U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FACSIMILE TRANSMITTAL SHEET

The Office of Fair Housing and Equal Opportunity

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Number of pages 8 (including cover page)

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REMARKS:

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NOTE

TO: Steve Shender, Marty Rouse
FROM: Turner Russell, Bob Walsh
DATE: October 18, 1995
RE: **Update on accomplishments of HUD's Fair Lending-Best Practices Task Force**

While we do not have the sort of anecdotes from individual mortgage lending firms that were requested, we would like to offer the following for use in the Secretary's remarks:

"As further evidence of HUD's commitment to the fair lending enterprise we began last year I have formed the Fair Lending-Best Practices Task Force. The Task Force consists of a diverse group of FHEO's senior fair lending professionals, several of whom are themselves former mortgage bankers. I put together this group so that they could work with MBA members to implement the HUD/MBA Fair Lending-Best Practices Master Agreement. To accomplish this objective the Task Force formulated a multifaceted approach to reaching out to mortgage lenders to begin a dialogue about the Fair Lending Initiative, negotiate agreements with individual lenders and provide widespread support to lenders as they began to implement their agreements: several thousand letters and other communications have gone out to MBA members in the past year.

The Task Force has developed a number of outreach materials including a professional Fair Lending-"Best Practices" newsletter called "The Agreement", specifically designed to disseminate information to lenders, and other housing industry groups and individuals about the Fair Lending-"Best Practices" Initiative and to promote the Department's Public/Private Partnerships. In addition, the Task Force developed a colorful attractive "Fair Lending-"Best Practices" Brochure, that will be distributed in bulk to signatories, which serves a dual purpose. While the Brochure is used by mortgage lenders to advertise and market its particular company's services, it also identifies that lender as a "Best Practices" Agreement signatory and describes, in lay terms, the major Fair Lending standards that the lender will apply in its business operations. In addition, to make HUD more accessible to the public and to mortgage lenders and associations, they instituted a toll-free phone line where task members can be reached to provide information or assistance.

The Task Force has also developed and begun to implement a systematic and comprehensive plan to utilize other organizations to facilitate the implementation of an Agreement. To date the Task Force has enlisted the full and active support and cooperation of FANNIE MAE, who has agreed to assist any Best Practices signatory with the implementation of their Agreement.

"The response to the Task Force's efforts has been both gratifying and overwhelming: to date, some sixty-two lenders and associations have either signed agreements with HUD or have executed them in principle. More to the point for those here today, most of the Task Force has traveled from Washington and is here staffing our Best Practices Booth on the convention exhibit floor and meeting with lenders in the Coronado Room of the nearby Marriott. I hope that each of you will take the time to stop at either or both of these locations and explore the possibility of entering into your own Best Practices Agreement, or even just to obtain more information and ask any questions that you may have about this important HUD/MBA effort.

Including Mortgage Bankers Association of America, in Sept. '94

"As HUD completed the first year of our three year agreement, although all of the results are not in, we have both an interesting report from the MBA about their efforts and preliminary results from our first lender signatories. One of these lenders, a little outfit called Countrywide Funding, reported in April of this year that they had already met and even surpassed the lending goals contained in their agreement. Based on preliminary 1994 HMDA data, Countrywide had increased the number of purchase money loans to low income borrowers by 117%, and those to minorities by a full 217%.

"Just as significant are the preliminary results which we received earlier this month from Collateral Mortgage. They were able to increase their purchase money mortgages to minorities by 39% last year, and those to low-to-moderate income applicants by 50%. Even more encouraging are their projected 1995 increases, which they expect will be 97.5% and 81.5%, respectively. Countrywide's and Collateral's success in implementing their Fair Lending-Best Practices agreements are excellent illustrations that if lending institutions fine-tune their focus on new and challenging markets, they can achieve results that are good for America's communities, for the American economy, and for those shrewd and visionary mortgage lending institutions themselves." As an example, one of our signatories, Spectrum Mortgage Co., formed a partnership with the faith community and a nonprofit housing counseling agency and other members of the financial industry to undertake a Homeownership Crusade. In addition, Collateral Mortgage and HUD recently participated in a Housing Fair in Birmingham, AL. Collateral reports that HUD's presence with them gave them instant credibility in several of Birmingham's minority neighborhoods.

