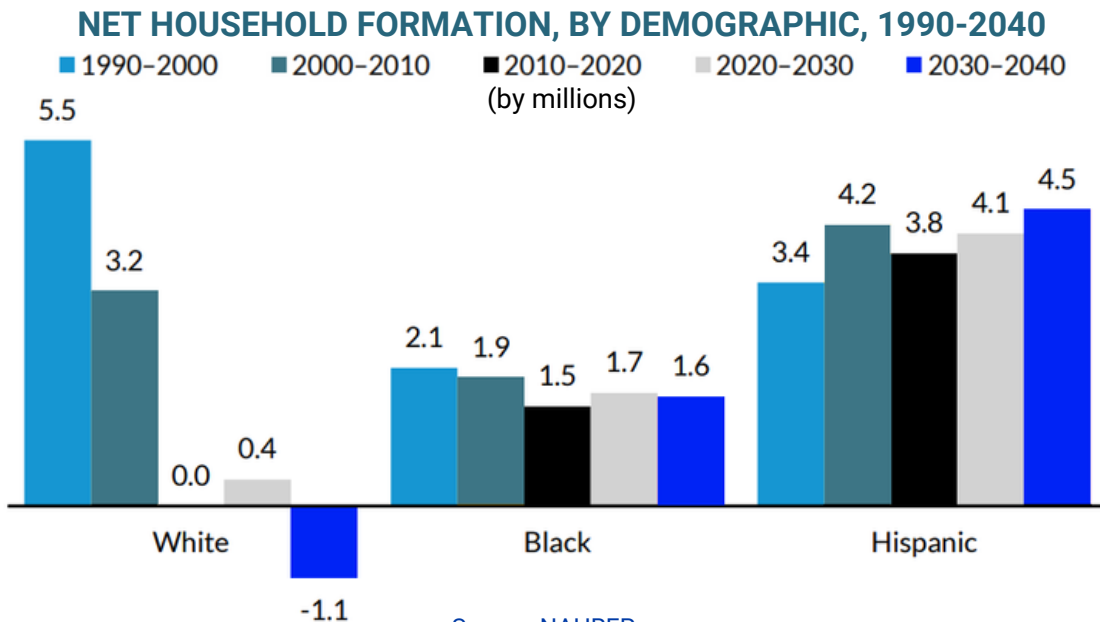
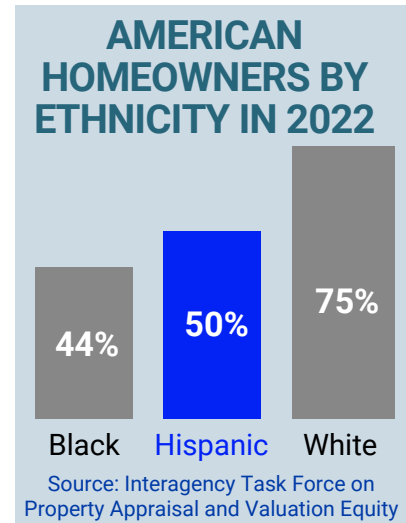
By identifying and understanding these issues, we can work together to create a more equitable housing landscape for all homebuyers.



HISPANIC HOMEBUYER DEMOGRAPHIC

HISPANIC REPRESENTATION IN THE HOMEBUYING MARKET

- Approximately **62 million** Hispanics live in the US. Their collective purchasing power amounts to more than \$2.6 trillion dollars, despite being overrepresented in low-wage occupations. *Source: NAHREP*
- Approximately **50%** of eligible Hispanic Americans are current homeowners, and the median wealth currently stands at \$47,600. *Source: NAHREP*
- Approximately **17.2%** of Hispanic Americans are living below the poverty line. *Source: NAHREP*
- Hispanic Americans launch businesses more frequently than other American population, which contributes to their substantial purchasing power. *Source: US Census, 2022*
- Hispanics are expected to attribute to more homeownership growth than any other American demographic in the next 20 years, with expectations of over 50% of new households by 2040 expected to be Hispanic Americans:



CLIMATE OF HISPANIC HOMEBUYING MARKET

HISTORY OF DISCRIMINATION AND RECENT EVENTS

Hispanics, new immigrants, low-income, and other underserved homebuyer groups have long been denied access to safe and affordable homeownership opportunities. Through a practice called **redlining**, which started in the 1930s, the Federal Housing Administration (FHA) ranked “races” and “nationalities” with respect to their perceived level of desirability in the lending and real estate markets, listing White Anglo-Saxons at the top of the list and all other races at the bottom.

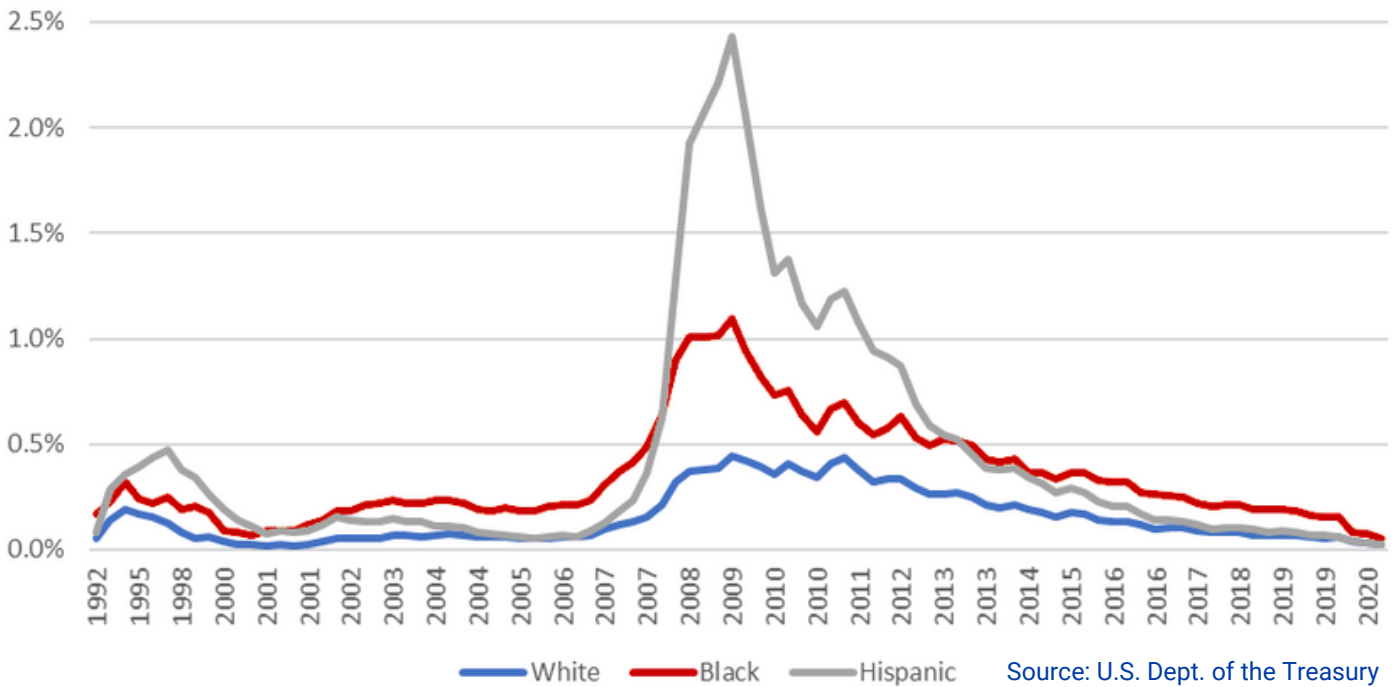
Following the passing of the Fair Housing Act of 1968 and the Equal Credit Opportunity Act of 1974, these practices were largely eliminated, but some systematic discriminatory lending practices continue. For instance, preceding the financial crisis of 2008—**Hispanics were disproportionately steered into high-cost mortgage loans, resulting in millions of families losing their homes to foreclosure in the immediately preceding years**. Foreclosures hit Hispanic homeowners more severely than any other homeowner group:



REDLINING RACIALLY INFLUENCED FEDERAL HOUSING POLICY, AND HOW CREDIT WAS OFFERED BY LENDERS TO NON-WHITE HOMEBUYERS.



