



**MCP
RESOURCE
GUIDE**



Preface

During the last decade, a number of government and private-sector groups have worked to improve the home-buying process for American households. As access to credit is essential for most buyers, Mortgage Credit Partnership (MCP) have been important part of that process.

The Community Affairs Division of the Federal Reserve Bank of St. Louis has compiled a large number of documents regarding the establishment of Mortgage Credit Access Programs. These original documents came from a wide range of organizations and in a variety of formats.

The Research Division of the Federal Reserve Bank of St. Louis created the document you are reading from these original source documents so as to make the materials accessible in a common format at a single location on the Internet.

This document is composed of several parts. You are reading the main body, a seven megabyte PDF-format file which contains links to seven external files, five external "Attachments" and two external slide presentations. Two of the attachments and the two presentations are links to documents on the Federal Reserve Bank of St. Louis web site; the other three attachments are links to documents on web sites maintained by the Federal Reserve Banks of Cleveland, Boston and Chicago. All attachments are accessible only if you are reading this document on the Federal Reserve Bank of St. Louis web site <www.stls.frb.org>. Otherwise, clicking on these links in Adobe Acrobat will return an error message (either "URL not found" or "Cannot open web server.")

Marianne Becherer
St. Louis, MO
January 11, 2001

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Introduction

The Home-Buying Process Puzzle

Since the passage of the landmark Community Reinvestment and Home Mortgage Disclosure acts in the 1970s, Congress has called on financial institutions to identify and meet the credit needs of their local communities, including low- and moderate-income neighborhoods. But even as legislation continues to address discriminatory lending practices, disparities continue to exist.

While lenders involved in the home-buying process are reportedly doing whatever they can to assure equal access to credit, such economic problems cannot be solved by financial institutions alone. In fact, some may see the entire home-buying process like a puzzle, containing up to 18 distinct steps—or pieces—that must come together to complete the process successfully.

One effort designed to bring those pieces of the puzzle together in a collaborative nature is the Mortgage Credit Partnership (MCP) project, or MCP. The MCP project is an effort by professionals involved in the home-selection and buying process to identify and eliminate potentially discriminatory practices within their own industries. The goal of the MCP project is to ensure equitable opportunity for homeownership for all financially qualified individuals throughout the home-buying process—from first contact with a real estate agent to having an appraisal, obtaining insurance and borrowing for the mortgage.

The Cleveland Project

In 1993, the Federal Reserve Bank of Cleveland, Ohio Civil Rights Commission, Cuyahoga County Department of Development and the Greater Cleveland Roundtable initiated the Cleveland Residential Housing and Mortgage Credit project that examined, step-by-step, the home-buying process in the Cleveland metropolitan area. The results of the “Cleveland project” were compelling; they gained the attention of industry leaders as well as the national media.

Five additional Reserve Banks (Boston, New York, Chicago, St. Louis and San Francisco) decided to utilize the Cleveland model and implement similar projects in their districts. Meanwhile the Cleveland Reserve Bank started a second project in Cincinnati. Thus, in 1996, six additional MCP projects were initiated. These projects included the participation of all the industries that influence the outcome of the home-buying process including: real estate brokers and agents, appraisers, insurance companies’ representatives (both property and private mortgage insurance), credit bureaus, secondary market representatives, lenders, home builders, government agencies, and community and civil rights organizations.

The genesis for the first MCP project was the ongoing allegations of discriminatory practices occurring in the home-buying process. In particular, studies using Home Mortgage Disclosure Act (HMDA) data focused attention on the lending practices of financial institutions. Reports, such as the study conducted by the Federal Reserve Bank of

Boston, documented disparate lending patterns in home mortgage loans among whites and minority groups. However, the reports often did not fully recognize the complexity of the home search, sale and purchase process. Looking at HMDA data and the activities of financial institutions is a snapshot of a complex process that involves an array of real estate and related industry professionals.

At many points in the process, the prospective homebuyer faces numerous industry professionals and must make decisions involving technical matters. The potential to encounter discrimination or other barriers that may impede the purchase of a home could occur at any point. The MCP model was designed to shed light on the entire home-buying process and the industries involved. It attempts to isolate areas where discrimination or other barriers to home ownership may occur and to identify solutions to issues raised by industry experts.

Scope of this Manual

Now that several Federal Reserve Banks have completed MCP projects in various local communities, it is believed that other organizations may choose to replicate the MCP model in their communities. This manual documents the process and offers a “how-to” approach to implementing the project.

Getting Started

Recruit Co-Sponsors

The first step in the MCP process is to identify other organizations that may wish to collaborate with you on the project. There is no one right way to recruit co-sponsors; it varies by community. You already know many of the civic leaders in your community so you may wish to draw on those established relationships. Also, you may want to identify additional partners from organizations representing industries involved in the home-buying process, government agencies and community organizations that have a stake in achieving the results an MCP project can produce.

Co-sponsors play a crucial role in the entire MCP process, most importantly having direct involvement in:

- guiding the initiative,
- bringing representatives from home-buying industries on board as participants,
- providing task forces with guidance,
- implementing task force recommendations, and
- fostering meaningful dialogue among parties that might never have worked together if not for MCP.

The *number* of co-sponsors is not as crucial to the success of the project as is the *convening power* they bring to the table. In the Fed-initiated projects, for example, the number of co-sponsors ranged from two to 14. For a list of co-sponsors of each of those MCP projects, see pages B-6 and B-7. For a sample co-sponsor recruitment letter, see page B-8.

You may wish to have a formal, non-binding document for organizations to sign stating their participation as sponsors. Such a document allows co-sponsors to formally express their commitment as stakeholders in the process. See page B-9.

Form Leadership Team

Once co-sponsors are on board, name a project manager to lead the process. Your project manager's background and ability to convene and engage is extremely important to the success of the overall project. You may choose to engage a project consultant to assist in conference design and task-force development. In addition, you may want to form a steering committee to help guide the process, as was the case in a couple of the Fed-initiated MCP projects. For a list of steering committee members see page B-10.

Involve Industry Leaders

The ultimate success of your MCP project is directly related to your ability to involve key industry and civic leaders. For example, in the Cleveland Project, the Greater Cleveland Roundtable, one of the original co-sponsors, had a history of working with the city's business elite on civic issues, including housing. The Roundtable, a coalition of business, government and civic leaders, included corporate chief executive officers whose support was essential in guaranteeing the participation of key housing industry representatives. The Roundtable's reputation for providing forums for effective discussions about race relations helped convince industry representatives that they could participate without fear of being singled out for criticism.

Host CEO Breakfast

Once co-sponsors are ready to move forward with the project, you will need to obtain support from a broad range of community leaders. To that end, hold a breakfast meeting to brief chief executive officers of industry groups, companies and community groups representing the home buying and selection process. The CEO breakfast is primarily an informational meeting to engage senior officials of requisite groups and, typically, it is easier to convene CEOs early in the morning. For sample meeting materials, see pages B-11 to B-15.

During this breakfast meeting, ask industry leaders to nominate professionals with expertise in their fields to participate in the MCP project. In addition, you may want to ask trade association leaders to provide membership mailing lists to be used for inviting industry representatives to the first conference. The professionals you will want to participate include:

- bankers,
- lenders from thrift institutions,
- managers from real estate offices,
- managers of property insurance agencies,
- mortgage insurance company representatives,
- appraisers,
- credit bureau administrators,
- local government officials and
- other nonprofit housing groups.

Once senior officials are supportive of the project, it is easier for industry employees to become participants. In some cases, CEOs will assign staff members to participate in MCP as part of their responsibilities.

Although it may take a long time to get the consensus of high-level industry representatives, tackling the problem of discrimination in the home-buying process is a rewarding endeavor for all parties involved. In each of the Federal Reserve Banks' MCP projects, the participation of about 100 individuals from a number of different fields was the result of careful planning and consensus building.

The essence of the MCP model involves the time-consuming tasks of building a *partnership* to sponsor the project as well as creating a *network* of representatives from participating organizations. Both activities require considerable educating, informing and negotiating with others, as well as establishing a sufficient level of trust and commitment. It also involves building relationships that will be sustained over time and nurturing small groups of people from diverse backgrounds who are asked to reach some agreements and commit to joint action.

Getting Started—Checklist

- ✓ Identify & recruit co-sponsors
- ✓ Conduct initial meetings with co-sponsors
 - Develop mission statement, project description and plan
- ✓ Form steering committee (optional)
 - Identify industry leaders
- ✓ Host CEO breakfast
 - Obtain mailing lists from industries

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Co-Sponsors

Here is a list of the Fed-initiated MCP projects and their respective co-sponsors. We have included this list for you to use as a guide on the types of organizations you may wish to contact to co-sponsor your MCP project.

Boston

Community Bank League of New England
Consumer Credit Counseling Service of Massachusetts
Fannie Mae
Federal Reserve Bank of Boston
Greater Boston Real Estate Board
Massachusetts Affordable Housing Alliance
Massachusetts Banks Association
Massachusetts Board of Real Estate Appraisers
Massachusetts Commission Against Discrimination
Massachusetts Conveyancers Association
Massachusetts Mortgage Association
Massachusetts Mortgage Bankers Association
National Association of Real Estate Brokers
Neighborhood Reinvestment Corporation

Chicago

Chicago Urban League Development Corporation
City of Chicago Mayor's Office
The Commercial Club of Chicago
Cook County Board of Commissioners
Federal Reserve Bank of Chicago
The Latino Institute
Leadership Council for Metropolitan Open Communities

Cincinnati

Cinergy Group/Cincinnati Gas & Electric Co.
City of Cincinnati Department of Neighborhood Services
Federal Reserve Bank of Cleveland, Cincinnati Office
Greater Cincinnati Chamber of Commerce
Hamilton County Commissioners
Ohio-Kentucky-Indiana Regional Council of Governments
U.S. Department of Housing and Urban Development, Cincinnati Office
The Urban League of Greater Cincinnati

Cleveland

Cuyahoga County Department of Community Development
Federal Reserve Bank of Cleveland
The Greater Cleveland Roundtable
Ohio Civil Rights Commission

New York

The Appraisal Institute, Long Island Chapter
Empire State Mortgage Bankers Association
Fannie Mae
Federal Reserve Bank of New York
Long Island Association
Long Island Board of Realtors
Long Island Housing Partnership
Long Island Housing Services
Long Island Regional Planning Board
Long Island Thrift Mortgage Initiative
New York Association of Mortgage Brokers
New York Bankers Association
New York Land Title Association
New York State Division of Human Rights

San Francisco

California Bankers Association
California Department of Insurance
Fair Housing of Marin
Federal Reserve Bank of San Francisco
Greater San Francisco Association of Realtors
San Francisco Mayor's Office of Housing
Western League of Savings Institutions

St. Louis

Federal Reserve Bank of St. Louis
Institute for Policy Leadership, University of Missouri-St. Louis

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

In an effort to promote fair and equitable treatment in the home ownership and residential mortgage credit process, we, *[names of organizations]*, are co-sponsoring the Mortgage Credit Partnership (MCP) project. The MCP project is a long-term effort to eliminate disparate treatment in the home-buying process and to help ensure equal access to all financially qualified homebuyers.

Our goal is to bring together leaders from financial institutions, real estate agencies, appraisal agencies, insurers, credit bureaus, and government and community agencies to review the home-buying process. We anticipate an initial conference, followed by task force sessions and a second conference will provide strategic analysis, direction and action.

As a community leader and a representative of an industry involved in the home-buying process, you are invited to join us for a breakfast at *[time, date, place]* to discuss the project and your industry's participation. To register for the breakfast, please call *[name]* at *[phone number]*.

We are also requesting your help in identifying others from your industry who should be invited to the first conference to participate in this process. Participants will have a unique opportunity to collaborate with other professionals in real estate-related industries to analyze the home-buying process, understand it better and work to improve it.

To that end, if you have a mailing list of member organizations or individuals who you would recommend to be participants, we would be pleased if you would provide the list to us at the breakfast. If you are unable to attend, please send a copy of the list to *[name, organization, address, city, state, zip code]*.

Sincerely,

[Name]

[Title]

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**Mortgage Credit Access Partnership
Non-binding Letter of Intent**

_____ affirms in principle the goal of the Mortgage
(Name of organization)

Credit Access Partnership, which is to achieve fair access to housing and mortgage credit in the Chicagoland area, and expresses its intention to cooperate with the Partners by:

1. Committing staff to participate in the effort;
2. Assessing the recommendations and providing feedback;
3. Assisting in implementation of those recommendations, which we believe serve the goal of reducing disparate treatment and disparate impact in the home purchase and financing process.

We pledge to cooperate in good faith to achieve MCAP's broad objectives though it may not be possible to fully support or participate in specific aspects of the MCAP initiative that may be incongruous with our other objectives.

(signature)

(date)

(title)

Please return to: Mortgage Credit Access Partnership
c/o Michael Berry
Consumer and Community Affairs Department
The Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60604

Steering Committees

Here is a list of the Fed-initiated MCP projects that formed a steering committee to help guide their MCP projects, as well as the participating organizations. We have included this list for you to use as a guide if you decide to form a steering committee for your MCP project.

Chicago

Appraisal Institute
Avondale Community Development Corporation
Citibank, IL, FSB
City of Chicago Department of Housing
Cook County Department of Planning and Development
Federal Home Loan Bank of Chicago
Federal Reserve Bank of Chicago
Harris Bank
Illinois Coalition of Appraisal Professionals
John Marshall School of Law
Leadership Council for Metropolitan Open Communities
Neighborhood Housing Services of Chicago
New Cities Community Development Corporation
South/Southwest Association of Realtors
Woodstock Institute

Cincinnati

Cincinnati Board of Realtists
Cinergy Corp.
City of Cincinnati Department of Neighborhood Services
Coalition of Neighborhoods
Greater Cincinnati CRA Officers (Provident Bank)
Greater Cincinnati Chamber of Commerce (Mortgage Bankers Association, Cincinnati Area Board of Realtors and Superior Title Agency, Inc.)
Greater Cincinnati Housing Alliance
Federal Reserve Bank of Cleveland
Hamilton County Commissioners
Housing Opportunities Made Equal (HOME)
National Association for the Advancement of Colored People (NAACP), Cincinnati Branch
Neighborhood Development Corporation Association of Cincinnati
Northern Kentucky Association of Realtors
Northern Kentucky Community Center
Ohio-Kentucky-Indiana Regional Council of Governments
Tri-State League of Financial Institutions
U.S. Department of Housing and Urban Development, Cincinnati Office
Urban League of Greater Cincinnati

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

In an effort to promote fair and equitable treatment in the home ownership and residential mortgage credit process, we are co-sponsoring the Mortgage Credit Partnership (MCP) project in our community. We believe an approach that involves strong local leadership, is cross disciplinary and seeks to develop mutually beneficial solutions will be the most productive in addressing this issue. Our mission is to ensure that access to home ownership and the residential mortgage credit process occurs on the same basis for all financially qualified home seekers regardless of race, color, national origin, gender, religion, familial status, sexual orientation or disability. Our objectives are threefold:

1. To study the whole process for home ownership and residential mortgage credit services delivery, including the interaction between market participants;
2. To critique these systems in terms of effectiveness and equity; and
3. To assume a leadership role in directing this community's efforts to strengthen the process.

As a community leader and a representative of an industry involved in the residential mortgage credit process, you are invited to join us. We, along with representatives of the community at large, will help identify any possible problems and develop mutually beneficial solutions. Your participation will ensure our joint success in this effort.

We would like for your organization to join with us as a sponsor of the MCP project. I will call you next week to discuss your interest in this endeavor. In the meantime, please call me at *[phone number]* if you have questions.

Sincerely,

[Name]

[Title]

NOTES

St. Louis Mortgage Credit Partnership

sponsored by
The Federal Reserve Bank of St. Louis
and
The Institute for Policy Leadership

Breakfast
June 18, 1996
8:30 a.m.- 10 a.m.

Welcome and Introductions
*Randall Sumner, vice president
Federal Reserve Bank of St. Louis*

Introduction to Project
Randall Sumner

FRB and IPL Role
*Debra Moore, director
The Institute for Policy Leadership*

Partners' Role
Debra Moore

Time Line and Next Steps
Debra Moore

Closing Remarks
Randall Sumner

St. Louis Mortgage Credit Partnership

Program Overview

The Mortgage Credit Partnership (MCP) is a long-term effort by professionals involved in the home-buying and -selling process to identify and eliminate barriers for financially qualified individuals seeking to purchase homes. The participants will include executives from local financial institutions, real estate appraisal services, real estate agencies, title and mortgage companies, mortgage and property insurance companies, credit bureaus, secondary market agencies, city and county governments, academia and regulatory agencies.