HUD has 21 Negotiated Agreements (18+3)

"Office of Fair Housing Initiatives & Voluntary Programs"
Fair Lending-"Best Practices" Agreements signed to date

Date Signed	Type	Organization	Location
9/14/94	N/R	1. Mortgage Bankers Association of America	Washington, DC
10/10/94		2. Countrywide Funding Corporation	Pasadena, CA
2/8/95		3. Collateral Mortgage, LTD.	Birmingham, AL
5/25/95		4. J.B. Nutter & Company	Kansas City, MO
6/27/95		5. Waters Mortgage Corporation	Plantation, FL
6/27/95		6. Spectrum Mortgage Corporation	Landover, MD
6/27/95		7. PHH U.S. Mortgage Corporation	Mount Laurel, NJ
6/27/95		8. AccuBanc Mortgage Corporation	Dallas, TX
6/27/95		9. Olympic Home Mortgage Corporation	Rosedale, NY
6/27/95	N/R	10. National Assn. of Professional Mortgage Women	Edmonds, WA
8/25/95	N/R	11. New Mexico Mortgage Bankers Association	Albuquerque, NM
10/23/95		12. Inland Mortgage Corporation	Indianapolis, IN
10/23/95		13. Equity Mortgage, Inc.	San Juan, PR
10/23/95		14. San Diego Funding	San Diego, CA
10/23/95		15. Mortgage Bankers Association of Michigan N/R	Troy, MI
10/23/95		16. Wyoming Lenders Association	Cheyenne, WY
10/23/95		17. Family Home Mortgage	Spokane, WA
10/23/95		18. Equifax Market Services	Atlanta, GA

Fair Lending-"Best Practices" Agreements finalized but not yet acknowledged by Secretary Cisneros

Date Finalized	Type	Organization	Location
12/2/94		1. Community Lending Corporation	College Park; MD
4/5/95		2. Sibley Mortgage Corporation	Rochester, NY
4/5/95	N/R	3. Mortgage Bankers Association of Puerto Rico	San Juan, PR

N/R=National/Regional Association

Fair Lending-"Best Practices" agreements currently in negotiation

Status	Organization	Type	Location
Being formatted by HUD staff	1. North American Mortgage Company		Santa Rosa, CA
Being formatted by HUD staff	2. Wall Street Mortgage Bankers, LTD		New York, NY
Being formatted by HUD staff	3. Amerifirst Mortgage Corporation		Hempstead, NY
Being formatted by HUD staff	4. Constitution Mortgage Bankers, Inc.		Meriden, CT
Being formatted by HUD staff	5. James Madison Mortgage Company		Fairfax, VA
Being formatted by HUD staff	6. Minnesota State Mortgage Bankers	N/R	Minneapolis, MN
Being formatted by HUD staff	7. Arrow Mortgage Corporation		Buzzards Bay, MA
Undergoing revisions by lender	8. Graystone Mortgage		Boston, MA
Undergoing revisions by lender	9. Mortgage Security, Inc.		E. Falmouth, MA
Undergoing revisions by lender	10. First Mortgage Company		Columbus, OH
Being formatted by HUD staff	11. Mortgage Capital Investors		Springfield, VA
Being formatted by HUD staff	12. Family Home Mortgage		Danbury, CT
Being formatted by HUD staff	13. Rittenhouse Mortgage		Philadelphia, PA
Being formatted by HUD staff	14. Gelt Mortgage		Feasterville, PA
Being formatted by HUD staff	15. Partners Mortgage Services		San Antonio, TX
Being formatted by HUD staff	16. Guaranty Bank		Brown Deer, WI
Undergoing revisions by lender	17. Community State Bank		Union Grove, WI
Being formatted by HUD staff	18. Washington Federal Savings Bank		Seattle, WA
Being formatted by HUD staff	19. McCue Mortgage		Boston, MA
Undergoing revisions by lender	20. 800 USA Loan		Dedham, MA
Undergoing revisions by lender	21. People's Heritage Mortgage		Portland, ME
Undergoing revisions by lender	22. CUSO Mortgage		Bangor, ME
Undergoing revisions by lender	23. First Security Savings Bank		Bloomfield Hills, MI
Undergoing revisions by lender	24. John Adams Mortgage Company		Farmington Hills, MI
Undergoing revisions by lender	25. Plus 4 Mortgage Company		Harper Woods, MI
Being formatted by HUD staff	26. Brucha Mortgage Corporation		Boston, MA