HISPANICS EXPERIENCE 5x THE FORECLOSURES OF WHITE HOMEOWNERS



Hispanic homebuyers are forced to live on the financial edge, having to borrow money in ways that saddle them with unnecessary debts that limit their potential to save. Low savings and high debt are boxing Hispanic Americans out of being able to prepare for homeownership or other wealth-building opportunities that could help Hispanic homebuyers achieve their full economic potential.

SUMMARY OF ISSUES

BARRIERS TO HISPANIC HOMEOWNERSHIP

LANGUAGE BARRIERS

33% of the Hispanic population in the U.S. are immigrants and their first language is Spanish. These Hispanic Americans are underserved and underrepresented, as vital documents such as prerequisite explanations, loan applications, appraisal documents and closing contracts are rarely presented in Spanish. Over **12.3 million** Hispanic Americans aged 38-53 in the U.S. need help navigating the homebuying process in their own language. [Source: NAHREP](#)



ACCESS TO CREDIT

Hispanic Americans are denied mortgages and loans at a disproportionate rate. **16.1%** of all mortgage applications in 2020 were denied; of those denials, Hispanic borrowers had the second highest denial rate of **21.9%**, nearly double the denial rate of White applicants. Hispanic homebuyers are forced to settle for worse rates and higher payments, further blocking financial wellness for Hispanic Americans even if they are able to purchase a home. [Source: Home Mortgage Disclosure](#)



OVERUTILIZATION OF FHA LOANS

Hispanic homebuyers are twice as likely to use **Federal Housing Administration (FHA)** loans to finance a home than white buyers. While these loans make homeownership possible for minorities and low-income Americans, FHA Loans come with their own caveats and needs that may lead to discrimination towards FHA borrowers from both homesellers and mortgage lenders.



ACCESS TO DPA PROGRAMS

Hispanic loan denial rates confirms the presence of racial discrimination in mortgage lending. Traditional mortgage denial metrics are flawed because they don't subjectively control for the creditworthiness of diverse applicants. These systemic discriminations lead to the necessity for **Down Payment Programs (DPA)** that evaluate the life and finances of Hispanic Americans, to make homeownership possible for more Hispanic Americans.





LANGUAGE BARRIERS

ESSENTIAL REQUIREMENTS FOR INCLUSIVE RESOURCES

Purchasing a home is the best way to build wealth in the U.S., particularly for immigrants. Homebuying is a complicated process that requires research and guidance. For Spanish-speaking Hispanic Americans, homebuying is even more difficult; official homebuying documents are rarely available in Spanish, and demand for Spanish resources and translators is well beyond the supply.



Spanish-speaking Hispanic Americans have more than **\$1.7 trillion** in homebuying power. [Source: US Census, 2022](#)



Despite substantial population and contributions to the U.S. homebuying market, **12.3 million** Hispanic Americans in the U.S. need assistance in navigating the homebuying process. [Source: NAHREP](#)



It's a **requirement** for Spanish speaking Americans to have an English-to-Spanish translator present during meetings and the reading and signing of documents. This complicates and stalls the homebuying process.



Over 33% of the total Hispanic population in the U.S. exclusively speaks Spanish. [Source: US Census, 2022](#)



The number of Spanish-speaking real estate professionals needs increase by **200%** in order to keep up with the current demand. [Source: NAHREP](#)

If real estate professionals and lenders cannot help with translations and the needs of the Hispanic community, how can Hispanic homebuyers truly understand the details around homebuying?