MCP represents a commitment on the part of the Community Affairs Officers of the Federal Reserve Banks of New York, Boston, San Francisco, and St. Louis and their respective professional communities to serve not only individual home buyers, but also entire communities, by carefully reviewing and improving the complex process by which a broad array of market participants disburse residential mortgage credit. This effort is patterned after the experience of the Greater Cleveland Roundtable project.

In 1993-94 the Federal Reserve Bank of Cleveland created the Greater Cleveland Roundtable to encourage community leaders to work together in strengthening fair lending practices. The Cleveland Roundtable experience suggests a common template upon which the stages of the MCP project were developed:

1. **Initial Conference:** A one-day conference will be held at the University of Missouri-St Louis on Aug. 1, 1996, for about 100 community leaders to examine the nature and quality of lending practices in their community. As in Cleveland, discussion will be guided by a review of the 18 steps involved in obtaining a mortgage as identified by the National Fair Housing Alliance. Task groups will then be organized to address four issues. In Cleveland the issues were: a) initial contact with real estate agent; b) initial contact with lender; c) interface with secondary market; and d) the appraisal process. It is anticipated that these or similar issue areas will be identified at the MCP conference.

2. **Task Groups:** At the close of the initial conference, task groups will be organized around key issue areas. Following the conference, the teams will continue to meet for several months to develop proposals and plans to improve the lending environment and to assure fair practices. The teams will prepare reports for a follow-up conference.

3. **Action Planning Conference:** In about six months after the initial conference, a follow-up conference will be convened to report, discuss, and act on the findings and recommendations of Task Groups. The conference participants then will develop implementation plans including action steps, assignments and deadlines. It is possible that Task Groups will continue following the conference and that another follow-up conference will be held.

4. **Implementation Activities:** After the follow-up conference individuals and teams work to carry out the recommendations and action steps developed at the conference.

MCP Mission

To ensure that access to residential mortgage credit occurs on the same basis for all financially qualified home seekers, regardless of race, color, national origin, gender, religion, familial status, or disability.

MCP Objectives

To study the whole process of residential mortgage credit services delivery, including the interaction between market participants;

- To critique these systems in terms of effectiveness and equity;

and

- To assume a leadership role in directing this community's efforts to strengthen the process.

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Mortgage Credit Access Partnership

STEERING COMMITTEE

Michael V. Berry, *Federal Reserve Bank of Chicago*
Malcolm Bush, *Woodstock Institute*
Gwendolyn D. Clemons, *Cook County Department of Planning and Development*
Linda R. Crane, *John Marshall Fair Housing Legal Clinic*
Thomas P. Fitzgibbon, *Avondale Community Development Corporation*
William L. Goldsmith, *New Cities Community Development Corporation*
Nancy M. Goodman, *Federal Reserve Bank of Chicago*
Suzanne M. Hayes, *Cook County Department of Planning and Development*
Charles M. Hill, Sr., *Federal Home Loan Bank of Chicago*
John A. Kuhnen, *Department of Housing, City of Chicago*
Richard B. Lewis, *South/Southwest Association of Realtors*
John Lukehart, *Leadership Council for Metropolitan Open Communities*
Denise Presley, *Prescor*
Juan B. Rivera, *Latino United Community Housing Association*
Gregory C. Schmitt, *Appraisal Institute*
David A. Schucker, *Leadership Council for Metropolitan Open Communities*
Glenn Toppen, *Neighborhood Housing Services of Chicago, Inc.*
Alicia Williams, *Federal Reserve Bank of Chicago*
Edward J. Williams, *Harris Bank*

**MORTGAGE CREDIT ACCESS PARTNERSHIP
(MCAP)**

CEO Breakfast Meeting - Aug. 14, 1996

- I. 7:30 a.m.**
BREAKFAST
- II. 7:45 - 8 a.m.**
INTRODUCTION AND PRESENTATION OF "TRUE COLORS"
VIDEO
Terry Savage, *moderator*
- III. 8 a.m.**
WELCOMING REMARKS
Michael H. Moskow, *president*, Federal Reserve Bank of Chicago
- IV. 8:10 a.m.**
INTRODUCTION OF SPEAKERS
Terry Savage, *moderator*

SPEAKERS
John H. Stroger, Jr., *president*,
Cook County Board of Commissioners

Marina Carrott, *commissioner*,
Department of Housing, City of Chicago

Aurie A. Pennick, Esq., *president and chief executive officer*,
Leadership Council for Metropolitan Open Communities

Richard L. Thomas, *chairman*,
The Commercial Club of Chicago

Migdalia Rivera, *executive director*,
The Latino Institute
- V. 8:50 a.m.**
CLOSING REMARKS
Terry Savage

Marina Carrott is the commissioner of the City of Chicago's Department of Housing, an agency responsible for providing financial and technical assistance to households and developers who are creating and preserving affordable housing. Ms. Carrott is responsible for creating and implementing Mayor Daley's five-year Affordable Housing Plan. Under her leadership hundreds of families in more than 20 Chicago communities have become homeowners. Ms. Carrott previously served as the chief financial officer and administrative officer for the Episcopal Diocese of Chicago. She received a bachelor's degree from the University of Pennsylvania and a master's degree from the Wharton School of Business.

Michael H Moskow is the president of the Federal Reserve Bank of Chicago. He serves as the Bank's chief executive officer and as a member of the Federal Open Market Committee, the Federal Reserve System's most important policymaking body. Before joining the Bank, Mr. Moskow was professor of strategy and international management at the J.L. Kellogg Graduate School of Management at Northwestern University. Mr. Moskow has held numerous positions in the private and public sectors. In 1991, Mr. Moskow was appointed Deputy United States Trade Representative with the rank of ambassador, responsible for trade negotiations with Japan, China, Southeast Asian and Middle Eastern countries. Mr. Moskow holds a B.A. in economics from Lafayette College, an M.A. in economics and a Ph.D. in business and applied economics from the University of Pennsylvania.

Aurie A. Pennick, Esq. is the president and chief executive officer of the Leadership Council for Metropolitan Open Communities, one of the nation's oldest and largest fair housing organizations, which serves over 9,000 families annually. Before joining the Leadership Council she was a managing attorney for the Chicago Transit Authority with oversight responsibility for a 12 million dollar budget. Ms. Pennick also developed and taught a Community Service Management Program at Roosevelt University. She was the founding executive director of The Chicago Abused Women Coalition (Greenhouse Shelter for Battered Women). In June 1996, Ms. Pennick served as a member of the official U.S. Delegation for Habitat II: "A Global Conference of Cities," held in Istanbul, Turkey. She was recently appointed to the Chicago Low Income Housing Trust Fund by Mayor Richard M. Daley. Ms. Pennick holds a B.A. and an M.A. in administration of criminal justice from the University of Illinois, Chicago, and a J.D. from John Marshall Law School.

Migdalia Rivera has been executive director of the Latino Institute since 1988. She is an experienced human and financial resources manager with expertise in organizational development, program planning and evaluation, and fundraising. Under her leadership the Institute has raised its visibility and proven its effectiveness in addressing the education, health, economic development and housing needs of the community. Ms. Rivera previously served as associate director of programs and director of training and management assistance. Before joining the Latino Institute, she worked at Aspira, Inc. of Illinois, a Latino youth leadership organization and was invited to serve as coordinator of Adult Educational Opportunities at the New York City Aspira chapter. Ms.

Rivera has received numerous awards for her work, including the Hispanic Heritage Award presented to Ms. Rivera by WSNS-TV, Channel 44. She holds a B.S. in Industrial and Labor Relations from Cornell University.

Terry Savage is a nationally recognized financial authority and television personality. Ms. Savage writes a weekly syndicated column on personal finance for the *Chicago Sun-Times* and a monthly money questions column for *Bloomberg Personal Finance* magazine. She is a regular commentator on the PBS *Nightly Business Report* program and often appears on CNN, CNBC, and many national radio and television programs. For twelve years she appeared on a daily business and financial news television program for CBS. In 1987 Ms. Savage earned an Emmy for her special "Money-It Doesn't Grow on Trees," and received the National Press Club's "Outstanding Consumer Journalism" award. She is the author of *Terry Savage's New Money Strategies for the 90s* and *Terry Savage Talks Money*. Ms. Savage is a graduate of the University of Michigan.

John H. Stroger, Jr. is the president of the Cook County Board. Mr. Stroger oversees the operations of Cook County government, the second largest county in the United States, with an annual budget of over 2.1 billion dollars. Mr. Stroger has served the county since 1970 when he was elected commissioner of the Cook County Board. During his tenure as commissioner he sponsored legislation to ensure all businesses contracting with the county are treated equally; co-sponsored the County's Human Rights, Ethics, and Assault Weapons Ban Ordinances, and provided leadership for the County's acquisition of Provident Hospital. In recognition of his achievements, President Clinton appointed Mr. Stroger to the President's Advisory Commission on Intergovernmental Relations. He holds a B.S. in business administration from Xavier University in Louisiana and a law degree from DePaul University.

Richard L. Thomas is the former chairman of First Chicago NBD Corporation and its principal subsidiary, The First National Bank of Chicago. Mr. Thomas retired in May 1996 after 38 years of service. He joined First Chicago in 1958 and opened and managed the bank's first foreign branch in London in 1965. Mr. Thomas was named senior vice president and general manager of First Chicago Corporation in 1969. He became president of the bank in 1975 and chairman and chief executive officer in 1992. Mr. Thomas was named chairman of First Chicago NBD Corporation upon its formation in 1995. He is currently chairman of the Commercial Club of Chicago and serves as director of First Chicago NBD Corporation, Sara Lee Corporation, CNA Financial Corporation, The PMI Group, Inc., and IMC Global Inc. He holds a B.A. from Kenyon College and was a Fulbright Scholar at the University of Copenhagen. He received an M.B.A. from the Harvard University Graduate School of Business Administration.

MCAP

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Thank you for taking the time to join us for today's MCAP CEO Breakfast. Still, more importantly, thank you for providing the leadership, effort and dedication that will make the Mortgage Credit Access Partnership a success.

On September 11 and 12, individual players in the home selection/purchase process will convene to develop practical solutions to eliminate the barriers to equal access to housing and credit. A diverse group of knowledgeable practitioners is needed to produce the free flow of ideas that will lead to effective change. We ask that you nominate certain individuals from your organization that will put forth the effort, critical thinking and action to make these cross-industry task groups a success.

Please complete this form and return to the Federal Reserve Bank of Chicago by Friday, August 30 or, if you prefer, fax it to the Consumer and Community Affairs Division at (312) 913-2626. If you have any questions feel free to call Alicia Williams, vice president, or Mike Berry, MCAP project manager, at (312) 322-5910 or (312) 322-5192 respectively.

MCAP NOMINEE 1

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

Fax Number: _____

MCAP NOMINEE 2

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

Fax Number: _____

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

We regret you were unable to attend the meeting held recently by *[organizations]* announcing the Mortgage Credit Partnership (MCP) project. The MCP project is a long-term effort to eliminate disparate treatment in the home-buying process and to ensure equal access to all financially qualified homebuyers.

The MCP process involves careful review and the improvement of the complex process by which a broad array of market participants disburse residential mortgage credit. We acknowledge that this is an ambitious effort, but with your help and the help of others in our community, we can improve the mortgage credit process.

Your expertise and commitment are needed in several ways. Please plan to participate at the *[date]* conference and consider appropriate leadership roles as the process evolves. We are sure we missed people who could be valuable contributors and request that you share the names of individuals who should be a part of this process. Please submit the names of colleagues or other industry experts who should participate in the conference to *[name, organization]*, at *[address]* by *[date]*.

Enclosed are handouts from that breakfast and a list of invitees to the initial meeting. We look forward to your participation and recommendations for inclusion at the conference.

Sincerely,

[Name]

[Title]

Enclosure

Initial Conference

Conduct First Conference

The purpose of the first conference, generally a day or day-and-a-half in duration, is to learn what areas in the home-buying and credit-underwriting processes may give rise to disparities in your community. You will bring industry practitioners to the table to get a perspective from the active participants in the industries involved.

Allow about three months between the CEO breakfast and the first MCP conference. You should use this time to finalize mailing lists, prepare invitations and develop the agenda for the conference. For sample conference materials, see pages C-6 to C-22. It is imperative to register a balanced group of industry representatives for the conference, as you don't want a heavy proportion of any one industry segment when you reach the conference itself. Achieving that balance takes time and effort.

Distribute Handouts

As conference participants arrive, you may want to give each an information packet that includes some or all of the following (samples on pages C-24 to C-26, attachments 1 and 2):

- Home Selection/Purchase Process Decision Tree;
- newsletter describing the Cleveland Project (Attachment 1);
- “Closing the Gap,” a brochure for lenders who seek to ensure that all loan applicants are treated fairly and to expand their markets to reach a more diverse customer base (Attachment 2);
- attendees list, including individuals' phone numbers, fax numbers and e-mail addresses, since task force members will later be contacting one another concerning task force schedules and activities;
- sign-up forms for task forces; and
- others, as deemed appropriate to your situation.

View “True Colors” Video

During the first morning of the conference, show the video “True Colors” to set an appropriate tone for a discussion of disparate treatment. Produced by the ABC newsmagazine, *Prime Time Live*, the video documents the vastly different treatment two young men received, one white and one black, while attempting to complete a variety of transactions in St. Louis—applying for a job, buying a car, shopping in a mall and renting an apartment. After seeing the tape, people tend to become more receptive to discussing racial discrimination. If you do not use “True Colors,” find another means of demonstrating that disparate treatment based on race or ethnicity still exists in a variety of business situations.

To purchase a copy of the “True Colors” video from CorVision, call 1-800-537-3130.

Introduce the 18-Point Decision Tree

The conference should be designed as a working meeting where industry representatives are presented with a review of the critical decision points in the home-buying process. Present examples of how disparate treatment could occur along the 18-step process. This is a good opportunity for audience participation. Recruit an expert on the entire home-buying process or a panel of industry experts to lead this discussion. In several of the Fed-initiated MCP projects, a representative of the National Fair Housing Alliance, which developed the Home Selection/Purchase Process Decision Tree, provided the expertise. See page C-24 for a copy of the tree.

The 18 critical points identified in the decision tree are:

1. Search Process, Independent of Real Estate Industry
2. Real Estate Agent Involved in the Search Process
3. Initial Provision of Information by Real Estate Agent
4. Initial Lender Inquiry
5. Initial Loan Application
6. Truth in Lending Issues
7. Credit Application
8. Qualifying the Property (Appraisal)
9. Verification of Financial Information
10. Credit/Employment Evaluation
11. Evaluation of Appraisal Report
12. Loan Approval Process
13. Private Mortgage Insurance
14. Change in Terms or Conditions
15. Homeowners' Insurance
16. Title Search and Escrow
17. Retention of Loan
18. Sale of the Loan on the Secondary Market

Conduct Breakout Sessions

During the afternoon of the conference, participants work in smaller groups for about two hours to dissect one of four (or more) issue areas related to the home-buying process. After participants hear a short presentation about the issue area, they then discuss the points at which there is the greatest potential for barriers to home ownership. Don't forget to assign facilitators and recorders for each breakout session prior to the conference. You may even want to provide training for the facilitators. See sample handouts on pages C-22 and C-23.

Co-sponsors should assign conference attendees to particular breakout sessions to ensure cross-industry representation in each group. Prior to the conference, assignments may be indicated by color coding nametags or including an assignment sheet with the handouts. If you choose to have participants select the session they would prefer to attend, you should have them indicate their first and second choices on a sign-up sheet and collect them before lunch. To ensure industry balance in each group, you may need to assign some participants to their second choice. During lunch you can post a list of participants outside the door of each breakout session.

Determine the topics to be discussed during the afternoon sessions by either choosing the topics in advance of the conference based on the co-sponsors experiences locally or selecting the topics following the morning's discussion of the critical decision points in the home-buying process. Either way, you should strive for a cross section of industries in each group. For a list of industries/issues that were discussed in the breakout sessions of the MCP projects, see C-6.

Wrap-Up Conference and Recruit Task Forces

Following the breakout sessions, each group should present its analysis and findings to the larger conference. Participants are then asked to join task forces, which will more fully address the identified issues and will develop recommendations to eliminate barriers to equal access created by some industry practices or policies. During this recruitment stage, explain that an approximate nine-month commitment is needed to participate in a task force. You may want to ask participants to fill out a task force sign-up sheet to indicate on which task forces they would like to serve. Ideally, many participants will agree to be members of the task forces that correlate with the breakout sessions to which they were originally assigned. If this occurs, cross-industry representation will be built into the task forces. See page C-26 for a sample task force sign-up sheet.

