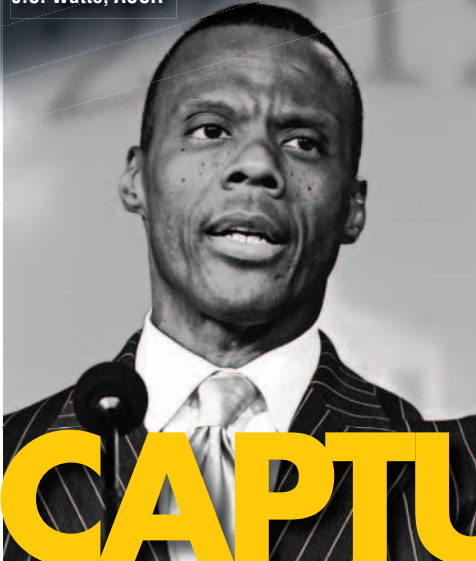


J.C. Watts, ACCR



Shelley Kaye, WinDS



Julius Cartwright, NAREB

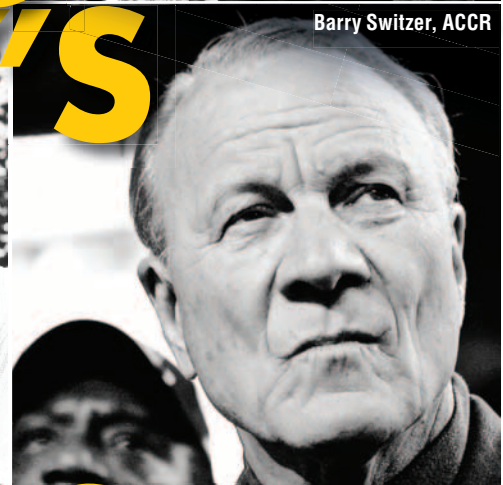


CAPTURING TODAY'S

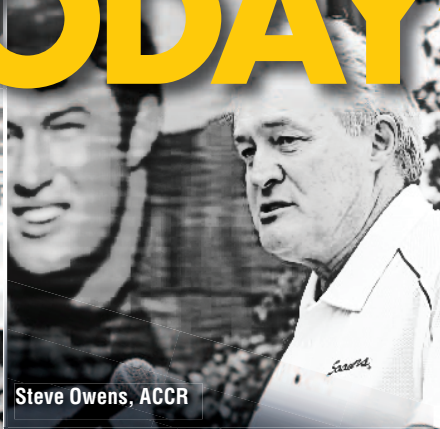
Jim Park, AREAA



Barry Switzer, ACCR

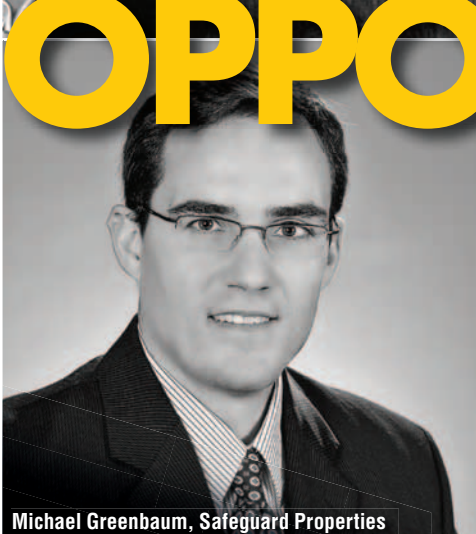


Steve Owens, ACCR



DIVERSE OPPORTUNITIES

Michael Greenbaum, Safeguard Properties



Billy Sims, ACCR



Enterprising women- and minority-led groups are transforming markets across the country in their efforts to advance recovery.

By Sandra Lane

An old proverb says: “It’s an ill wind that blows no one any good.” This could certainly be true of the housing crisis of the past several years. Recognizing opportunities hidden in the fallout, women’s groups and minority organizations operating in the default servicing industry have developed and delivered a plethora of creative solutions. From helping consumers regain homeownership to unearthing untapped business avenues, these intrepid alliances are infusing new energy into the default industry.

Identify and Pursue

The housing crisis had a disproportionate impact on a number of urban areas with large minority populations—an inequity that’s been well documented in numerous socio-economic studies on subprime lending and the watershed of foreclosures that resulted. A quartet of business associates and long-time friends took notice of this imbalance and began to do some digging. They realized that none of the companies buying bulk foreclosure offerings in the aftermath of the crisis were owned by minorities.

They saw this incongruity as an opportunity and began researching the types of groups that were buying bank-owned properties. They were amazed to learn that Canadian, Chinese, and Russian companies were the principal international buyers of U.S. foreclosures, and this

prompted them to launch the American-Canadian-Chinese-Russian Investment Firm, now known as ACCR, LLC.

The principals in ACCR are not known so much for their shrewd real estate acumen as their ability to shine on the football field. ACCR is led by former Detroit Lions running back and 1971 Heisman Trophy winner Billy Sims. His business partners are Steve Owens, another former Detroit Lion and winner of the Heisman Trophy in 1969, Barry Switzer, one of only two head football coaches in history to win a championship at both the college and NFL levels, and J.C. Watts, a former U.S. congressman who played quarterback at the college level for a Big Eight Conference team and went on to play for the Canadian Football League before serving in the U.S. House of Representatives from 1995 to 2003.