LANGUAGE BARRIERS



Increasing the availability of Spanish mortgage resources is a huge opportunity to encourage Hispanic first-time homebuyers to enter the housing market. It's a matter of finding the inclusive resources that will help individuals and families learn more about the process, no matter their language.

Mortgage	Hipoteca
Interest Rate	Tasa de interés tasa de interés
Appraisal	Evaluación
Escrow	Fideicomiso

For Spanish-speaking Hispanic Americans, there are often many questions that go unanswered during the initial homebuying process that then deter or outright prevent families from moving forward with homebuying. Many of these questions revolve around where to get started, how to apply for a mortgage loan, what is the required credit score and more.

For Spanish-speaking Hispanic homebuyers, the easiest and most affordable option is working with a **Spanish-speaking mortgage broker**. A Spanish speaking mortgage broker guides homebuyers the entire homebuying process in Spanish, provides Spanish-translated resources, as well as negotiates for the best terms possible with English-speaking lenders.

BrokersAreBetter.com has created the **Hispanic Homeownership Center** to help first-time Hispanic homebuyers navigate the process, in **both English AND Spanish**:



BROKERS ARE BETTER
Powered by AIME
.COM
HISPANIC HOMEOWNERSHIP CENTER

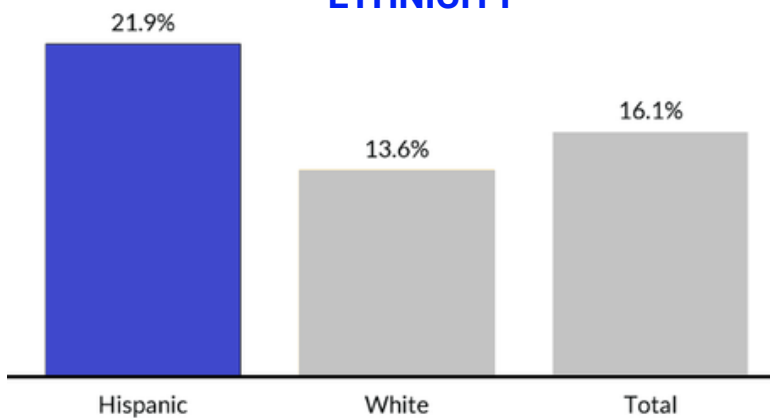


ACCESS TO CREDIT

CURRENT PREDATORY PRACTICES AND FUTURE AMENDMENTS

There is an established history of high denial rates for mortgages for Hispanic homebuyers. The denial rate for conventional mortgages is especially high, which statistically prevents Hispanic homebuyers from accessing resources for affordable mortgage rates. This means many Hispanic Americans pay higher than average mortgage rates, or they're disqualified from homeownership entirely.

2022 MORTGAGE DENIAL RATES, BY ETHNICITY

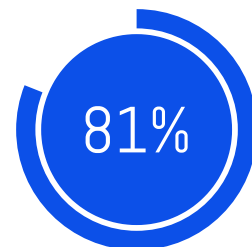


Source: Home Mortgage Disclosure Act

In 2022, 16.1% of the annual total of mortgage applications were denied. Of those denials, Hispanic borrowers had the higher than the nation average denial rate, totaling **21.9%** of all Hispanic American applications. Hispanic Americans were **62%** more likely to be denied than White borrowers.

Hispanic homebuyers aren't just subject to higher-than-average mortgage denials. For standard conventional mortgages, Hispanic Americans were **81%** more likely to be denied when compared to White applicants.

Source: HomeMortgage Disclosure Act



Approx. 50% of all Hispanic Americans are homeowners, yet White Americans hold five times the average wealth. This means That Hispanics have less access to homeownership, but also, less ease and stability even when homeownership status is attained by Hispanic Americans.