Initial Conference—Checklist

- ✓ Prepare for conference
 - Develop invitation mailing list
 - Prepare invitations
 - Obtain copy of “True Colors” video
 - Confirm speakers
 - Identify and recruit facilitators and recorders for breakout sessions
 - Mail invitations
 - Prepare handouts
 - Assign attendees to breakout sessions

- ✓ Conduct conference
 - Introduce project
 - Identify possible barriers/task force issues

Initial Conference—Samples

Breakout session topics list	C-6
Conference registration form	C-7
Conference confirmation sheet.....	C-8
Conference agenda (Cleveland)	C-9
Conference agenda (San Francisco).....	C-10
Speeches	C-11
Handouts for facilitators.....	C-22

Participant handouts

Home Selection/Purchase Process Tree	C-24
Breakout session selection form (Boston).....	C-25
Task force sign-up sheet.....	C-26
Cleveland project newsletter	Attachment 1
Closing the Gap brochure.....	Attachment 2

Breakout Session Topics

Here is a list of the Fed-initiated MCP projects and their respective breakout session topics for you to use as a guide when determining the breakout session topics for your MCP project.

Boston

Origination
Property Issues
Real Estate Agents and Brokers
Secondary Market

Chicago

Appraisal
Credit Rating
FHA Issues
Professional and Consumer Education

Cincinnati

Appraisal
Credit Reports/Credit Bureaus
Initial Contact with Lenders
Secondary Mortgage Market

Cleveland

Appraisal
Initial Contact with Lender
Initial Contact with Real Estate Agent
Interface with Secondary Market

New York

Appraisal
Community and Municipal Issues
Credit Distribution and Education
Insurance
Lending
Real Estate

St. Louis

Insurance
Lending and Appraisal
Real Estate
Secondary Market

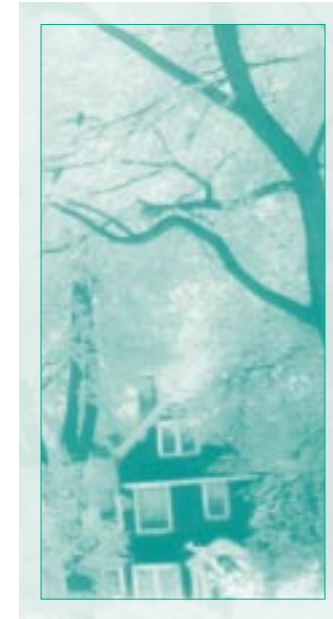
San Francisco

Appraisal
Insurance
Lending
Real Estate



ST. LOUIS MORTGAGE CREDIT PARTNERSHIP

Federal Reserve Bank of St. Louis
Community Affairs
P.O. Box 442
St. Louis, MO 63166



*A one-day conference to initiate
an industry-wide effort to expand
access to home ownership opportu-
nities throughout St. Louis.*

AUGUST 1, 1996

*University of Missouri-St. Louis
J.C. Penney Building*

Sponsored by
the Federal Reserve Bank of St. Louis and
the Institute for Policy Leadership

WE CORDIALLY INVITE YOU

to take part in

the St. Louis Mortgage Credit Partnership (MCP) Conference on Thursday, August 1, at the University of Missouri-St. Louis.

The MCP seeks to promote fair and equitable treatment in the home ownership and residential mortgage credit process.

The goal is to bring together leaders from financial institutions, real estate agencies, appraisal agencies, insurers and others to:

- *eliminate disparate treatment in the home buying process, and*
- *help ensure equal access to all financially qualified home buyers.*

Community leaders will examine and discuss the nature and quality of lending practices in St. Louis. We will review the 18 points involved in obtaining a mortgage as identified by the National Fair Housing Alliance. At the close of the conference, task groups will be organized to develop proposals and plans to improve the lending environment and to assure fair practices.

Your experience and expertise are critical to the success of the MCP project. Please register now to attend the conference.

AGENDA

THE ST. LOUIS MORTGAGE CREDIT PARTNERSHIP CONFERENCE

Barriers to the Credit Process: A National Issue That Calls for Local Solutions

*Thursday, August 1, 1996
University of Missouri-St. Louis
J.C. Penney Building*

- 8:00 - 8:30** Registration and Continental Breakfast
- 8:30 - 8:45** Welcome
DR. BLANCHE M. TOUHILL, Chancellor, University of Missouri—St. Louis
- 8:45 - 9:10** Introduction to the Mortgage Credit Partnership Project
RANDALL SUMNER, Vice President and Community Affairs Officer, Federal Reserve Bank of St. Louis
- 9:10 - 9:30** ABC *Primetime* Video: “True Colors”
- 9:30 - 9:55** The mission of the St. Louis Mortgage Credit Partnership project and the role of participants
DEBRA MOORE, Director, Institute for Policy Leadership
- 9:55 - 10:10** Break
- 10:10 - 11:30** Critical Decision Points in the Mortgage Credit Process
CATHY CLOUD, Deputy Director, National Fair Housing Alliance
- 11:30 - 12:45** Lunch
- 12:45 - 2:45** Examine Industry Issues and Recommend Task Force Priorities
Breakout Sessions:
STUART LANGTON, President, Stuart Langton & Associates
The Real Estate Industry
The Secondary Market
The Lending Industry
The Insurance Industry
- 2:45 - 3:45** Task Force Formation

TO ATTEND, PLEASE FILL OUT THE REGISTRATION FORM, DETACH AND EITHER:

- A. Fax to Glenda Wilson, Manager, Community Affairs, at (314) 444-8753; or
- B. Put in an envelope and mail to Glenda Wilson, Manager, Community Affairs, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166.

PLEASE RESPOND BY JULY 26. A CONFIRMATION LETTER WITH SPECIFIC DIRECTIONS TO THE CONFERENCE AND A PARKING PERMIT WILL BE SENT TO YOU IN A FEW DAYS.

NAME _____

TITLE _____

ORGANIZATION _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

PHONE NUMBER _____

FAX _____

THERE IS NO FEE BUT ADVANCE REGISTRATION IS REQUESTED.

Confirmation

Name: _____

Organization: _____

Thank you for agreeing to participate in the Mortgage Credit Partnership (MCP) Conference on *[date]*. Registration will begin at *[time]*, and the conference will begin at *[time]*. The conference will be at *[place]*. Enclosed is map and parking permit.

If you have any questions, please contact *[name]* of *[organization]* at *[phone number]*.

We look forward to seeing you.

RESIDENTIAL MORTGAGE CREDIT PROJECT
October 19, 1993
AGENDA

8:00	Coffee, pastries	
8:30	Greetings from the Federal Reserve Bank	Bud Burkle, Jr.
8:40	Greetings from The Greater Cleveland Roundtable Race Relations Committee	Lyman Phillips
8:50	Introduction of Planning Committee Self Introduction of participants	Lyman Phillips
9:20	Housekeeping Details	Donna Cotton
9:30	Introduction to Issues	Malcolm Bush
10:20	Video: <u>True Colors</u>	Barb Grothe
10:40	Break	
11:00	Introduction of Decision Tree	Alan Reichert Lyman Phillips
12:15	Lunch	
1:30	Small Group Work (1)	Barb Grothe
2:30	Large Group Report	Lyman Phillips Barb Grothe
3:15	Break	
3:30	Presentation: Fair Housing Focus	Mary Davis Jan Kearney-King
4:30	Summary	Malcolm Bush

RESIDENTIAL MORTGAGE CREDIT PROJECT
October 20, 1993
AGENDA

8:00	Coffee, pastries	
8:30	Greet Participants 'Partner' Introduction of Participants Review Day 1	Malcolm Bush
9:15	Small Group Work (2)	Barb Grothe
10:15	Report to Large Group	Malcolm Bush
10:45	Break	
11:00	Small Group Work (3)	Barb Grothe
Noon	Report to Large Group	Lyman Phillips
12:30	Lunch	
1:15	Small Group Discussion of Priorities	Malcolm Bush
2:00	Large Group Consensus on Priorities	Malcolm Bush Lyman Phillips
3:00	Break	
3:15	Task Group Work on Priorities	Barb Grothe
4:15	Summary of Conference Achievements	Malcolm Bush
4:30	Wrap-up	Lyman Phillips

MORTGAGE CREDIT PARTNERSHIP CONFERENCE
Barriers to the Credit Process: A National Issue That Calls for Local Solutions

Thursday, May 30, 1996 8:00 a.m. - 3:30 p.m.

Federal Reserve Bank of San Francisco
4th Floor Conference Center

- 8:00 - 8:30 **Registration and Continental Breakfast**
- 8:30 - 8:45 **Robert T. Parry**, president, Federal Reserve Bank of San Francisco
Welcome to the Mortgage Credit Partnership project
- 8:45 - 9:00 **Kelly Walsh**, community affairs officer, Federal Reserve Bank of San Francisco
The mission of the San Francisco Mortgage Credit Partnership project and the role of the national evaluation team
- 9:00 - 9:30 **Robert T. Parry**
Introduction of Mortgage Credit Partnership Sponsors
California Bankers Association
Western League of Savings Institutions
California Department of Insurance
San Francisco Mayor's Office of Housing
Greater San Francisco Association of Realtors
Fair Housing Advocate
- 9:30 - 10:00 **Malcolm Bush**, president, Woodstock Institute
The Cleveland Mortgage Credit Partnership experience
- 10:00 - 10:30 **Chuck Castagnolo**, community affairs advisor, Federal Reserve Bank of San Francisco
Introduction and presentation of ABC Dateline Video: "True Colors"
- 10:30 - 10:45 **Break**
- 10:45 - 11:30 **Cathy Cloud**, deputy director, National Fair Housing Alliance
The Mortgage Credit Process - Critical Decision Points
- 11:30 - 12:30 **Luncheon**
- 12:30 - 2:30 **Examine Industry Issues and Recommend Task Force Priorities**
Rebba Middleton, San Francisco Board of Realtists
The Real Estate Industry
Terry O'Brien, Office of Thrift Supervision
The Appraisal Industry
Natalie Kimball, Home Federal Savings and Loan
The Lending Industry
Lori Gay, Los Angeles Neighborhood Housing Services
The Insurance Industry
- 2:30 - 3:30 **Malcolm Bush**
Task Force Formation: Collaboration on Solutions

MORTGAGE CREDIT PARTNERSHIP CONFERENCE
Barriers to the Credit Process: A National Issue That Calls For Local Solutions

**In cooperation with the Federal Reserve Bank of San Francisco,
leadership for this conference is provided by:**

**The California Bankers Association
The San Francisco Mayor's Office of Housing
The Greater San Francisco Association of Realtors
The Western League of Savings Institutions
The California Department of Insurance
Fair Housing of Marin**

The Mortgage Credit Partnership conference that you are attending today represents a commitment on the part of a broad array of local community leaders including bankers, appraisers, realtors, mortgage and property insurers, housing advocates, representatives from credit bureaus, city government and regulatory agencies to create a shared vision and action plan to assure that residential mortgage credit lending occurs equitably for all financially qualified homeseekers regardless of race, color, national origin, gender, religion, family status, or disability. The program will entail studying the entire residential mortgage credit delivery process in San Francisco and establishing a model that advocates fair lending practices. It will also call for participants to assume leadership roles in strengthening the process of equal lending.

Remarks made by Robert Parry, President of the Federal Reserve Bank of San Francisco at the Mortgage Credit Partnership Project Conference, May 30, 1996.

8:30 – 8:45 Welcome to the Mortgage Credit Partnership Conference

Good morning and welcome to the Mortgage Credit Partnership conference. We've planned a very full day for you. And that's not surprising, since the goal is to change the way we work and think about the mortgage process. I hope that by the end of the day, you'll be as excited about this partnership and about your role in it as we are.

I'd like to start things off by giving you a brief history of the Mortgage Credit Partnership project, or MCP, as we call it. First, it's a *community* effort, and its mission is to look for ways to ensure equal opportunity for home ownership for *all* financially qualified applicants. The idea began with several community affairs officers from various Federal Reserve Banks brainstorming about how to improve our understanding and our execution of the mortgage credit process. From there, the Cleveland Fed took some of those ideas and put together a pilot project in 1994. The project was a joint effort with a local organization called the Cleveland Roundtable – basically a coalition of business, civic, labor, religious and education leaders trying to deal with the city's social and economic issues. They brought together people from various industries associated with the mortgage credit process to address three issues: first, to identify possible barriers for people trying to obtain mortgage credit; second, and more importantly, to identify where discriminatory treatment might occur; and finally, to consider ways to overcome those barriers and tendencies toward discrimination.

Over 18 months, this project drew the participation of over 91 organizations. And they've made some real progress. During the first six months, especially, several task groups came up with solid recommendations for strategies to overcome some of the barriers to equal opportunity in mortgage lending. I know you'll be very interested in the details of this, and Malcolm Bush, who has been intimately involved in the Cleveland project, will be giving you the whole story later on.

Cleveland's success has been a spur to us here in San Francisco – and that's why we're here today. We're working concurrently, though independently, with the Reserve Banks of Boston, New York and St. Louis to replicate the Cleveland initiative in our cities.

Let me stop for a moment and say that we all should be proud of the tremendous strides we've made in California over the past five years, especially here in San Francisco – we've seen real improvements in the level of lending to qualified low- and moderate-income people and to minorities. The data show that records of lending in these areas are getting better. But we've got to capitalize on these achievements in the mortgage arena and find ways to take them to an even higher level.

This afternoon, you'll have an opportunity to work together to identify, discuss and rank the potential discriminatory barriers in the mortgage credit lending process here in San Francisco. Afterward, you'll be invited to provide your leadership and commitment to one

of several task groups that will meet over the next six months to explore these issues and identify strategies for bringing equal opportunity to the mortgage credit process here.

Our hope is that we'll have another conference – possibly in January 1997 – where the task groups will present their results.

As you well know, this is a critical social, economic and moral issue. Your efforts here today and over the next six months will play an important role in giving this issue the kind of momentum that can have a significant national impact.

Again, I'm delighted to welcome you here, and now I'll turn things over to Kelly.

Kelly ...

9:00 – 9:30 Introduction of Mortgage Credit Partnership Sponsors

It's important for you to know that the leadership responsibility for this conference comes from a very important group of organizations that have lent not only their names, but their talents to this effort. Let me introduce the Mortgage Credit Partnership conference sponsors, and as I do so, I hope they will speak briefly about the role of their organizations and their interest in this project.

I'll begin by introducing Larry Kurlmel, executive director of the California Bankers' Association. Larry?

Larry talks

Thank you, Larry.

Next I'd like to introduce Tom Hamilton, senior vice president of the Western League of Savings Institutions. Tom?

Tom talks

Thank you, Tom.

Our next sponsor is the California Department of Insurance, and Jan Owen, director of the California Organized Investment Network. Jan, unfortunately, could not be with us today. However, both Jan and the California Department of Insurance are very much committed to this project, and will be working with us as we progress.

Next, I'd like to introduce Ted Dienstfry, director of the Mayor's Office of Housing. Ted?

Ted talks

Thank you, Ted.

The next sponsor is Allen Okamoto. Allen represents the Greater San Francisco Association of Realtors. Allen?

Allen talks

Thank you, Allen.

The last sponsor is Caroline Peattie. Caroline has a great deal of experience in this field and represents non-profit fair housing advocates in our community. Caroline?

Caroline talks

Thank you, Caroline.

Our sponsors have played a key role in bringing this group together today, and they've devoted long and productive hours working on the conference with our Community Affairs staff. I believe that their leadership, together with your efforts to identify problems and innovative solutions, will make a winning combination. And I have great hopes that the projects in all five cities will have a strong, positive national impact.

Thank you again for being here today.

Housekeeping

- rest rooms
- lunch
- telephones

I'm going to tell you about

- How the Mortgage Credit Partnership project will work here in San Francisco
- I'm going to talk a little bit more about the evaluation team that Mr. Parry mentioned
- And, also review the agenda for today

The MCP project was conceived several years ago by a group of people who wanted to do something to help address the issue of discrimination in mortgage lending. And while trying to come up with a strategy for how we could make meaningful change, we came to an important understanding, which has sort of been our mantra over the last few years.

That is, we can't really attack the problem of discrimination in the mortgage arena until everyone involved in the mortgage area agrees on what the problem is.

So the process we have designed to really look carefully at the issue of discrimination is one which begins with that critical concept, that first, all the affected parties must be brought together to help define the problem. And that is what we have done here today.

The next part of the process will be to:

1. Look at what the problems are here in San Francisco.
2. And then to come to some understanding about the relative seriousness of the problems that we identify – what we'll be doing is prioritizing issues.
3. Following that, and using the work of task forces which will be formed today, we will closely examine each of the barriers that we determine to be a priority.
4. The next step will be to work together, again on task forces, to develop strategies to address those issues and improve the mortgage process.
5. Finally, we will design a plan for implementation of the strategies developed by the task forces.