They formed ACCR for the purpose of purchasing distressed properties, including

REOs, bank notes, short sales, and non-performing mortgages. The firm then converts these assets into rental properties with the intent of one day selling them back to the previous or original owner. ACCR presently has a “substantial” investor group with which it is joint-venturing and making 4,000 to 5,000 property purchases in bulk.

While the original business model behind ACCR is doing well, Sims and his partners have uncovered yet another opportunity. Based on the success he’s seen other companies experience after taking their real estate sales and mortgage lending businesses digital, Sims decided to adapt the concept of online trade to his own venture. “We are going to start buying foreclosures from individual homeowners online,” he explained. “We will show homeowners how to fill out forms online to start the process.”

After consulting with the homeowner, Sims said the group will then contact the lender and buy the home at a discount. “After that, we will rent the home back to the former homeowner for the next two years,” he explained. During that time, ACCR will work with the bank to “sanitize” the renter’s credit, and “after two years,” Sims said, “the renter can buy the home back from us and become a homeowner again.”

“A lot of our contractors were really excited about being formally certified as a minority- or woman-owned company. Our goal is to get 400 subcontractors certified.”

—Michael Greenbaum, Safeguard Properties

The name of the new venture is SweetHomeAgain.com. “We are not the first to convert foreclosures to rentals,”

Sims said, “but we are the first to work with the bank so [the former homeowners] will be able to finance the home again.” While the strategy will yield a profit for ACCR, Sims stresses that the underlying motivation is to “help people stay in their homes.”

Local Familiarity

Although the industry’s minority organizations make it a central focus of their work to ensure their members are well-prepared to support the real estate activities and market recoveries within their own local neighborhoods, many banks do not realize the availability of minority businesses and award their projects to companies that are not minority-owned or staffed, or even located in the vicinity, according to Julius Cartwright, president of the National Association of Real Estate Brokers (NAREB).

NAREB is a minority trade organization formed in 1947 by African American real estate professionals and the oldest Fair Housing organization in the country. “We know these communities inside out,” Cartwright said. “We have members who are trained and certified to [perform] whatever services are needed in minority neighborhoods, [with] the skills to provide expert property management, preservation, inspections, and repairs.”

Cartwright continued, “Another advantage our members can offer is familiarity with and close proximity to [the banks’] REO properties.” Cartwright pointed out that since a large percentage of foreclosures are found in minority neighborhoods, “it is easier and more efficient to provide service in communities where a tradesman works every single day.” He says it’s a primary goal of NAREB to alert banks of the availability of minority default servicing professionals such as its members for servicing REO properties in minority neighborhoods. “You don’t see a broad diversity of ethnic minorities working in these areas,” he said. “As a trade association, we want to connect our members with banks or hedge funds who acquire REO properties in

these ethnic communities.”

NAREB was one of the first organizations to offer default servicing-specific training and certification to its Realtist members, Cartwright said. In addition to arming its membership with the expertise and skills needed in the REO space, NAREB also offers educational courses on financial literacy, wealth building, and responsible homeownership to consumers in communities of color. The group conducts forums around the country that focus on finding solutions for some of the challenges facing the local communities where its members live and work.

Armed with Education

Through online webinars, mentoring, networking, and an annual trade conference, Women in Default Services (WinDS) has been successful in helping its members become better connected and share their experiences with other like-minded women across the country. “Several of our members have received assets just from our networking and have increased their business,” said Shelley Kaye, president and executive director of the group.

WinDS, was organized in 2009 and has a diverse membership that includes women who work in all categories of default servicing, from REO Realtors, title company executives, and property preservation professionals to lenders and servicers, Freddie Mac associates, asset managers, and executives in mortgage banking.

Kaye says the mission of WinDS is to advance the careers of women working in default servicing while enhancing their sense of personal and professional success. She stresses, however, that the group’s efforts also provide benefits to the default servicing industry as a whole. “We educate and inform our members so they will be able to provide exceptional services to the industry,” she said. She explained that the group’s webinars offer valuable information about subjects such as how to start a certified woman-owned business, federal contracting for women, updates from lobbyist groups, and discussions concerning women’s issues.

In addition to ongoing educational opportu-

nities, the group has an annual conference featuring speakers who offer insight on diverse topics. The WinDS 2013 Conference is

scheduled for March 14-16 in Las Vegas at the Green Valley Ranch Resort, Spa, and Casino. The meeting is preceded by a Credit Smart Workshop presented by Freddie Mac on March 13. Kaye said the conference will “offer information about the default servicing industry as well as give information about living our lives better and increasing our abilities to do our jobs well.”

Kaye says the WinDS group is also dedicated to making local communities better places to live. “We are in this industry, and we want to do something to make a difference,” she said. To achieve this purpose, WinDS has formed a nonprofit foundation to purchase foreclosed properties, rehabilitate them, and resell the homes to low-income families.