N/R=National/Regional Association

Fair Lending-"Best Practices" agreements currently in negotiation (CONTINUED)

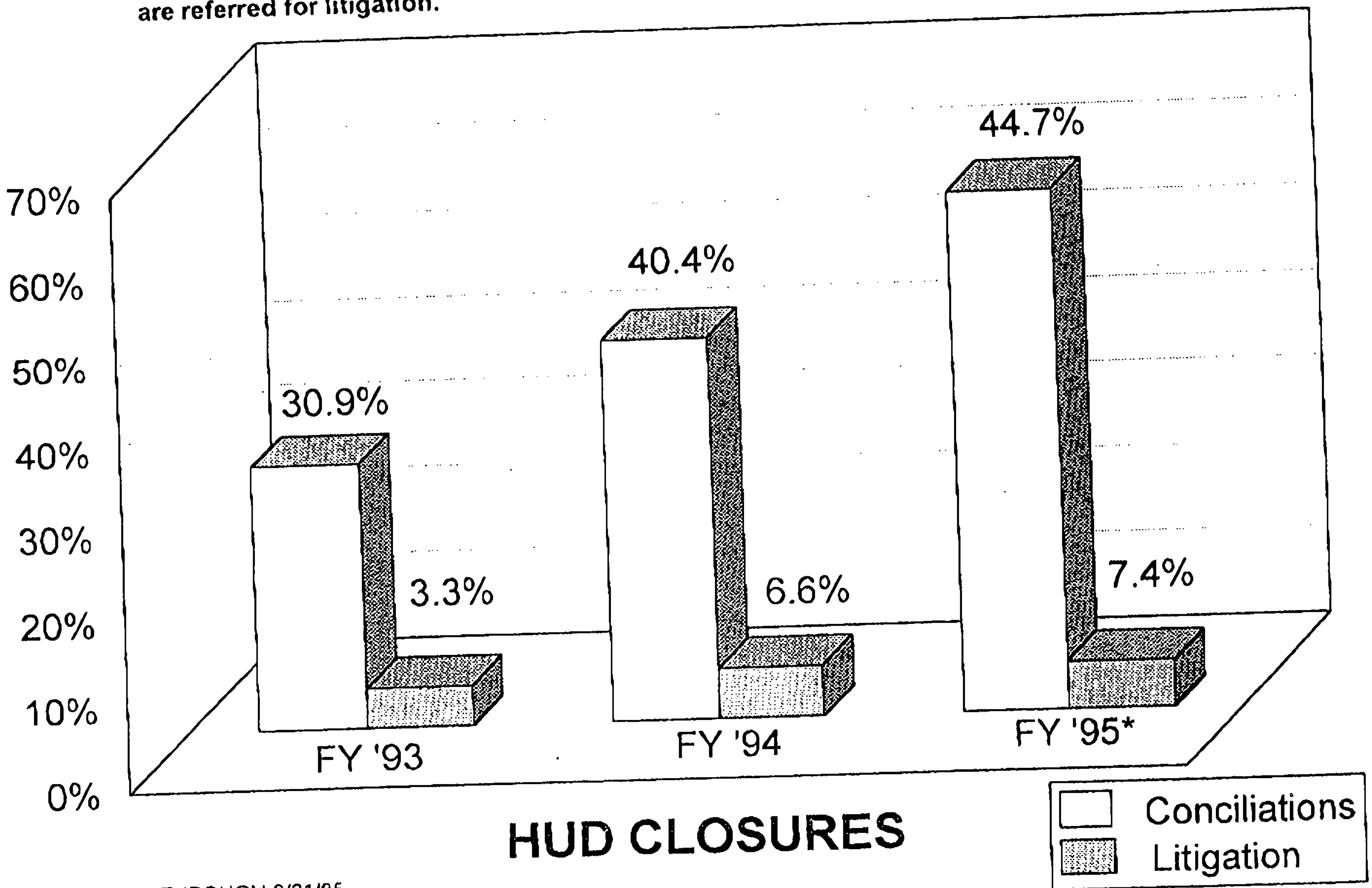
Status	Organization	Type	Location
Undergoing revisions by lender	27. American Mortgage and Investment		Oklahoma City, OK
Being formatted by HUD staff	28. Indiana Mortgage Bankers Assoc.		Indianapolis, IN
Undergoing revisions by lender	29. Republic Bancorp Mortgage, Inc.		Farmington Hills, MI
Being formatted by HUD staff	30. Michigan Residential Mort. Services		East Lansing, MI
Being formatted by HUD staff	31. Gehrke Mortgage		East Point, MI
Undergoing revisions by lender	32. Mortgage Corp. of America		Southfield, MI
Undergoing revisions by lender	33. Amera Mortgage Corporation		Troy, MI
Undergoing revisions by lender	34. Standard Federal Savings Bank		Troy, MI
Undergoing revisions by lender	35. Community Mortgage Company		Southfield, MI
Undergoing revisions by lender	36. Interfirst Mortgage		Ann Arbor, MI
Being formatted by HUD staff	37. First Denver Mortgage Company		Denver, CO
Being formatted by HUD staff	38. Corinthian Mortgage Corporation		Overland Park, KS
Being formatted by HUD staff	39. Leader Mortgage Company		Kansas City, KS
Being formatted by HUD staff	40. First Mortgage Investment Co.		Omaha, NE
Undergoing revisions by lender	41. Fortune Mortgage Company		Westmont, IL