What I have just described for you is the process for the Mortgage Credit Partnership project. This is the process we will undertake, over the next year or so, together with you and our co-sponsors.

The first step is to bring all the parties together – and that’s what we have done here today. This body – you – includes representation from all different industries in the mortgage arena. Of the 100 people in this room, we have appraisers, credit reporting agencies, people from the City of San Francisco as well as some federal government agencies, private mortgage insurers, lenders (including those from financial institutions as well as mortgage brokers), non-profit organizations, realtors and realists, and title companies. The process of bringing such a group together was facilitated by our co-sponsors, who you will meet in a moment. They helped us to draw together this impressive group. Its important that you not think of this as solely a Fed initiative, because the Mortgage Credit Partnership project is a joint effort of all of our sponsors.

Now the second step in the process is to find out where problems may be occurring in the mortgage arena. And that’s what we plan to do right after lunch today. What we will ask you to do, following the lunch, is to participate in one of four small group sessions, with each of the four groups focusing on a different industry related to mortgage lending. In these small group sessions, we will collect information from you about your perceptions and experience of how the mortgage process works in San Francisco, and where you think problems may be occurring.

The four industries that we will focus on in the small group sessions are Lending, Appraisals, Real Estate and Insurance. At lunch we will be telling you which of those small groups we will be asking you to participate in. We have intentionally divided you into four groups of 25 people each, and each group has a mix of the various professions represented here today. Our intention here is to have a cross section of experience to look at each of these four industries and to provide feedback about your perceptions of that industry.

Let me just say that we have put a significant amount of energy into planning this program, and we will be using industry experts and professional facilitators in these small group sessions after lunch. But we cannot accomplish our goals without your active involvement. That’s where the Partnership part of the Mortgage Credit Partnership comes in.

Another one of the our objectives in the small group sessions is to try to come to some agreement, after a long list of issues are identified, about the relative significance of those problems. This honing down, or prioritizing, will help us define the issues that will be the focus of the task forces, which will be formed at the end of today’s conference.

After the small groups have prioritized their issues, we will meet back in this room at 2:30, and the four industry experts will briefly report on the priority identified by each group. You will then have the opportunity to sign up for any one of the task forces, which will be formed to work on these issues.

Then the really important work begins. After task forces are identified today, we will arrange to host, in conjunction with our co-sponsors, monthly meetings of each task force for the next six months. The mission of each task force will be to take a close look at the problem identified, and to develop some strategies for how we can address those issues.

We are confident that with the experience, intelligence and commitment of this group, we can make meaningful, positive change in the mortgage industry here in San Francisco.

After the meeting today, and we will be done by 3:30, we will be calling each of you within the next week or so to tell you the date, time and location of the task force meeting for which you have signed up.

After the task forces meet for six months, we plan to convene a second conference, like this one, where task force leaders will report on the work of their group, describe what strategies were chosen to address barriers identified and discuss any plans to implement these strategies in San Francisco. Following that, we will plan a method for implementing strategies identified by each task force. So that's an overview of the whole process for the Mortgage Credit Partnership project.

Now, let me just briefly go over the agenda for today with you. Next you will have a chance to meet our co-sponsors. Following that, you will hear from Malcolm Bush.

Malcolm is President of the Woodstock Institute in Chicago, and he was the primary facilitator at this same meeting when it was held in Cleveland two years ago. We are fortunate to have him with us today to help us with this meeting. Malcolm will be describing for you how the Mortgage Credit Partnership worked in Cleveland, which will give you more of an idea how our work will unfold here in San Francisco. Malcolm will also help us with our task force formation at 2:30 today.

After Malcolm's presentation this morning, we will show you a short video which demonstrates, in a very powerful way, that unequal treatment does occur in our society.

Following the video, we will have presentation by Cathy Cloud, deputy director of the National Fair Housing Alliance, who will talk about the work of the NFHA and describe for you, using a flow chart, how the whole mortgage process works and where different industries play a role in that process.

We have a luncheon planned for you in the officers' dining room from 11:30 to 12:30, then we will ask you to meet in the four smaller group sessions from 12:30 to 2:30. Then we will come back together in this room at 2:30 to hear a report about the findings of the small groups, choose task force assignments, and we will have you out of here by 3:30.

Thank you again for being here. Your commitment, leadership, ideas and experience is what will make this conference, and our work going forward, a success. We look forward to working with each of you.

Good morning, and greetings from Chicago, home of the next NBA champions and congratulations to the San Francisco Fed for convening this process.

It may seem strange having someone from another city addressing you on issues of disparate treatment, but I am here for two reasons. The Woodstock Institute in Chicago has worked locally and nationally since 1973 to promote access to capital and to encourage economic development in lower-income and minority communities. Secondly, I was privileged to have participated in the Cleveland Mortgage Credit project, which had its opening conference about three years ago.

Honest discussions about race, discrimination and disparate treatment are some of the most difficult discussions we encounter. They are also critical. It is not an exaggeration to say that facing up to racial divisions and injustice, and promoting racial fairness and racial harmony is a necessary condition for the survival of a multi-ethnic society. Pick up a newspaper and start counting the number of countries where unresolved racial divisions have brought economic disaster, civil war and terror and realize that this is an issue that is hidden at our peril. The most recent example is the short-lived Hindu government in India whose first actions struck terror in the hearts of that country's 100 million Muslims.

Today is a rare event. There aren't many opportunities for these discussions. The discussions strike at our sense of our place in society, our sense of fairness, and in a discussion like today's, our sense of financial and job security. But that makes this project a very unusual opportunity:

To take on an issue that can be enormously divisive and figure out some ways to make some progress;

More particularly, to identify critical parts of the home-buying process where disparate treatment reduces equal access, and to construct solutions.

One advantage we have engaging in this discussion today, is that in parts of the home-buying process we have seen demonstrable improvement toward fairer access. In Chicago, for example, over the past five years we have seen 100 and 200 percent increases in home-purchase loans to some predominantly African-American communities. Another example, whereas the minority community in Chicago lost out on the first two years of the refinancing boom in 1992 and 1993, a boom which had enormous financial benefits for the average home-owner, it seems that the tide turned dramatically in 1994 with minority home-owners catching up.

To put the *progress* in context, let me quote briefly from two editions of the National Association of Realtors Code of Ethics some 40 years apart:

The first quote comes from the 1950 Code of Ethics:

“A Realtor should never be instrumental in introducing into a neighborhood members of any race or nationality or any individual whose presence would be clearly detrimental to property values in that neighborhood.”

And then the 1992 code:

“The Realtor shall not be a party to any plan or agreement to discriminate against a person or persons on the basis of race, color, sex, handicap, familial status or national origin.”

But we are here because there is still disparate treatment. In the few states that have believable analyses of insurance underwriting by types of community, there is evidence that, *controlling for loss rates*, minorities are charged more for lower-quality insurance than whites; the rate of bank branches per 100,000 population in some regions of the country is twice as high in white communities as in minority communities; in some communities the standard of underwriting for FHA insurance is so bad that foreclosure rates are still 10 or even 20 times higher than for conventional mortgages. There are still standard realty practices that tend to foster neighborhood segregation. But perhaps most important, there are sins of omission and the omissions are often based on lack of knowledge. As a Chicago colleague of mine wrote almost twenty years ago:

“Often the **assumptions** about neighborhood conditions are based on little, contradictory, or fragmented evidence. The application of **assumptions** to a specific loan, in a specific community, at a specific point in time may not be a sound practice.” (Marketing of Home Credit Opportunities Calvin Bradford, et. al. Woodstock Institute, 1977)

I was asked to summarize today the experience of the Cleveland housing community who have now been working for three years to promote fair access to housing. Cleveland and San Francisco are two very different cities, in two very different regions of the country, with different housing markets and different ethnic and racial demographics. The point of visiting the Cleveland experience is not to suggest what the outcomes of the San Francisco discussion should be. Rather, it is to be encouraged by their successes, fortified by the knowledge that they faced challenges and difficulties, and informed by the wisdom they acquired the hard way, by engaging these issues.

The structure of the Cleveland experience was very much like yours. It started with an opening conference in which participants from all the relevant industries examined in detail every part of the home-buying process to ask themselves from their daily experience where disparate treatment could be a serious problem. It went from there to a three-year effort to seek improvement. Let me start with an outsider’s view of the Cleveland achievement.

Achievements

1. It took some time, but the Cleveland participants engaged in open discussion about race and disparate treatment and how that played out in different parts of the home-buying process. There was plenty of disagreement among different professions and among different ethnic and racial groups; and occasionally people got steamed up; but the conversations *continued* focused by the practical questions of how to change day-to-day practices to make things fairer.
2. The project has produced much more awareness of the potential for racial discrimination and disparate treatment in the home-buying process. It also created an awareness of where disparate treatment *was* a real barrier for minorities.
3. The group agreed on four parts of the process to start working on. In other words, with all the different points of view there was agreement of where to start work. They were (a) the initial contact between the potential buyer and the realtor; (b) the initial contact between the buyer and the lender; (c) the interface between lenders and the secondary market; and (d) the appraisal process.

Once progress had been made on these task forces, three more were established: (a) issues in property insurance; (b) issues in private mortgage insurance and (c) credit bureaus.

4. Cleveland area real estate agents, with the full support of the Ohio Association of Realtors, were persuaded to encourage sellers to look beyond conventional financing when listing their homes and to halt the practice of indicating on the listing service that the seller would *only* accept conventional financing.
5. Participants developed a continuing education class for real estate brokers on the potential for discrimination when advising buyers and sellers of their financing options.
6. Participants developed a code of conduct for mortgage originators to reduce discrimination and disparate treatment during loan officers contacts with customers. They also established a loan originators training oversight committee to ensure that loan originators understand the importance of providing consistent customer service and complete information about all the financing options available.
7. Fannie Mae engaged in a series of discussions with loan originators to clear up confusion about their criteria for purchasing loans. Fannie Mae has conducted a pilot training program to educate housing professionals and community groups about its guidelines and programs.
8. Participants are planning a high school curriculum on underwriting criteria in the mortgage decision and on the need for maintaining a good credit rating.

9. Some Cleveland area banks implemented the recommendation that lenders require that appraisers bidding for appraisal jobs provide a recent sample of an appraisal conducted in the neighborhoods served by the lender.
10. Participants recommended that property insurance companies discontinue the practice of using a consumer's credit report to determine whether or not to insure a property. Some insurance companies use these credit reports to deny insurance coverage to applicants with *any* previous bankruptcies. One national property insurance company has discontinued reviewing applicants' credit reports.
11. Participants developed a curriculum to educate appraisers on methods for valuing complex urban properties: e.g. purchase-rehab loans in lower-income communities.

No mean set of achievements. These achievements did not happen easily and other cities can, I think, benefit from the challenges faced in Cleveland.

Difficulties and Challenges

1. The project experienced some successes and some difficulties in getting past the interests of a particular industry. For example, when task forces—the follow-up work groups to the conference—were chaired by a representative of the industry under discussion, it was more difficult to release from that work group concrete recommendations for change.
2. Most work groups omitted recommendations for change that some participants thought important. It was important to put everything on the table, but the list of immediate actions was a negotiated list though not a final list.
3. Recommendations for professional and consumer education were more likely to be adopted than recommendations for standardization and regulation to improve industry practices.
4. Task forces were less likely to recommend key changes when the task force had a small number of minority representatives and when members had less experience with minority buyers.
5. Some key recommendations for change in industry practice have not yet been adopted by the relevant industry. Cleveland is a work in process.

We can extract some *useful lessons* from the achievements and challenges of the Cleveland experience.

Lessons Learned

1. Confronting race and disparate treatment takes time in which people have to make the effort to allow different experiences to emerge and be heard.
2. The basis for the Cleveland achievement was a two-part recognition: (1) that disparate treatment and discrimination did exist; and (2) that some advances had been made, and that the project was a new opportunity to advance some more.
3. The necessary condition for the accomplishments of the Cleveland project was strong multi-racial representation at every point in the process.
4. Cleveland overcame traditional inter-professional disputes about the cause of disparate treatment by recruiting representatives from all the relevant housing industries and by making sure that mix was represented at every point in the discussion.
5. The Cleveland project produced some major new understanding and cooperation ... some participants, however, think that further changes will require structural changes in some of the relevant industries.

Once again, why are we here, and what can we accomplish?

Why Are We Here?

Racial discrimination and disparate treatment in its many forms is one of the key barriers to the maintenance and development of livable, working cities and indeed to the form of civil government we enjoy. The more people who have an ownership stake in our lower-income and in our minority communities the better for them, and the better for all the residents.

What Can We Accomplish?

I hope much of the conversation today will be mundane and detailed; fitting characteristics for a meeting held in a Federal Reserve Bank. But perhaps this is an opportunity to see the larger picture, and I want to end with a challenge framed by James Baldwin in his 1963 book, *The Fire Next Time*.

“For the sake of one’s children, in order to minimize the bill they must pay, one must be careful not to take refuge in any delusion—and the value placed on the color of the skin is always, and everywhere, and forever a delusion. I know what I am asking is impossible. But in our time as in every time the impossible is the least that one can demand.

If we—and now I mean the **relatively** conscious whites and the **relatively** conscious blacks [read every minority in our society] who must ... create the consciousness of others—do not falter in our duty now, we may be able, handful that we are, to end the racial nightmare, and achieve our country, and change the history of the world.”

I look forward to the discussion.

Handouts for Facilitators

Real Estate Brokerage

1. How does language affect the home-buying process?
2. Are there ways for the broker and the multiple listing process to encourage broader home buying?
3. How will technology affect the home-buying process, positively or negatively, in the future?
4. How does location of the property affect the home-buying process?
5. Are there areas with respect to education of brokers that need to be identified?
6. What can we do to make consumers more aware?

Appraisal

1. What is an appraisal, and how is it used in the mortgage credit process?
2. What are the three approaches to value, and what are the potential issues associated with each approach?
 - a) Does the appraiser understand property characteristics?
 - b) Does the appraiser understand neighborhoods?
3. What are the qualifications of the appraiser?
 - a) Are there state licensing requirements?
 - b) What kind of education and experience is required?
 - c) Is there an urban appraiser certification process for appraisers?
4. How are appraisers selected by lenders?
 - a) Do the loan originators control the appraisal process?
 - b) Are lenders concerned about appraisers' knowledge of the areas?
5. How much independence does the appraiser have?

Mortgage Origination

1. Do you agree with this list of the stages of loan origination?

• prequalification	• location
• technology	• advertising
• language	• credit scoring
• industry education	• consumer education
• paperwork	
2. What would you add?
3. Now that we have a complete set, let's make sure we are in agreement with what each phrase means.
4. Stage by stage, what obstacles do you see to home ownership?
5. On a scale of 1 (most difficult) to 6 (least difficult), rate the likelihood of this group making significant change to eliminate barriers in each stage.