Source: U.S. Department of Housing and Urban Development



OVERUTILIZATION OF FHA LOANS

HIGH RATES AND LENDER & SELLER BIAS

An **FHA loan** is a government-backed mortgage insured by the Federal Housing Administration. FHA home loans require lower minimum credit scores of 500-580, and lower down payments than many conventional loans, anywhere between 3.5% to 20%. This makes them especially popular with first-time homebuyers, those with compromised credit history, and those with lower incomes. While the government insures these loans, they are actually underwritten and administered by third-party mortgage lenders approved by the FHA.

Hispanic homebuyers had a **19.1%** home-purchase denial rate for conventional loans in 2022, forcing them to utilize riskier and more expensive types of home purchase loans. This directly leads to Hispanic Americans paying 30% more than white borrowers on interest in 2022 due to these non-traditional loans. [Source: HUD.gov](#)

Due to the higher than average denial rate of conventional mortgage loans, Hispanic homebuyers are twice as likely to use Federal Housing Administration (FHA) loans to finance a home than White buyers.

[Source: Federal Deposit Insurance Co.](#)



FHA loans carry with them a higher than conventional price tag due to significantly higher monthly rates when compared to conventional loans. Hispanic Homebuyers' systemic need to utilize FHA loans comes at a cost of high rates, but also, the risk of seller bias. [Source: HUD.gov](#)

There's proven track record of bias towards homebuyers utilizing FHA loans from sellers, noting that stricter appraisals and inspections required for homebuyers with FHA loans can deter sellers from considering offers from buyers with FHA loans. [Source: FHA Handbook](#)



ACCESS TO DPA PROGRAMS

THE NEED FOR INCLUSIVITY IN ESSENTIAL RESOURCES

Down Payment Assistance (DPA) Programs provide financial assistance to first-time homebuyers, provided through either a government agency or private organization. Coming up with the funds to purchase a home upfront is often a substantial barrier to homeownership; down payment assistance loans, programs and grants were created to stimulate the housing market by encouraging many on-the-fence first-time buyers with financial assistance.

Down payment assistance comes in the form of grants, loans and other credit and financial funding programs. It's typically reserved only for borrowers who qualify as first-time home buyers. Down payment assistance programs can be run by a variety of organizations, including the U.S. Department of Housing and Urban Development (HUD), local or state housing authorities or nonprofits.



Mortgage and Real Estate Experts have indicated that DPA programs were grossly underutilized by Hispanic Americans all throughout 2022; less than 10% of their Hispanic homebuying clientele utilized DPA programs to purchase their homes. Source: NAHREP

Expanded access and spread of awareness of DPA Programs would increase the financial security for millions of Hispanic people. Affordable and inclusive banking and lending could provide Hispanic people with essential tools and opportunities to accumulate wealth, and help to reduce the racial wealth divide. Tax codes built around low-income and poor credit families could boost incomes for millions of Hispanic people, and would substantially reduce poverty amongst Hispanic communities.

The hurdles for Hispanic Americans in each of these areas include many of the same hurdles shared across lower-income households, as well as unique community-specific problems such as language barriers in official housing documents, and countless other systemic immigration-related challenges.

Inclusive policies that consider and address the systemic problems that these communities face promises to unleash Hispanic Americans' full economic power while making good on the promise to equal access and possibility for the American Dream of homeownership.



OVERCOMING BARRIERS TO HISPANIC HOMEOWNERSHIP

ADDRESSING CHALLENGES FACING HISPANIC HOMEBUYERS

Overcoming the barriers facing Hispanic homeowners requires effort by the Retail and Wholesale Mortgage Channels, the Federal Government, the banking industry, and mortgage professionals nationwide. AIME's Hispanic Homeownership Committee has identified an initial threefold approach to address these challenges as well as discriminatory housing policies that were previously systematically implemented and perpetuated.

1

Broker Advocacy & Legislative Action

We must advocate for legislative action that addresses the challenges facing Hispanic homebuyers and promotes homeowner diversity, ease of access, and fair business practices.

2

Education of Brokers and Buyers

It is imperative that we educate and connect homebuyers with the resources they need, as well as empower independent mortgage brokers to provide the best services and resources possible for Hispanic and Spanish-speaking Americans.