N/R=National/Regional Association

PLEASE NOTE: The HUD Fair Lending-Best Practices Task Force is continuing to progress with additional negotiations – ranging from initial discussions to substantive deliberations – with the mortgage lending industry's national/regional trade associations and with hundreds of individual lending institutions to execute additional Fair Lending-Best Practices Agreements.

ENCOURAGING VOLUNTARY SETTLEMENTS

FHEO's commitment to bringing disputing parties together has resulted in a greater percentage of cases resolved by conciliation. In addition, only a small percentage of cases are referred for litigation.



HUD CLOSURES

* DATA THROUGH 9/21/95.

SECTION 3

General Description/Issue:

Section 3 of the Housing and Urban Development Act of 1968 (Economic Opportunities for Low and Very Low Income Persons) forms the statutory basis for directing jobs and contracts generated by HUD financial assistance to low-income persons and businesses that employ at least 30% of these persons.

BACKGROUND:

HUD's strategy for implementing Section 3 includes publishing implementing regulations, providing Section 3 technical assistance, executing and implementing Memoranda of Understanding (MOUs) and Interagency Agreements with Federal agencies, forging partnerships with private industry and labor organizations, promoting resident organization participation in developing economic opportunities, and strengthening HUD's enforcement activities.

RECENT HUD ACTIVITY:

Part of HUD's national effort to empower federally assisted communities, families, and individuals to achieve economic lift is the Technical Assistance (TA) Initiative. Twenty nine (29) selected sites receive technical assistance from HUD in the form of on-site consultation, training conferences, brokering of services, and dissemination of information. The Fair Housing Information Clearinghouse supports the TA Initiative by surveying the sites to determine their needs, and disseminates a monthly circular describing successes and ideas for overcoming barriers, and collects and maintains data from the sites.