Handouts for Facilitators

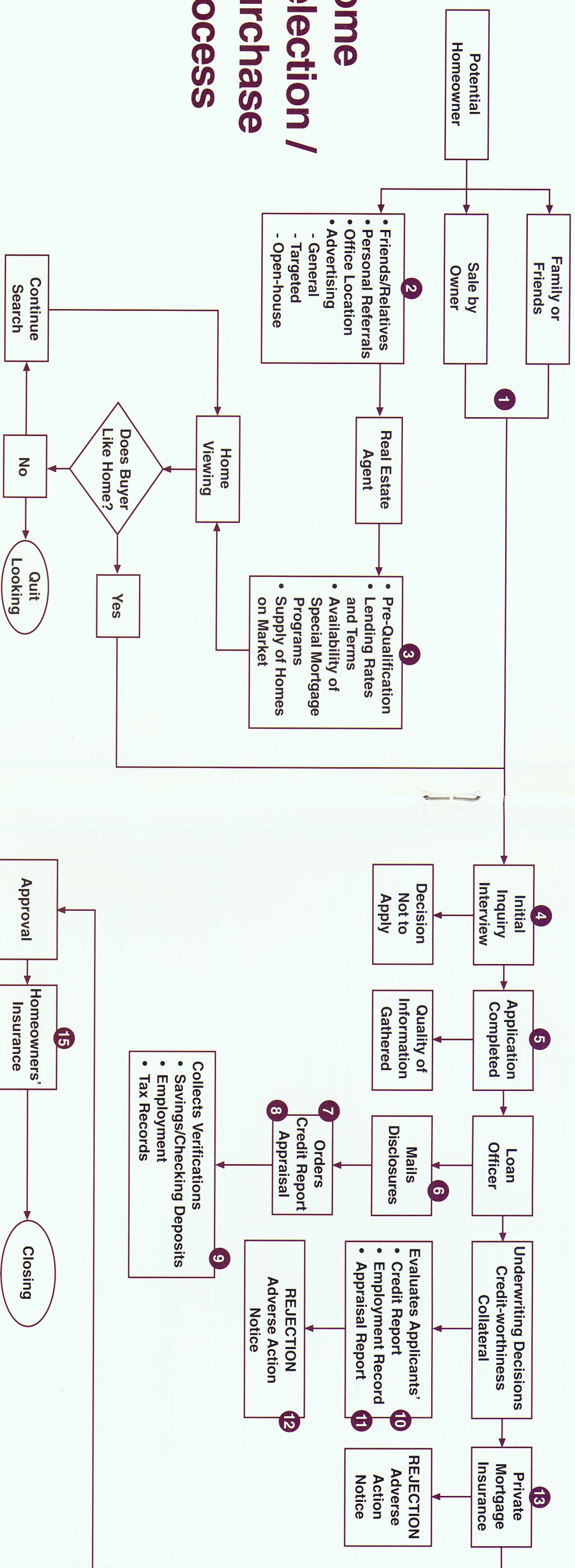
Property Insurance

1. What underwriting criteria are used by the major companies?
2. How do they treat neighborhoods with abandoned building? Three-deckers? Vacant lots?
3. How can agents in low-income or minority neighborhoods develop a book of business without a contract with a private insurer?
4. Does everyone who attempts to purchase property insurance have the same options?
5. Is it important to reveal to the public where major insurance companies are doing business?
6. How is replacement cost determined?
7. Does getting Fair Plan insurance affect any other part of the mortgage transaction?

Secondary Market

1. How does the secondary market as a source of capital impact local lending practices and the opportunities for home ownership?
 - standardization of underwriting criteria
 - creation of specialized loan programs
 - development of new technology
 - expanded sources of capital for residential mortgage loans
2. Does the standardization of underwriting criteria, originally hailed as a means to curb discrimination, discourage creative underwriting?
3. Are the specialized loan programs geared to assisting borrowers in obtaining credit too cumbersome to use on a regular basis?
4. Do the requirement for stability in the products offered curtail enthusiasm for the variety of pricing and access to funds?

Home Selection / Purchase Process



Legend

1. Search Process, Independent of Real Estate Industry
2. Real Estate Agent Involved in the Search Process
3. Initial Provision of Information by Real Estate Agent
4. Initial Lender Inquiry
5. Initial Loan Application
6. Truth in Lending Issues
7. Credit Application
8. Qualifying the Property
9. Verification of Financial Information
10. Credit/Employment Evaluation
11. Evaluation of Appraisal Report
12. Loan Rejection Notice
13. Private Mortgage Insurance
14. Change in Terms or Conditions
15. Homeowners' Insurance
16. Title Search and Escrow
17. Retention of Loan
18. Sale of the Loan on the Secondary Market

GREATER BOSTON'S

HOME PURCHASE PROCESS INITIATIVE:

BREAKOUT GROUP SELECTION

During the afternoon session, conference participants will work in smaller groups to dissect one of four issue areas related to the home purchase process. Participants will hear a short presentation about the issue area, and then will discuss the points at which there is the greatest potential for barriers to home ownership to arise. Following these sessions, each group will present its analysis to the larger conference.

Group 1: The Origination Process. This group will examine such issues as prequalification, consumer and professional education, paperwork, credit scoring, language, and technology.

Group 2: Property Issues-Appraisals & Insurance.

This group will examine such issues as appraiser competency & experience, fair lending, use of technology, inner city issues, property characteristics, architectural disparities, property insurance availability and accessibility, property insurance cost, and property insurance coverage.

Group 3: The Secondary Market. This group will examine secondary market issues related to portfolio lending, capital for non-bank lenders, paperwork, underwriting criteria, technology, the economics of origination, and private mortgage insurance.

Group 4: Real Estate Agents & Brokers. This group will examine such issues as language, technology, location, consumer awareness, professional education, advertising, and the listing process.

Please select, in order of preference, which group you would like to work with today, with your first choice marked "1," your second choice marked "2," etc.

Group 1: The Origination Process

Group 2: Property Issues—Appraisals & Insurance

Group 3: Secondary Market Issues

Group 4: Real Estate Agents & Brokers

Name: _____

Profession: _____

Organization: _____

We are striving to achieve a balance of professional representation in each group, but will try to give you your first choice. Group assignments will be disseminated during lunch.

Task Forces

Please indicate on which task force you would like to serve. Task forces will meet regularly over the next six months to analyze the home-buying process as it relates to one of the issues developed here today, offer recommendations and develop an action plan to implement those recommendations. You will be contacted within the next 10 days with the date, time and location of your first task force meeting.

First Choice: Topic: _____

Second Choice: Topic: _____

Name: _____

Title: _____

Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

Other suggested participants for task forces:

Task Forces

Establish Task Forces

The number of task forces you establish from the breakout sessions during the conclusion of the first conference partially depends on the number of participants in your project. Previous MCP projects established an average of four task forces to work simultaneously over an approximate nine-month period. Task force sizes ranged from 10 participants to 23, somewhat depending on participants' stated preferences on the task force sign-up sheet.

To facilitate a broad range of ideas and points of view, each of the task forces should include a mix of local professionals. You may need to ask some participants to shift from the group for which they originally volunteered to another group to balance industry representation and number of participants in each group. In addition, co-sponsors may choose to recruit additional industry representatives for the task forces based on recommendations by conference participants.

As the groups meet, volunteer participants collaborate with other professionals to analyze the home-buying process, understand it better and work to improve it. Each task force is charged with:

- educating itself about the assigned industry and its step in the home-buying process,
- researching potential barriers or discriminatory practices,
- making recommendations and action plans based on its findings and
- identifying the appropriate organizations through which to bring the recommendations to fruition.

Many task force participants should be able to speak from direct experience in employing current industry practices and in working both with individual homebuyers and existing policies and programs. As a result, they can apply a practical understanding of how such factors could affect opportunity for home ownership. They also offer a good sense of what new or revised policies, programs and practices might broaden home ownership opportunities for minorities and low- and moderate-income people. In addition, task forces may invite industry experts to educate their members about the industry's policies and practices.

You may find there is tension between the partnering of diverse industry representatives and policy recommendation development. A concern is that policy recommendations are not sufficiently trenchant since compromises are needed to assure consensus among various interests. This may very well be the case in projects of this kind where consensus and joint commitment to action are goals. This tension may be exacerbated among individuals who have strong commitments to different strategies for change. Do not assume this tension is necessarily negative. In fact, tension often sparks creative assessment of the limitations of

different strategies and imagination of different alternatives. There is, however, a possible negative aspect of this tension you should avoid—situations where task forces are dominated by representatives of an industry under consideration who seek to soften proposals.

Select Chairpersons and Administrative Support

You can select task force chairs in a variety of ways, including:

- appoint task-force participants,
- ask task force participants to volunteer,
- recruit from outside of the industry under examination to ensure objectivity or
- recruit within the industry under examination to gain expertise.

Regardless of how you select your chairs, they must be committed to helping their task forces work through the difficult issues, identifying barriers and producing a set of recommendations for eliminating those barriers. See sample task group materials on pages D-7 to D-17.

In the Fed-initiated MCP projects, Fed staff worked closely with task force leadership to guide and coordinate their efforts. In the past, Fed staff lent support to the task forces, providing space, taking notes, producing minutes and distributing meeting notifications. If the sponsoring organization has one staff member dedicated to the MCP project, that person's time will be committed almost 100 percent to MCP during the task force phase. You may wish to distribute the work among the co-sponsors, assigning at least one to each task force. Or, the task-force chairs may need to handle their own groups' meeting logistics.

For project staff and task-force chairs, the challenge is to provide enough direction to help people understand issues and organize themselves so that they take initiative, accept ownership and commit to a process that leads to action. Project staff and chairs must possess skills and good judgment in providing direction and facilitation.

Define Project Manager's Role

The MCP project manager should participate in most, if not all, of the task forces. This creates a huge workload for one person, but it provides continuity among the groups. Also, the project manager can offer status updates for all MCP participants, which may help the groups avoid duplication of efforts and/or multiple contacts with industry organizations.

Suppose for example, a Secondary Market task force is contemplating approaching the Mortgage Banker's Association about incorporating a continuing education class on secondary market products into its curriculum. The project manager, who participates with both groups, knows that the Lending task force is also considering contacting the Mortgage Banker's Association about its proposed recommendations. Perhaps the two groups can meet jointly with the Mortgage Banker's Association rather than MCP representatives approaching the organization twice.

Prepare Mid-Process Updates

Conduct Mid-Process Meeting

At a midway point, about four to five months into in the process, co-sponsors may wish to conduct a meeting with task force chairs to discuss each task force's progress. In addition, a face-to-face meeting allows chairs to share with one another some of the difficulties, if any, they are encountering in keeping their task forces on target.

Once the co-sponsors and chairs have updates from all the groups, project sponsors and group leaders can apprise their task force participants of how the other groups are proceeding. This is helpful since more than one group may be considering approaching a trade association or industry group about recommendations that could affect their constituents or that the association may be asked to implement.

Publish Newsletter

You may want your project manager to produce a newsletter to apprise all MCP participants of each task force's progress at the halfway point, and maybe even at subsequent points. See Attachment 3 for a sample newsletter. If you choose not to produce a newsletter, you may want to develop other written documents to share with those who are not participating in MCP but have an interest in the project.

Produce Final Task Force Reports

To complete its assigned responsibilities, ask each task force to prepare a document that contains the recommendations and action steps the group has developed to eliminate barriers it has identified within the industry it examined. The report represents the results of analysis, discussion and debate. Typically, each task force will identify one or two priority recommendations it strongly believes can and should be adopted as well as secondary recommendations. MCP project co-sponsors may help the task forces prioritize their recommendations. Although not every partner will fully support all of the recommendations, it is expected that they will continue to support the principles of the program.

Here is an outline of a typical task force report:

- I. Purpose of the task force
- II. Task force membership
- III. Background and context
- IV. Group process
- V. Research/evidence of discrimination
- VI. Recommendations/implementation strategies
 - Issue being addressed
 - Narrative description of the recommendations
 - Action steps
 - Expected results of the recommendations
 - Potential obstacles to implementation
 - Impact on the market
- VII. Acknowledgments

Publish Project Report

Combine all of the task forces' reports of barriers and corresponding recommendations into the Project Report to be presented at the second conference. It is the responsibility of the sponsoring organization(s) to complete the Project Report and coordinate its printing and design. Typically, the Project Report includes:

- executive summary,
- MCP background and overview,
- listing of participants in the process and on each task force,
- each task force's report presented in a consistent format,
- ongoing implementation plans and
- Home Selection/Purchase Process (18-point) decision tree.

Distribute the Project Report to all MCP Project participants as well as to everyone who attends the second conference (many of whom will be the same people, of course). Print enough copies of the report to fill requests for additional copies from local government agencies, the media and other interested parties. See Attachment 4 for a sample Project Report.

Task Forces—Checklist

- ✓ Establish task forces
 - Select task force group chairs
 - Recruit additional participants
 - Organize initial task group meetings
 - Provide direction and guidance
 - Prepare list of parties who may be interested in receiving Project Report

- ✓ Conduct task force meetings
 - Develop understanding of the issues related to industry practices
 - Identify barriers to equal access
 - Develop recommendations
 - Identify implementation plans for recommendations
 - Prepare mid-process reports

- ✓ Produce Project Report
 - Obtain each task group's report of its recommendations
 - Prepare executive summary
 - Arrange task groups' reports into consistent style and format
 - Incorporate attachments
 - Print reports before second conference

Task Forces—Samples

Chair recruitment letter	D-7
Chair meeting agenda (San Francisco).....	D-8
Task force meeting outcome sheet	D-9
Chair handouts.....	D-10
Chair meeting summary notes (San Francisco).....	D-19
Participant recruitment letter.....	D-22
Participant recruitment letter.....	D-23
Sample first task force meeting agenda.....	D-24
Task force talking points	D-25
Boston newsletter	Attachment 3
Chicago project report.....	Attachment 4

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

As we discussed on the phone today, the Federal Reserve Bank of St. Louis and the Institute for Policy Leadership is sponsoring a Mortgage Credit Partnership (MCP) project in the St. Louis area to identify and find solutions to barriers to equal access in the home-buying process. Enclosed are the materials that were distributed during our MCP conference on Aug. 1, 1996, that describe the project.

Clifton Berry, director of the Fannie Mae Partnership Office, has agreed to chair the task force that is going to identify solutions to some of the lending and appraisal issues that were identified during the conference. We would like to have a co-chair for the task force, and Clifton thought you would be a good choice. For your information, I am also enclosing a list of the task force members as it stands now.

The first meeting of the task force will be held sometime during the last week of September, and we anticipate the group will then meet about once a month for approximately nine months. In addition, the chairs and co-chairs of the four MCP task forces are meeting at the University of Missouri-St. Louis next Tuesday, September 10, for guidance on facilitating the group meetings. That session will be held in Room 229 of the J.C. Penney Building from 8:30 a.m. to noon.

We hope you will be able to join us in this project and to co-chair the Lending/Appraisal Task Force. Please call me at 444-8317 to let me know if you are able to participate in the project and, if so, whether you will be able to attend the session for chairs and co-chairs next Tuesday. I look forward to hearing from you soon.

Sincerely,

[Name]

[Title]

Enclosure

MORTGAGE CREDIT PARTNERSHIP TASK FORCE LEADERSHIP MEETING
Barriers to the Credit Process: A National Issue That Calls For Local Solutions

Monday, June 24, 1996

2:00 p.m. to 4:30 p.m.
Federal Reserve Bank of San Francisco
101 Market Street
4th Floor Conference Center

AGENDA

- 2:00 - 2:20 **Kelly Walsh**, community affairs officer, Federal Reserve Bank of San Francisco
Welcome and Introductions
National Overview, Mission of the Mortgage Credit Partnership project and San Francisco plans for going forward
- 2:20 - 2:50 **Chuck Castagnolo**, community affairs advisor, Federal Reserve Bank of San Francisco
Roles and Expectations of the Task Forces and their Leadership
- 2:50 - 3:35 **Kelly Walsh**, and
Kathy Kenny, consultant to the Federal Reserve Bank of San Francisco
Process Design - "How do the get from here to there?"
- 3:35 - 4:20 **Kathy Kenny**
Development of First Meeting Agenda
- 4:20 - 4:30 **Chuck Castagnolo**
Leadership Team Coordination
- 4:30 **Adjourn**

Mortgage Credit Partnership Task Force

Date

Times

Location

Name to RSVP

Telephone Number

Desired outcomes of this meeting:

-
-
-
-
-
-
-
-

Invited:

AGENDA

TIME	ITEM	NAME	MATERIALS
------	------	------	-----------

Meeting for the Chairs and Co-Chairs
of the
Mortgage Credit Partnership Task Forces

September 10, 1996
Room 229 J. C. Penney Conference Center
University of Missouri-St. Louis

* * *

1. Welcome and Introductions
2. Review of the Purpose, Charge and Expectations
3. Discussion of the Chair/Co-Chair Responsibilities

Membership

Meetings

Identifying Issues

Sub-group Coordination

Report

4. Helpful Hints on Fostering Cooperation and Meeting Facilitation

Task Force Responsibilities

Structure

- Leadership
- Membership
- Sub-Groups
- Meetings
- Time Lines

Work Product

- Issues/Obstacles
- Brief Analysis (Key Findings)
- Recommendations
- Next Steps (Implementation Planning)

Process

- Charge for Each Task Force
- Refining Goals
- Identifying Topics (Issues/Obstacles)
- Developing Recommendations
- Coordination Across Task Forces

Skills

- Building Cooperative Relationships
- Facilitation Skills
- Writing

Sample Agenda for the First Task Force Meeting

1. Brief discussion of purpose and charge (15 minutes)
2. Identifying the issues and formation of sub-groups (45 minutes)
3. Reviewing expectations for final work product (15 minutes)
4. Developing an overall work schedule (15 minutes)
5. Next Steps: What happens between now and the next meeting?
(15 minutes)

Key Elements in a Cooperative Working Relationship

- Be clear about the purpose/goals from the beginning - focus on interests, not positions

- Promote recognition of interdependence and advantage of long-term approach
 - joint education ("we knowledge")
 - share information

- Foster effective interpersonal relations
 - inclusive participation
 - meet frequently
 - accomplish meaningful tasks jointly
 - promote consistency
 - recognize and address dissenting viewpoints

- Build in some degree of flexibility
 - allow sufficient time for dialogue and decision making
 - allow for ongoing evaluation and re-direction

- Focus on process coordination as well as task achievement

Key Principles of Meeting Facilitation

1. Agenda (on flip chart or hand-out)
 - imposes clarity, order, and agreement on time frame
 - gives overall goal of what "we're here for"
2. Deal with one item at a time
 - use "catch all" flip chart page to note "out of order" items
 - summarize each item before going on to the next
 - refer to the agenda and time to bring people back on course
3. Stay in facilitative role
 - guide the process - rather than contribute ideas of substance
4. Summarize and paraphrase frequently
 - keeps participants focused
 - identifies areas of agreement and disagreement
5. Encourage even participation
 - use subtle ways to keep vocal participants from dominating
 - create opportunities for less vocal members to speak
6. Encourage diversity and differences of opinion
 - "normalize" conflict
 - critical thinking strengthens solutions
7. Use "public recording" of ideas on flip chart
 - tracks information
 - fosters objectivity
 - assures participants that their ideas are heard and preserved
8. Use a variety of meeting/decision making strategies
 - brainstorming, mind mapping
 - draft proposals
 - straw vote
9. Make sure participants know "next steps" before concluding
 - assignments
 - goal for next time
10. Stick to the agreed upon meeting time frame

The Facilitative Leader

Basic Beliefs

People are intelligent and can make decisions and solve problems - the leader's job is to create the environment which brings out that capacity in co-workers.