3

Encouraging Hispanic Entrepreneurship

As we work to secure the future of the broker channel, we must increase broker awareness and visibility to grow our collective share of the mortgage marketplace and develop a diverse talent pool.

While no single solution can directly solve these challenges, combined efforts of individuals and organizations to influence policy changes are steps in the right direction.



BROKER ADVOCACY

HOMEBUYER DIVERSITY AND FAIR BUSINESS PRACTICES

What is good for Hispanic homebuyers is good for all mortgage brokers. Through our advocacy, we aim to influence policy changes that will simplify the homebuying process, remove red tape, and increase homeownership among marginalized communities.



The Broker Action Coalition (**BAC**) is the grassroots network that brings our unified voice to policymakers and legislators on Capitol Hill.



**SCAN TO
JOIN THE
BAC**



The Broker Action Coalition Political Action Committee (**BACPAC**) is AIME's bi-partisan Political Action Committee.



**SCAN TO LEARN
MORE ABOUT
THE BACPAC**



LEGISLATIVE ACTION

FAIR POLICIES FOR HISPANIC HOMEBUYERS NATIONWIDE

To ensure Hispanic Americans have opportunities for homeownership in a way that enables their long-term financial autonomy, legislators should take steps to:



Improve homebuyer readiness by increasing reliable funding for housing counseling to prepare more Latinos for homeownership.



Advance and fund policies on down payment assistance, rental assistance, and other financial support systems to **address systemic wealth and income gaps**.



Expand access to credit by improving language access in the mortgage and credit markets and closing market gaps for Latino homebuyers by increasing the availability of Individual Taxpayer Identification Number (ITIN) mortgages and supporting households with high debt-to-income ratios.



Increase housing supply through zoning reforms and innovative housing construction solutions, such as accessory dwelling units and manufactured housing; elevating the impact of private equity investments on Latino homeownership markets; and increased investments in affordable housing.



Preserve homeownership by improving program rules in foreclosure assistance programs and supporting efforts to make home renovation loans more affordable and readily available to **build intergenerational wealth**.

EDUCATION

RESOURCES TO ASSIST HISPANIC AMERICANS IN THE HOUSING MARKET

FOR BROKERS



In 2022, AIME's 5th annual Fuse national conference gathered thousands of members and influential mortgage professionals to attend Fuse's first-ever **Diversity Summit**.

Featuring hours of hands-on education from AIME's members and leaders, the **Diversity Summit** educated brokers on the concerns of underrepresented communities nationwide and how to best serve and represent clients of all backgrounds.

Fuse 2023 plans to continue and expand the Diversity Summit, with more in-depth workshops, panels, and hands-on learning opportunities for Brokers to better serve and advocate for their Hispanic borrowers.



**SCAN TO WATCH
DIVERSITY SUMMIT**

FOR HOMEBUYERS



BrokersAreBetter.com, launched in 2022, provides free resources to homebuyers, curated specifically for first-time homebuyers and minority homebuyer communities.

Brokers Are Better features an ever expanding library of videos, blogs, articles, infographics, glossaries, FAQs, a mortgage calculator, and an all-encompassing map directory enabling homebuyers to locate and choose a local independent mortgage broker.

The **Hispanic Homeownership Center** was launched February 2023, to provide resources catered specifically to Hispanic homebuyers and homeowners, in both English AND Spanish.



**SCAN TO CONNECT
WITH LOCAL BROKERS**



ENTREPRENEURSHIP

INCREASING THE NUMBER OF HISPANIC BUSINESS OWNERS & LOAN ORIGINATORS



The **Spark Small Business Grant Program** is dedicated to providing Hispanic retail mortgage professionals (and other underrepresented groups) the resources they need to open an independent mortgage brokerage in the wholesale channel.