Each member of the group or organization has a contribution to make.

A person's feelings about an issue are valid -- a leader needs to be willing to deal with strong emotions.

Members of a group will have diverse needs -- a facilitative leader respects and incorporates differences.

Skills

Clarity in communication about
organizational values and mission
organizational policy
staff (organizational) roles
expectations of staff (individualized feedback)
short-term and project goals

Balance task accomplishment with attention to process and relationships

Share power, pride, and put-downs
Power: Let those expected to implement a policy help develop the policy
Pride: Let others take credit for a job well-done
Put-downs: Help others to save face

Use collaborative problem solving and consensus decision making processes when possible or appropriate

Effective Group Procedures

- inclusive participation
- clarity of purpose
- mutual education
- focus on interests instead of positions
- recognize and address dissenting viewpoints
- time and space for developing multiple options
- decisions by consensus

Response to "Problem People"

When a person is disruptive in a meeting . . .

- accept what the person is doing
- legitimize the validity of the behavior
- deal with it or ask to defer the concern
- gradual response -- confront as a last resort

How to Handle Conflict in a Meeting

- listen, acknowledge, record
- ask for other viewpoints
- refer to pre-determined principles of agreement
- ask questions to surface interests motivating positions
- reframe to emphasize concerns of health, safety, or financial security -something generally accepted by all
- defer decision making for additional time and information

How to Build Consensus in a Meeting

- focus on one item at a time
- make sure all perspectives are expressed and recognized
- clarify and summarize discussion frequently
- test for agreement before formal decision making
- identify areas of agreement and isolate areas of dissent
- ask how to modify a decision to address concerns of dissenters
- test for consensus again
- ask about consequences of not reaching agreement

Nominal Group Technique

1. Frame the question -- this takes thought before the group assembles. What do you want the group to tell you?

Pose the question in clear, simple language (so that it can be answered with a simple idea or sentence). Encourage participants to think for a few minutes before speaking.

2. After a few minutes of thinking individually, ask the participants -- in "round robin" style -- to respond to the question with one of their ideas. Give instructions that this step is accomplished by just listing the ideas. Discussion will follow. The facilitator puts the ideas up on flip chart paper (using alternate colors) without numbering the items.

3. After all the ideas are up on the flip chart paper, review the list by discussing each item briefly. The purpose is to clarify and understand the logic behind the idea. Unless there is direct overlap of ideas, keep items separate. After discussion, number each item.

Encourage participants to speak in favor of an idea they believe particularly worthy - or explain why they find an idea troublesome.

4. Ranking the items can be accomplished in a number of ways. The easiest is to use sticky dots. Give each participant five dots and instruct them to write on each dot one number (1, 2, 3, 4, 5). Direct the participants to select from the list the five most significant or useful ideas.

Tell the participants, "Now that you have selected in your own mind the five most important ideas -- of those five items, give the dot with five points to the most significant and the dot with one point to the least significant of your five favorites.

Continue giving points according to preference (four points to next most favorite idea, three, and two respectively).

(Participants can walk up to the items listed on the flip chart paper posted on the walls, and stick the dots directly on the items.)

5. Tally the totals.

Note: Nominal group technique works when you want to determine priority concerns or priority directions. For example, the question (# 1 above) might be framed: "What makes it difficult for insurance companies to insure low-cost or affordable houses?"

The process can be used with large or small groups. It generally is not used to bring the group to a final decision. Action planning is often the next process step after nominal group technique surfaces concerns and priorities.

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET SAN FRANCISCO, CALIFORNIA 94105

July 15, 1996

TO: Sandy Braunstein
Elizabeth Rodriguez-Jackson
Randy Summer
Richard Walker
Stuart Langton

FROM: Chuck Castagnolo

RE: San Francisco Mortgage Credit Partnership Update
for July 16 Conference Call

TASK FORCE LEADERSHIP MEETING

The Bank held a Task Force Leadership meeting on June 24 at which time all but two of the task force leaders were present. During the 2 1/2 hour meeting the following was discussed:

MCP overview and plans for going forward

Kelly gave a brief overview of the MCP project, its origins, the Cleveland Project, the four banks' efforts, what we expect for the next six months, and that results should be ready for the January conference

Roles and expectations of the task forces and their leadership

Meet at least monthly
Develop agendas for each meeting
Coordinate the monthly meetings
Locate meetings space
Prepare and send meeting announcements and agendas
Track RSVPs
Recruit and schedule speakers as needed
Assign or recruit volunteers to take minutes
Ascertain the educational needs for each group

Process Design - How do we get from here to there

With the input from the task force members, developed a time line to follow over the next six months that in a broad way gives the groups a path to follow.

Agenda Development

Provided task force leaders with a sample agenda format
Worked through appraisal agenda with the leaders
Task force leaders took the agenda format along with the appraisal agenda and developed their own agenda for their meetings

Leadership Team Coordination

Set dates for all the leaders to meet - once every two months
Next meeting set for August 19 - Lunch at the Fed
Encouraged task force leaders to call one another for support and input
Developed a list of task force process tools
We are here to help

First task force meetings July 10 and 11

Task forces are divided into four groups: Appraisal, Insurance, Lending and Real Estate.
The groups met over two days

First Day

Appraisal - a.m.	Of 12 members 8 were present
Insurance - p.m.	Of 14 members 7 were present

Second Day

Lending - a.m.	Of 14 members 11 were present
Real Estate - p.m.	Of 13 members 10 were present

Included in first meeting packets:

MCP mission statement
Task force agendas developed by the task force leaders
Time line developed at the leader meeting
Conference identified barriers
Listing of all task force leaders, names, addresses, etc.
List of FRB personnel involved with the MCP

Flow of meetings:

After welcome and introductions, everyone was asked to check their egos at the door Asked for a volunteer to take notes of the meeting
Set future meeting dates
Two task groups set dates for the next six months
Two task groups set dates only for the next meeting
Reviewed the time line for their work

Industry experts from the May 30 conference were invited back and gave their presentations to the appropriate task group

Reviewed the three conference identified barriers and tried to narrow their focus to the one they felt had the greatest need

Two of the groups made study assignments for their next meetings

Overall

Task Force leaders took charge and ownership of their groups

Task groups were sent on their way with a good sense of direction.

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

As we discussed on the phone today, the Federal Reserve Bank of St. Louis and the Institute for Policy Leadership is sponsoring a Mortgage Credit Partnership (MCP) project in the St. Louis area to identify and find solutions to barriers to equal access in the home-buying process. Enclosed are the materials that were distributed during our MCP conference on Aug. 1, 1996, that describe the project.

From that conference, we are forming four task forces to identify solutions to some of the issues that were identified during the conference. One is the Secondary Market Task Force, and you were suggested as a good candidate for that group. The first meeting of the task force will be held sometime during the last week of September, and we anticipate the group will then meet about once a month for approximately nine months.

We hope you will be able to join the MCP project on the Secondary Market Task Force. Please call me at *[phone number]* to let me know if you are able to participate in the project. I look forward to hearing from you soon.

Sincerely,

[Name]

[Title]

Enclosure

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

Thanks for agreeing to participate in the Lending and Appraisal Industry Task Force of the Mortgage Credit Partnership (MCP) project. The Federal Reserve Bank of St. Louis and the Institute for Policy Leadership appreciate your contribution to this effort to eliminate disparate treatment in the home-buying process and to help ensure equal access to all financially qualified homebuyers.

The first meeting of the Lending and Appraisal Industry Task Force will be held at Boatmen's National Bank, 800 Market Street on the mezzanine level, on Sept. 27, 1996. The meeting will begin at 10:30 a.m. and is expected to last about two hours. We hope you will be able to join us for this important first meeting.

During the MCP conference, participants identified some areas where disparate treatment in obtaining a home might occur. A list of the issues related to the lending and appraisal industry is enclosed for your review. Also enclosed is a list of the task force members.

Please call *[name]* at *[phone number]* to let her know if you will be attending the task force meeting. If you have other questions related to this project, please call me at *[phone number]*. We look forward to working with you on this important effort.

Sincerely,

[Name]

[Title]

Enclosure

Sample Agenda
First Task Group Meeting

1. Brief discussion of purpose and charge
2. Identify the issues and formation of sub-groups
3. Review expectations for final work product
4. Develop an overall work schedule
5. Next steps: What happens between now and the next meeting?

Talking Points —Barriers Identified for Task Group Study

The Lending Industry

1. Technology
 - a. Credit scoring
 - b. Access to loans
2. Language barriers
3. Pre-screening
 - a. Role of the mortgage broker
 - b. Lender relationship with broker
4. Affordability
 - a. Rebate pricing to mortgage broker
 - b. Overages
 - c. Saleable loans

The Appraisal Industry

1. Subjectivity and assumptions by appraiser
 - a. Lack of knowledge of a particular neighborhood
 - b. Bias toward one neighborhood over another
 - c. Having an “I wouldn’t live here” attitude
2. Lack of appraiser independence
 - a. Appraiser is paid by whomever orders the appraisal
 - b. Appraiser may work for a lender with “tight” guidelines
 - c. Desire to please
3. Poor selection of comparable properties and/or inaccurate data
 - a. Information in the public record may be inaccurate or incomplete
 - b. Information on recent sales or current listings for use as comparables may be incomplete or inaccurate
4. Appraisal criteria
 - a. Property vs. neighborhood
 - b. Rehab vs. existing property
 - c. Appraisal standards

Talking Points — Barriers Identified for Task Group Study

The Insurance Industry

1. Pricing guidelines
 - a. Setting premium prices
 - b. Pricing by geography
 - c. Level of coverage offered
2. Underwriting standards and guidelines
 - a. Location of property
 - b. Age of housing stock
 - c. Condition of property
 - d. Demographics of area
 - e. Neighborhood characteristics
 - f. High-risk location
 - g. Arbitrary decision making
3. Consumer awareness
 - a. Lender and licensed agent's lack of education of consumer
 - b. Lack of coaching and technical assistance resources for consumer about insurance
4. Lack of accountability and/or regulatory review, including lack of data and/or loss rates

PMI Coverage

1. Cost of PMI up-front
2. Lenders' decisions to require mortgage insurance or not
 - a. Lack of accountability
 - b. Lack of options
 - c. Lack of second review
3. Not much regulation
4. Absence of education/understanding of PMI by consumers

Talking Points — Barriers Identified for Task Group Study

The Real Estate Industry

1. Education of homebuyers
 - a. What they should expect
 - b. What is available
2. Education of licensed agents
 - a. Unconscious discrimination
 - b. Lack of information on current loan products
3. Lack of aggressive service may steer an applicant to a certain area
4. Commission-based compensation

The Secondary Market

1. Secondary market standards as impediments
 - a. Rigid, cookie-cutter criteria too strict
 - b. Flexibility not well defined (underwriters are guessing if loan applies)
 - c. Risk aversion
2. Perception or misperception that the secondary market is the government; therefore, they should buy all (especially high-risk) mortgages
3. Limited combination of subsidies to use in conjunction with secondary market
 - a. Need more innovative subsidies to make deal work
 - b. Sometimes programs have requirements that make it difficult or impossible to combine with others
4. Lack of knowledge of products available

Action-Planning Conference

Present Findings and Recommendations

During the second, action-planning conference, the task forces orally present their findings and priority recommendations to the full group of MCP participants. The MCP project's first phase concludes when the task forces report their findings and priority recommendations to the full group of MCP participants. The second conference is the forum for this step in the process. Conference attendees also receive the Project Report that contains all of the task forces' recommendations.

Determine Appropriate Conference Agenda

When the Federal Reserve Banks held their second conferences, each approached the agenda somewhat differently. For example, Boston had a full-day meeting, with the morning devoted to the reports from the task forces. Malcolm Bush, president of The Woodstock Institute, gave a keynote address during lunch. During the afternoon, the conference featured five breakout sessions to address issues that arose during the MCP process. The five topics were: Credit Scoring and Mortgage Scoring, Cultural Diversity, Fair Lending, Fair Housing and Appraisals, Home Buyer Counseling and Secondary Market Programs.

As each task force gave its report of barriers and recommendations during the second conference in San Francisco, industry trade associations or state regulatory commissions followed with an announcement of how they intended to implement some of the recommendations. In addition, the San Francisco group asked trade associations and other organizations prior to the conference to send letters indicating whether they would implement selected recommendations. These letters were included in the materials distributed during the conference.

For sample conference materials, see pages E-4 to E-30.

Announce Implementation Plans

The second conference concludes with an announcement of implementation plans, and attendees are asked to sign up to participate in implementing the recommendations of their respective task forces. A sample sign-up sheet is available on page E-28.

Survey Participants

Ask participants to complete a survey questionnaire, which should be included in the participants' handouts, to evaluate the MCP process and to comment on the recommendations that were announced during the conference. Request that the forms be filled out before participants leave the conference, and collect the surveys at the door. Example surveys are included on pages E-29 and E-30.

Action-Planning Conference—Checklist

- ✓ Prepare for conference
 - Plan conference with co-sponsors
 - Prepare invitations
 - Mail invitations
 - Prepare conference agenda
 - Confirm speakers
 - Prepare survey questionnaire to be completed by MCP participants

- ✓ Conduct conference
 - Distribute Project Report
 - Announce or develop implementation plans
 - Recruit implementation team members
 - Ask conference attendees to complete MCP participant surveys

Action-Planning Conference—Samples

Conference invitation	E-4
Conference registration sheet	E-5
Conference agenda (St. Louis)	E-6
Conference agenda (Boston)	E-7
Conference agenda (San Francisco)	E-8
Implementation assistance request letter	E-9
Task force recommendations	E-11
Speeches	E-13
Slide presentation (San Francisco)	E-19
Slide presentation (St. Louis)	E-25
Implementation sign-up sheet	E-28
Conference evaluation (Boston)	E-29
Conference evaluation (St. Louis)	E-30

Mortgage Credit Partnership Project

Report of Recommendations and Implementation Kick-Off Conference

Wednesday, April 30, 1997

J. C. Penney Building, Room 222
University of Missouri-St. Louis

You are invited to attend the Mortgage Credit Partnership (MCP) conference on April 30 at the University of Missouri-St. Louis. The conference is the culmination of a compelling program that has been underway in St. Louis over the last eight months. Sponsored by the Federal Reserve Bank of St. Louis and the Institute for Policy Leadership at the University of Missouri-St. Louis, the MCP project was launched in August 1996 to identify barriers to minority homeownership in St. Louis.

To ensure a fair and comprehensive study, MCP sponsors formed four local, multi-disciplinary task forces of industry professionals and stakeholders to research policies and practices in the insurance, real estate, secondary market, and lending and appraisal industries. From September 1996 through March 1997, each industry task force worked diligently, conducting research and meeting monthly to share key findings. Each task force identified homeownership barriers and drafted recommendations to address them.

This conference will allow the task forces to present the identified barriers to equal access in the home-buying process and to announce the recommendations to address them. It is expected that industry trade groups and others will agree to implement the recommendations as an ongoing part of the MCP project.

Attached is an agenda for the half-day session, which will conclude with lunch. Please complete the enclosed registration form and mail it to Diana Judge, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, Missouri, 63166, or fax it to her at 444-8753. If you have questions, please call Diana at 444-8761 or Glenda Wilson at 444-8317.

Registration

Mortgage Credit Partnership Conference April 30, 1997

To attend, please fill out the registration form and either:

- Fax to Diana Judge, Community Affairs,
at (314) 444-8753, or
- Put in an envelope and mail to:
Diana Judge, Community Affairs
Federal Reserve Bank of St. Louis
P.O. Box 442, St. Louis, MO 63166

Please respond by April 23. A confirmation letter with specific directions to the conference and a parking permit will be sent to you.

Name: _____

Title: _____

Organization: _____

Address: _____

City: _____ State: _____ Zip _____

Phone: _____ Fax: _____

There is no fee, but advance registration is requested.

Mortgage Credit Partnership Conference

April 30, 1997

Agenda

- 8 a.m. **Registration and Continental Breakfast**
- 8:15 a.m. **Welcome and MCP in Review**
Randall Sumner, vice president, Federal Reserve Bank of St. Louis
Debra Moore, Institute for Policy Leadership
- 8:45 a.m. **Insurance Task Group Report**
Yvonne Sparks, Neighborhood Housing Services task group co-chair
James Swegle, Safeco Insurance task group chair
- Lending and Appraisal Task Group Report**
Clifton Berry, Fannie Mae Partnership Office task group chair
Larry Smith, Boatmen's National Bank task group co-chair
- 10:15 a.m. **Break**
- 10:30 a.m. **Secondary Market Task Group Report**
Laura Gilbert, Commerce Bank task group chair
Linda Lawless, Boatmen's National Bank task group co-chair
- Real Estate Task Group Report**
Mark Stallman, St. Louis Association of Realtors task group chair
Chris Krehmeyer, Ecumenical Housing Production Corp. task group co-chair
- noon **Lunch**
Keynote Speaker: Sherlynn Reid, director
Community Relations, The Village of Oak Park, Illinois
- 1:30 p.m. **Adjourn**

THE GREATER BOSTON HOME PURCHASE PROCESS INITIATIVE

Conference Agenda

April 16, 1997

9:00 a.m. Cathy Minehan, President
Federal Reserve Bank of Boston
Looking Forward: Opportunity and Accomplishment through the Greater Boston Home Purchase Process Initiative

9:15 a. m. Richard Walker, Assistant Vice President
Federal Reserve Bank of Boston
Initiative Overview

9:30 a.m. Susan Zuber, President
Massachusetts Mortgage Bankers Association
Initiative Priorities and Implementation Plans

10:00 a.m. Richard Walker, Assistant Vice President
Federal Reserve Bank of Boston
Achieving and Measuring Success

10:30 a.m. Break

10:45 a.m. Reports from Task Group Co-Chairs

Task Group I: The Mortgage Origination Process

Steve Sousa, President
Massachusetts Mortgage Association

Task Group II: Property Issues

Insurance: Tom Callahan, Massachusetts Affordable Housing Alliance
Appraisals: Rich Goulet, The Appraisers Group

Task Group III: Secondary Market Issues

Chris Dunn, Sabrina Financial Services
Eve Moss, National Association of Real Estate Brokers

Task Group IV: Real Estate Brokerage Issues

Shareda Hosein, National Association of Real Estate Brokers

11:45 a.m. Luncheon
Keynote Address
Malcolm Bush, President
The Woodstock Institute

1:30 p.m. Breakout Sessions

Fair Lending, Fair Housing, and Appraisals

Rich Goulet, The Appraisers Group
Kathy Tullberg, Massachusetts Community & Banking Council
Bernetta Walraven, City of Boston

Location: Prince Charles West

Home Buyer Counseling

Tom Callahan, Massachusetts Affordable Housing Alliance

Location: Prince Charles North

Secondary Market Programs

Angelo Nuby, Fannie Mae

Location: Ballroom

Credit Scoring & Mortgage Scoring

Denise Lee, Fannie Mae

Location: Wexford

Cultural Diversity

Carole Copeland-Thomas, C. Thomas & Associates

Location: Waterford

MORTGAGE CREDIT PARTNERSHIP PROJECT
Report of Recommendations Wednesday, March 5, 1997

CONFERENCE AGENDA

7:30 am	Registration/Continental Breakfast	
8:00 am	Welcoming Remarks	<i>Robert T. Parry, president</i>
8:30 am	MCP In Review	<i>Joy H. Molloy, community affairs officer</i>
9:00 am	Lending Task Force Report	<i>John Phillips, chair</i>
	<ul style="list-style-type: none">• <i>Bonnie Milstein, director, Office of Fair Housing and Equal Opportunity, HUD</i>• <i>Wayne Repich, president, California Association of Mortgage Brokers</i>	
9:45 am	Real Estate Task Force	<i>Francine McKinney, chair</i>
	<ul style="list-style-type: none">• <i>Daniel Hernandez, executive director, Mission Housing Development Corporation</i>• <i>Marcia Rosen, director, San Francisco Mayor's Office of Housing</i>• <i>Wendy Furth, chair, Equal Opportunity Committee, California Association of Realtors</i>	
10:30 am	Coffee Break	
10:45 am	Appraisal Task Force Report	<i>Terry O'Brien, co-chair</i> <i>Rosemarie Fernandez-Ruel, co-chair</i>
	<ul style="list-style-type: none">• <i>Steven Williams, chairman, Appraisal Qualifications Board</i>• <i>Robert West, director, State of California, Office of Real Estate Appraisers</i>	
11:00 am	Insurance Task Force Report	<i>Bill Drypolcher, co-chair</i> <i>Caroline Peattie, co-chair</i>
	<ul style="list-style-type: none">• <i>Jerry O'Kane, executive V.P. and CEO, Insurance Brokers & Agents of the West</i>• <i>Craig Travis, assistant commissioner, State of California, Department of Insurance</i>	
11:45 am	Luncheon	
	<ul style="list-style-type: none">• Task Force Acknowledgements• Keynote Speaker	<i>Shawn Elliott, Community Affairs, FRBSF</i> <i>Bradley Inman, Real Estate Columnist</i>
1:30 pm	Adjourn	

[Date]

[Name]

[Title]

[Organization]

[Address]

[City, State, Zip Code]

Dear *[Name]*:

I am writing to introduce you to the Mortgage Credit Partnership (MCP) and to request the participation of the Department of Real Estate in bringing MCP's recommendations on real estate industry practices to fruition.

MCP is a very compelling and insightful program that has been underway in San Francisco over the last eight months. Sponsored by the Federal Reserve Bank of San Francisco and six partners, including the San Francisco Board of Realtors, the MCP was launched in May 1996, to identify barriers to minority homeownership in San Francisco. In addition to efforts here in San Francisco, Federal Reserve Banks in Boston, New York, Chicago and St. Louis are conducting similar programs in their localities. We expect the results from all five cities to receive local as well as national attention.

To ensure a fair and comprehensive study, MCP sponsors formed four local, multi-disciplinary task forces to research policies and practices in the appraisal, insurance, real estate and lending industries. From June through December 1996, each industry task force worked diligently, conducting research and meeting on a monthly basis to share key findings. Each task force identified homeownership barriers and drafted recommendations to address those barriers. An abbreviated list of task force recommendations is attached for your reference.

We are now seeking the support of the California Department of Real Estate in the implementation of one of the recommendations of the real estate task force. A synopsis of the recommendation and a suggested implementation plan is attached for your review. Due to the nature of the recommendation, which suggests a thorough review and possible enhancement of fair housing training both at the time of licensing and during the four-year interim between recertification, the Department of Real Estate was the natural choice to carry this recommendation forward. We will also seek the assistance of the California Association of Realtors and the California Association of Real Estate Brokers.

The Federal Reserve Bank is hosting a Report of Recommendations and Implementation Kick-Off conference and luncheon on March 5, 1997. Your commitment to the project and presence at the conference is critically important to its success. We expect the half-day meeting to draw approximately 150 regional professionals from the four industries involved. Copies of the MCP Final Report will be distributed to all registrants. We hope that you and a member of your staff will join us on March 5 as we unveil the findings of our research and announce plans for implementation.

A member of our Community Affairs staff will be in touch with you in the next week to discuss the enclosed recommendation in greater detail and to answer any questions you may have. In the meantime, if you would like to talk to a member of our staff, please call Joy Hoffmann Molloy, community affairs officer, at (415) 974-2228 or Shawn Elliott, community investment specialist, at (415) 974-3437.

Thank you, *[name]*, for your consideration of and participation in this unique and significant project. I look forward to meeting you on March 5, and wish you a very happy and prosperous new year.

Sincerely,

[Name]

[Title]

Enclosure

Mortgage Credit Partnership

Real Estate Task Force

Recommendation for Licensee Training

Problem Statement

Discrimination is against the law and real estate licensees need to be well-informed about Fair Housing laws. We believe the current training and curriculum for initial licensing of real estate professionals minimizes the critical issue of fair housing. Further, the licensing examination includes only a few questions on this subject and *may* not deal with the subtleties of discrimination as it occurs in practice. Well-trained real estate agents can help ensure that their clients receive equal treatment in all aspects of the home-buying process, including lending, appraisal and insurance. Proper training and study will allow licensees to give all members of the public full and fair service.

Recommendations

1. *New Licensees.* Real estate license candidates are required to take a study course prior to taking the state examination. This examination consists of questions dealing with real estate practices, law, finance and other related subjects. It is recommended that:
 - A. Greater emphasis be placed on the area of fair housing and possible discriminatory practices in the real estate license study course; and,
 - B. The fair housing questions on the licensing exam be evaluated for content and relevance to the subtleties of possible discriminatory practices.
2. *Post Licensing Education.* Although the Department of Real Estate requires all license renewal candidates to take a three-hour course in Fair Housing, licensees should be made aware of possible discriminatory practices prior to the four-year renewal date. It is therefore recommended that:
 - A. On a continuing basis (during the four-year term), fair housing information should be disseminated to agents and brokers through various media.

Implementation Strategy

Recommendation #1. The California Department of Real Estate should convene a working group that includes the San Francisco Association of Realtors and the California Association of Real Estate Brokers. This group should be charged with the task of carefully reviewing the existing training curriculum of licensees in the area of fair housing. Based on this review, the study course should be modified to reflect comprehensive and realistic coverage of fair housing issues and the law.

The Department of Real Estate, in consultation with this working group, should work closely with its examination contractor to (a) increase the number of questions related to Fair

Housing on the examination and/or ensure that the fair housing questions that are asked are substantive enough to be meaningful.

Recommendation #2. The Department of Real Estate, in consultation with this working group, should design and implement an ongoing program to inform licensees of possible discriminatory practices. This information could take the following forms:

- brochures,
- videos,
- classes,
- speakers and
- association magazines and newsletters.

Coordinated outreach should be made to larger real estate offices, local boards of realtors, the Department of Real Estate and through the California Association of Realtors in order to reach realtors and licensees throughout the State of California.

Welcoming remarks by Robert Parry at the Mortgage Credit Partnership Project—
Report of Recommendations Conference, March 5, 1997

Good morning. I'm Bob Parry, president of the Federal Reserve Bank of San Francisco. I'm delighted to welcome all of you here to unveil the results of 10 months of intensive work on the Mortgage Credit Partnership project—or MCP as we call it. This conference represents a tremendous accomplishment on the part of a dedicated group of professionals who volunteered their time and expertise to serve on one of four industry task forces over the last 10 months; I'd like to begin my remarks with a resounding "THANK YOU" to all of you who demonstrated such remarkable commitment to the mission of the MCP project. (applause)

Before I get into the details of the San Francisco MCP project, I'd like to take a moment to describe the origins of this local effort. In 1993, the Federal Reserve Bank of Cleveland took a bold step in leading an initiative they called the Residential Housing and Mortgage Credit project. The project was conducted in partnership with the Cleveland Roundtable—a coalition of business, civic, labor, religious and education leaders who were trying to address Cleveland's social and economic challenges. It was designed to accomplish three important things in Cleveland:

1. to identify potential barriers in the process of obtaining mortgage credit;
2. to identify areas along the process where discrimination could occur; and
3. to recommend ways to overcome those barriers and discriminatory tendencies.

The project was a success in Cleveland, resulting in twenty industry recommendations to improve access to homeownership for minority residents in the greater Cleveland area.

Based on the experience in Cleveland, Reserve Banks across the country set about designing their own, local versions of the Residential Housing and Mortgage Credit project. In the spring of 1996, Reserve Banks in Boston, New York, Chicago, St. Louis and San Francisco launched their projects. San Francisco held its MCP kick-off conference in May of 1996 where four industry task forces were formed and a group of dedicated local professionals signed on for the arduous task of conducting an in-depth examination of each step along the mortgage credit process—from the point of first contact with a real estate agent through to the signing of the loan documents. Their goal was to determine whether minority residents faced discriminatory treatment along the way.

From July 1996 through January 1997, members of the Appraisal, Insurance, Lending and Real Estate task forces tackled many tough issues as they searched for potential areas of discrimination in the home-purchase process and looked for barriers to minority homeownership in San Francisco. Today you'll hear the specifics of what each industry task force found, what they recommend as a way to address the issues and who has been targeted to implement the recommendations.

We learned a number of interesting lessons from this project. But those lessons didn't come easily. The task force findings and subsequent recommendations took some digging beneath the surface to uncover. By going beyond the search for documented cases of discrimination, the task forces discussed and analyzed the more subtle and pervasive forms of it that are so often difficult to detect or quantify.

In addition to the subtlety with which discrimination may occur, several other factors made San Francisco a challenging city in which to conduct this project. First and foremost, it's no secret that the toughest hurdle to overcome in this city is the financial one. In order to own an average two-bedroom home in San Francisco, a family must earn \$77,000 just to make the mortgage payment. In an era when we're seeing more and more 95 percent loan-to-value mortgages, families are still struggling to raise enough money for a down payment in a city with high housing prices. The reality is, many residents can't afford to purchase a home here. Couple the affordability factor with a 70 percent rental vs. 30 percent ownership ratio in San Francisco, and the challenges of homeownership in the city are compounded. With these factors in mind, the task forces met over a period of seven months, trying to find the weak links in the mortgage credit process—those links that would have the greatest negative impact on minority mortgage credit applicants.

You'll hear a lot about *disparate impact* and *differential treatment* this morning, but I think it's important to point out how much is already being done to tear down the barriers to minority homeownership in San Francisco and across the country. Government agencies like the Department of Housing and Urban Development and the San Francisco Mayor's Office of Housing work with community-based organizations on this issue every day. President Clinton has declared that the United States will boast a homeownership rate of 67 percent by the year 2000—the highest in this nation's history. Cities all over the country are re-prioritizing their long-term housing plans, and many are putting homeownership at the top of the list. Financial institutions and corporations have stepped up to the plate as well. Ten years ago, a 95 or 97 percent loan-to-value mortgage was unheard of. But flexible underwriting standards and a strong secondary market have made those loans possible today. Many companies have established special departments or subsidiaries dedicated to addressing traditionally underserved communities in their respective industries. This kind of corporate responsibility and leadership is exemplified in programs like Farmers Insurance FACT program—Farmer's Action for Communities of Tomorrow.

This is all good news to be sure, but there's always room for improvement. And that's what the recommendations and implementation strategies we're presenting today are all about. Many of the organizations that have agreed to consider task force recommendations are here today, and they've responded to our requests with a true spirit of cooperation. I think you'll be as impressed as I am by the amount of activity already underway to address many of these issues. Given the sensitive nature of the subject of discrimination, I'd like to acknowledge the representatives of the implementing organizations who are here today. It will be your involvement going forward that will help ensure positive, tangible change in the mortgage credit process in San Francisco and throughout the state. Thank you for being here today.

Next, Joy Hoffmann Molloy will tell you about the Fed's role in the MCP process and the role we'll play throughout the implementation phase. On behalf of the Federal Reserve Bank of San Francisco, I'd like to thank our project sponsors, the task force volunteers, and the organizations that have agreed to carry this project forward. We've been proud to sponsor this initiative in San Francisco, and we look forward to seeing many of today's recommendations ultimately bear fruit—better housing opportunities for all the people of this city.

Thank you for joining us this morning. We have a very full program ahead, so without further ado, let me introduce Joy Hoffmann Molloy, community affairs officer, here at the Fed. Joy

...

Welcoming remarks by Joy Hoffmann Molloy at the Mortgage Credit Partnership Project–
Report of Recommendations Conference, March 5, 1997

Good morning and welcome. My name is Joy Hoffmann Molloy, and I am the community affairs officer for the Federal Reserve Bank of San Francisco.