MILITARY

MINORITIES

WOMEN

The **Spark Small Business Grant Program** creates jobs for Hispanic Americans in the Wholesale Mortgage Channel, by providing grants to Hispanic entrepreneurs with aspirations of opening their own brokerage. This means more Hispanic representation in the Wholesale Channel, more jobs created for Hispanic mortgage experts, and more Hispanic clients receiving access to English to Spanish translations, and the best service and rates possible from experts in their communities.



**SCAN TO LEARN
MORE ABOUT SPARK**



BROKERS SAVE BORROWERS MORE MONEY

HOW HISPANIC HOMEBUYERS BENEFIT WITH BROKERS

Independent Mortgage Brokers can facilitate and negotiate the best terms for Hispanic homebuyers and homeowners, on average saving more money for low-income borrowers than any other borrowing group. Independent mortgage brokers help with mortgage approvals, and close gaps in unfair interest, down payments and help close the wealth gap between Hispanic and White borrowers.

BROKERS ASSIST HISPANIC HOMEBUYERS THROUGH THE ENTIRE HOMEBUYING PROCESS



EVALUATE HISPANIC HOMEBUYER NEEDS



PROVIDE TRANSLATIONS & RESOURCES IN SPANISH



REPRESENT HISPANIC BORROWERS



ASSIST WITH APPLICATIONS



NEGOTIATE AND CLOSE LOANS

BROKERS HELP HISPANIC-AMERICANS ACCESS:



DPA Programs

Brokers assist clients with access and applications to DPA Programs.



Special Purpose Credit Programs

Brokers assist homebuyers with SPCP Programs to help with closing costs



Low Down Payment Loans

Brokers have more options to loans than banks, and will find the best rates possible for their clients.

HISPANIC BORROWERS SAVE THOUSANDS OF DOLLARS

\$10,424

\$1,373

\$9,051

All Income Levels

\$6,213

\$783

\$5,430

Low Income

■ Upfront savings, incl. origination, application, & appraisal fees

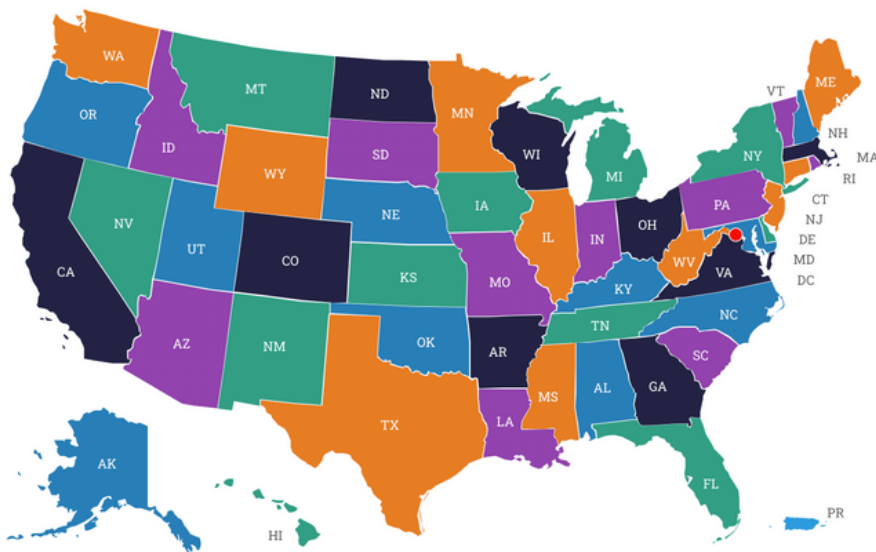
■ Interest Savings

Source: NDP Analytics, 2022



CONNECT WITH A LOCAL MORTGAGE BROKER

Brokers are the best option for Hispanic homebuyers. Our mission is simple – we help brokers provide sustainable and equitable housing solutions for all borrowers nationwide. We help people, help more people, and remain dedicated to helping brokers amplify their impact in their communities.



SCAN TO CONNECT WITH A LOCAL BROKER