The mission of the Community Affairs Department here at the Fed is to help financial institutions identify opportunities to improve their performance under the Community Reinvestment Act. To fulfill our mission, our work has focused on the creation of multi-bank consortia for multi-family affordable housing, small business lending, public- and private-sector partnership building and issues around fair lending.

Today, we focus on the Mortgage Credit Partnership program—we are here to unveil the findings of seven months of work on the part of task forces from the lending, real estate, insurance and appraisal industries—which are detailed in the final report—which is public for the first time today.

The Federal Reserve committed to this project approximately two years ago—what we found particularly unique about MCP was its local focus and the potential to produce local change by bringing together professionals from the four industries who are involved in the home-purchase process on a daily basis—they were charged with conducting a self examination of local industry practices and recommending local solutions. We launched this project last May by identifying over 300 local professionals of which nearly 100 signed on as task force volunteers on the four industry areas under review.

We are pleased that so many of you have come today to hear the findings of the task forces—I want to recognize that many of the organizations targeted for implementation are here—thank you. And also, I would like to recognize that Federal Reserve Bank staff from Chicago, Boston and St. Louis are here—in each of those cities, the MCP is simultaneously being conducted and we are pleased that Alicia Williams, Richard Walker, Becky Carter and Glenda Wilson could join us.

I would like to turn to your package of conference materials which includes today’s agenda—we are proposing an aggressive schedule—each task force has 45 minutes and they have committed to help us stay on schedule—you will also find a conference evaluation which we hope you will take time to fill out—you also have question cards in your packets – jot your questions down and fed staff will pick them up.

In the interest of time, the presentations given by task force leadership will review only the top three recommendations of that task force; however, the final report details a total of 20 recommendations and we encourage you to take the time to read through the document.

I would like to point out three things to keep in mind as the task force leaders present their findings:

1. Each task force, comprised of *volunteers* from the mortgage credit industries, worked *independent* of the Federal Reserve on their research, analysis and subsequent recommendations – while the Fed supported their efforts and committed to communicating the results, we were not involved in the development of these recommendations. Our role was to encourage each task force to stay focused and to assist them in meeting a very aggressive schedule.
2. *Each task force developed its own approach to research.* Many task forces used a combination of anecdotal and experiential information, information brought to the table by the local experts, data collected by related organizations and research already produced by other organizations on the topics at hand. This project was not intended to be a statistical analysis or investigation—it simply provided an opportunity to conduct a local self analysis of the home-purchase process in San Francisco.

The recommendations include a plan for implementation, and we expect that further analysis or research may be conducted prior to any action on the part of implementing organizations.

3. *The project scope was local in nature.* The recommendations you will hear today are solely based on the task-force analysis of the home-purchase process in San Francisco. However local in perspective, you will find that many of these recommendations have statewide and even national implications.

I would like to talk a bit about the Fed's role. The Fed acted as convener/facilitator of this project.

When the work of the task forces was through—January—role of messenger—of disclosing to the respective industries the findings of each task force. *Going forward*—we will conduct periodic monitoring and assistance with implementation strategies as this project moves forward—we will also help develop implementation teams and, *if you are interested in working on a particular issue, please let us know today by responding to question four of the green-colored evaluation that is in your conference packet.* We hope that following today's presentations, you will be encouraged to join in the implementation process.

Today simply marks the beginning of the process of implementation—which may ultimately look very different from what is presented by each task force—that is why we feel your participation and input moving forward is so important.

You are about to hear from a group of individuals, on behalf of their task groups, who are truly committed to removing all possible barriers to fair access to homeownership in San Francisco—the Federal Reserve has been proud to sponsor a project that has attracted such an intelligent and passionate group of professionals. We stand behind the work of these task forces and remain committed to projects, such as the MCP, that will help to remove even the most subtle practices, which discourage equal access to credit.

Now, onto a few other items of importance: housekeeping...

- Bathrooms/phones (elevator lobby on the West side).
- Lunch will be served at 12:15 p.m. in the Market Street Dining Room on this floor—staff will direct you.
- Reminder of question cards—in packets—staff will be collecting.

Once again, I would like to thank the hard work of task force leaders, volunteers and sponsors.

I would like to take a moment to recognize Gordon Smith, vice president, for his leadership and guidance on this project.

An last but absolutely not least, I must recognize the lead Community Affairs staff person, Shawn Elliott, who defined “taking the ball and running with it.” Thanks, Shawn.

Power Point presentation given by the Federal Reserve Bank of San Francisco

Power Point presentation given by the St, Louis Mortgage Credit Partnership Project

THE GREATER BOSTON HOME PURCHASE PROCESS INITIATIVE

IMPLEMENTATION SIGN UP

Implementation work groups are being established to execute a number of recommendations. Please check which working group(s) you would like to join. You will be contacted by a representative of the lead implementing organization.

- _____ Best practices guide on uses of credit and mortgage scoring.
- _____ Develop a resource data base: special mortgage programs; secondary market programs; fair lending training; underwriting; self-testing.
- _____ Develop an educational program for real estate and lending professionals on working in minority and low- and moderate-income communities.
- _____ For appraisers, develop courses on fair lending and appraising in urban areas.
- _____ Establish home buyer education funding pool
- _____ Home buyer education modules on property insurance, lead poisoning liability, flat roofs, and appraisals
- _____ Develop model counseling program for unsuccessful home buyers
- _____ Develop non-profit and lending industry cooperative program for post-closing counseling
- _____ Establish counseling programs for unsuccessful home buyers
- _____ Develop consumer video on the home purchase process
- _____ Develop awareness about uses of appraisal report options
- _____ Educate lenders about uses of appraisal and reporting options
- _____ Develop compendium on secondary market programs

Your name _____ Title _____

Name of organization _____

Address _____

City/State/ZIP _____

Phone _____ Fax _____ e-mail _____

GREATER BOSTON HOME PURCHASE PROCESS INITIATIVE

Conference Evaluation

1. Did you attend the initial conference in April 1996? _____ yes _____ no
2. Did you participate in a task group? _____ yes _____ no

Please circle the number that indicates your rating of each of the following initiative elements.

	Cannot Rate	Excellent	Good	Average	Below Average	Poor
• Today's Conference	0	1	2	3	4	5
• Initial Project Conference (April 1996)	0	1	2	3	4	5
• Range of recommendations from task groups	0	1	2	3	4	5
• Quality of recommendations from task groups	0	1	2	3	4	5
• Follow-up and implementation plans	0	1	2	3	4	5

3. In your view, what are the major accomplishments of the Greater Boston Home Purchase Process Initiative?

4. What, if anything, would you like to have seen done differently?

3. Other comments?

your name (optional)

phone number

Questions for Those Not Participating in Task Forces

1. Please circle the numbers below that indicate your rating of the following MCP project elements.

	Cannot Rate	Excellent	Good	Average	Below Average	Poor
Today's conference	0	1	2	3	4	5
Range of recommendations from all task forces	0	1	2	3	4	5
Quality of recommendations from all task forces	0	1	2	3	4	5
Follow-up and implementation plans	0	1	2	3	4	5
Confidence that recommendations will be implemented	0	1	2	3	4	5

2. Would you like information about the implementation of MCP task force recommendations?

Yes No Items of particular interest to you:

3. Would you be willing to help implement one or several MCP project recommendations?

Yes No If yes, which recommendations?

4. In your view, what are the major accomplishments of the MCP project to date?

5. What, if anything, should have been done differently?

Name (optional)

Telephone

Implementation

Implement Recommendations

The project's final phase—implementation of recommendations—is typically an ongoing work-in-progress for most MCP projects. Members of the implementation teams should include those who participated in the task forces; also, add other industry representatives as needed for implementation.

Begin implementation with the recommendations identified as priorities. Priority recommendations from each of the task forces will be implemented simultaneously, but progress will vary depending on complexity.

Industry Changes

The recommendations for change fall into several categories. There are some recommendations that clearly call for an industry to change its practices. Some would tighten quality control on the actions of individual members of particular industries. Others would set new standards for an industry. Many recommendations focus on educating consumers and professionals. The challenge is to develop an implementation plan keeping in mind that, depending on the category in which each recommendation falls, some will require more buy-in and support of trade organizations or industry leaders and, therefore, more time and effort.

Government Changes

Some recommendations may require action at the state level if they are to be implemented. Local recommendations may suggest changes to licensing requirements, which is done by the state, or to state laws, for example. Local actions to implement those recommendations include writing letters and meeting with state officials to encourage them to effect the changes.

Trade Association Changes

Still other recommendations may need to be addressed by national trade associations. The Federal Reserve Banks reviewed the recommendations from all of its MCP projects and determined that some required national attention. The Federal Reserve is in the process of working with some of the organizations to implement the recommended changes nationally.

You may need to use various approaches to monitor and evaluate the implementation progress of the individual task-force proposals. As discussed under the previous chapter, “Second Conference,” the San Francisco Federal Reserve Bank asked trade organizations to write letters and announce during its conference whether they intended to participate in the implementation process. Likewise, implementation strategies or vision statements may be incorporated into the Project Report that is distributed during the second conference.

Monitor Implementation Progress

As part of the Fed-initiated New York project, an Oversight Council and Implementation Committee was developed to monitor the implementation process and, when needed, to provide access to resources that might otherwise be inaccessible to the task force. The Council is chaired by the president of the Federal Reserve Bank of New York and the chairman of the Housing and Community Opportunity Committee of the U.S. House of Representatives. Reporting to the Council is an implementation committee, comprised of the chairperson of each of the implementing task forces. The role of the implementation committee is to implement the task force's action plans. The chair of each implementation group is expected to communicate with each other and coordinate action strategies. Periodically they will prepare a written report for the Council on the implementation progress.

In Boston, the MCP co-sponsors developed a comprehensive approach to implementation. They organized recommendations around three themes—Access, Awareness and Incentives—and selected levels of priority among them. Organizations (most were co-sponsors) agreed to take the lead with the recommendations and established target dates for completion. The co-sponsors will monitor the process and make corrections as necessary. Forty participants of the second conference indicated interest in assisting with various aspects of implementation. In St. Louis, 44 participants expressed interest in helping with the implementation process.

The table on pages F-4 to F-6 highlights some of the MCP recommendations that have been implemented by various organizations. Some of the actions taken were a direct result of the MCP process, while others may have been undertaken at the same time as part of emerging industry changes. In some cases, industry leaders who were participating in MCP task forces were working or began working within their organizations or trade groups to bring about the recommended changes even as the task forces completed their discussions.

Implementation Phase—Checklist

- ✓ Begin pursuing priority recommendations
- ✓ Meet with industry leaders, trade organizations, government representatives and others to recruit support for recommendations
- ✓ Follow-up (i.e. hold update meetings, form oversight committee and/or publicize completion of goals)

Implementation of MCP Recommendations

INDUSTRY	RECOMMENDATION	IMPLEMENTATION	ORGANIZATION	LOCATION OF PROJECT
Insurance	Increase agent presence in and/or outreach to underserved communities.	Urban Insurance Opportunities Program and Managing Mentoring Agency concept—pair brokers and agents in underserved communities with a larger agency that has established company appointments and assist in developing professional infrastructure of the smaller agencies. At least two agent offices have been opened in North St. Louis.	Insurance Brokers and Agents of the West (IBAW) Insurance Companies	San Francisco St. Louis
Real Estate	Provide a continuing education course on fair housing for real estate agents.	Development of a “Fairness in Lending” continuing education class for real estate professionals. A continuing education course for Realtors, Teaching Fair Housing Compliance to Housing Providers, was offered during the St. Louis Fair Housing and Neighborhood Housing Conference in April 1999.	Cleveland MCP participants HUD and Equal Housing Opportunity Council	Cleveland St. Louis
Real Estate	Increase public awareness targeting home sellers, buyers and real estate professionals regarding fair housing and civil rights laws by instituting a comprehensive advertising campaign.	Developed several advertisements to increase the awareness of fair housing laws. The ads are geared toward home sellers who might act to block real estate sales professionals’ responsibility to provide equal access to housing.	Real Estate Task Group; European American Bank’s advertising agency. <i>Newsday</i> agreed to run the ads, free of charge, 3 times a month for 6 months	Long Island
Real Estate	Eliminate friction between Realtors (white real estate agents) and Realtists (minority real estate agents) and develop method for Realtists to have access to the Multiple Listing Service (MLS).	Facilitated discussions between the Realtists and Realtors and provided a means for Realtists to have access to MLS.	Cuyahoga Plan of Ohio, a nonprofit MCP partner and the Federal Reserve Bank of Cleveland	Cleveland
Appraisal	Draft modifications to the Illinois Appraiser Licensing Act to include a specific non-discrimination provision and a fair housing training for licensees.	Changes were approved in February 1998 and became effective July 1, 1998.	Appraisal Issues Task Group with the Illinois Coalition of Appraisal Professionals	Chicago

INDUSTRY	RECOMMENDATION	IMPLEMENTATION	ORGANIZATION	LOCATION OF PROJECT
Appraisal	Develop a training and certification program for “urban appraisers.”	Developed and adopted an educational program for appraisers to acquaint them with Cleveland neighborhoods and to provide opportunities to apply appraisal principles in the evaluation of properties in older urban neighborhoods. Most large banks have agreed to use only appraisers that have taken the course and received an “urban appraiser” designation.	Ohio Board for Continuing Education Credits	Cleveland
Appraisal	Include “fair lending” training as part of New York State’s required continuing education component for appraisers.	On October 7, 1997, the Board resolved to require a 7.5 hour fair lending seminar as part of continuing education for appraisers. A seminar outline was forwarded to the Task Group for its comments.	New York State Appraisal Board	Long Island
Lending	Develop voluntary Fair Lending Best Practices Agreements with mortgage lenders.	Best Practice Agreements initiated and updated by HUD.	HUD	San Francisco
FHA Issues	Address the destabilizing effect of high rates of FHA foreclosures, in particular Chicago-area communities and neighborhoods.	Developed Foreclosure Intervention Program with funding from seven financial institutions and operating and loan funds from HUD. Over 100 families have been able to avoid foreclosure as a result of the program.	Neighborhood Housing Services of Chicago and Consumer Credit Counseling Service of Greater Chicago	Chicago
Credit Scoring	Distribute credit-scoring information to housing counseling agencies and lender constituents.	Reserve Bank staff is using already established publications to educate lenders and community groups on various technical and regulatory aspects of credit scoring.	“Credit Scoring and the Secondary Market: Perceptions, Policies, Practices”, <i>Community Investments</i> , Summer 1998, Federal Reserve Bank of San Francisco Special Credit Scoring Issue, <i>Bridges</i> , Winter 1998, Federal Reserve Bank of St. Louis	San Francisco St. Louis

INDUSTRY	RECOMMENDATION	IMPLEMENTATION	ORGANIZATION	LOCATION OF PROJECT
Cross-Cutting Industries	Develop training modules on conducting business in inner-city communities.	“Good Neighbors” committee has been established to develop training modules to be added to existing certification programs for the real estate, mortgage lending and home appraisal industries.	Boston MCP participants	Boston
Consumer Education	Ensuring quality and comprehensiveness of homebuyer education.	<p>Developed web site that provides information on homebuyer education programs and first-time homebuyer resources available throughout the state.</p> <p>Surveyed homebuyer counseling providers and produced brochure identifying providers; distributed brochures to lenders, real estate agents, nonprofits, etc.</p> <p>Brochures produced include: <i>Knowing Today’s Mortgage Financing Options;</i> <i>Homebuyer’s Guide: Mortgage Financing Options;</i> <i>Homebuyer’s Guide: Understanding your Credit Report;</i> <i>Homebuyer’s Guide: What if...? Help for First-time Homebuyers;</i> and <i>Homebuyer’s Guide: Private Mortgage Insurance.</i></p>	<p>Citizens Housing and Planning Agency</p> <p>Federal Reserve Bank of St. Louis</p> <p>Cleveland MCP participants</p>	<p>Boston</p> <p>St. Louis</p> <p>Cleveland</p>

Conclusion

Once the task forces identify recommendations, the real work begins, of course. Without question, it is crucial that local civic and business organizations step forward to adopt those recommendations and monitor their implementation.

It is clear that there will be net positives in terms of tangible results and increased awareness of the barriers that exist in the home-buying process. Considering the number and scope of the recommendations, however, it is also quite possible that some MCP recommendations will not come to fruition. While participants recognize that the MCP projects' success is difficult to measure in quantifiable terms, many participants believe the project's most significant benefit may be its actual process. Some participants, for example, may have been business partners for years but have never talked about how they do business. By participating in the MCP project, there is a tremendous value in the amount of discussion and learning that takes place.

The MCP's goal is to make mortgage credit and affordable housing available to all creditworthy individuals. Your professional collaboration and support of the MCP initiative will help our communities reach that goal.