“A lot of times, a nonprofit group can purchase foreclosed properties at a discount from city governments or lenders who are unable to sell these properties. Sometimes, they even donate them,” Kaye explained. The foundation’s first acquisition initiative is currently in the works and targets the Chicago market. Eventually the foundation plans to expand to other cities. It’s a project that WinDS is “very excited about,” according to Kaye.

International Outreach

For the past several years, real estate investors—both in this country and abroad—have been enticed by the values and numbers of foreclosed properties available for sale. Now, many bank-owned inventories are diminishing, but demand for these properties remains elevated.

“There is a huge amount of competition for these assets,” explained Jim Park, 2013 national chair of the Asian Real Estate Association of America (AREAA). Park describes the sudden supply-demand imbalance many markets are experiencing as “startling.”

“Three years ago, we thought places like Phoenix and Miami would have excess inventory for the next decade,” Park said. Many AREAA members are working to identify ways to access these foreclosed assets as the default market slows

“We know these communities inside out. We have members who are trained and certified to [perform] whatever services are needed in minority neighborhoods.”

—Julius Cartwright, NAREB

down, according to Park. “There continues to be a lot of interest in [distressed] assets from our members’ clients,” he said.

However, Park explained that AREAA’s support for the market is broader than just investing in distressed properties. “Whether it’s distressed or not, we are for consumers purchasing real estate for personal use or investments because it is the best source of long-term wealth building,” he said. Park points out that residential real estate is currently priced at the most affordable levels seen in decades. Housing is so affordable, in fact, Park says in many markets, it’s become cheaper to buy and own a home than to rent.

Many AREAA members work with foreign investors who are looking for a safe place to put their money, according to Park. “Asian investors feel there is nothing safer than investing in U.S. real estate,” he said. “Real estate may get sick, but it doesn’t die.” The AREAA trade association represents Asian real estate professionals throughout the United States as well as overseas.

At the AREAA Global Summit in Hawaii April 21-23, the agenda focuses on global investment opportunities and ensuring transactions are carried out correctly. Park says savvy real estate professionals must position themselves for future success, and he points to international real estate as one element for building that future.

Park notes that AREAA has participated in several international trade missions overseas during the past few years. “We’ve been to Vietnam, China, Korea, Taiwan, Thailand, and Japan to showcase what is happening in American real estate and build a bridge,” he said. Park notes that AREAA members are making the most of the organization’s international focus and creating new business opportunities for themselves.

Training Viable Partners

To ensure mortgage field service providers are as diverse as the properties they service, Citigroup embarked on an initiative for the purpose of training minority- and women-owned contractors to perform property preservation, maintenance, and rehab work on the bank’s defaulted and foreclosed vacant properties. To further these efforts, Citi formed a partnership agreement with

the Foundation for Small Business Development, an organization established in 1995 and dedicated to the promotion of educational activities for small businesses, and Safeguard Properties, the largest mortgage field services company in the United States.

According to Travis Anderson, director of vendor management for Safeguard, the program kicked off in early 2012, with training sessions beginning in August of that year. He said five cities where Citigroup has a large presence were selected to hold the project’s first training sessions—Chicago, Ft. Lauderdale, Dallas, Las Vegas, and Baltimore.

“The program was funded by the Citi Foundation to help small minority- and woman-owned businesses obtain official certification as qualified service providers for Citigroup-owned properties,” Anderson explained. In addition to providing technical training, he said other aspects of small business management were addressed, including how to raise capital, how to diversify offerings, and other important factors that ensure success for small businesses.

“We sent invitations to people who were already doing work for us and others who had expressed an interest in working with us,” said Michael Greenbaum, VP of operations for Safeguard. “A lot of our contractors were really excited about being formally certified as a minority- or woman-owned company,” he said.

Although the initial training classes were offered in only five locations, Anderson says the opportunity was quickly extended to Safeguard’s entire network across the United States. Invitations were sent to 1,025 small business owners; approximately 250 of those invited sent representatives to the classes, with 193 businesses to date receiving their official certification. “Our goal is to get 400 subcontractors certified, and we will continue to encourage our contractors to take advantage of this in the next few months,” Anderson explained. The two-and-a-half-day classes are conducted by consultants and various business experts.

Judging from participants’ feedback, Greenbaum believes the classes have successfully achieved the purpose for which they

were organized. “We’ve received a lot of feedback from contractors who participated saying how beneficial the training has been and how it has helped them become a better small business,” he said. According to Greenbaum, Safeguard is looking forward to helping even more minority- and woman-owned contractor firms become certified and ultimately improving their business operations and their profitability.

Diversity Growth

Diversity within a firm’s own corporate culture and among its network of service providers and partners is not just good business, it’s a competitive advantage. Diverse organizations and professionals possess a keen understanding of minority markets and a unique perspective on consumer behavior and market movements. They provide insight for emerging markets and can help strengthen relationships with community leaders and influencers.

Diversity in real estate and mortgage banking, in particular, has become even more critical since the onset of the crisis. More companies and more professionals within the industry are making diversity a basic component of their business. Since 2008, Freddie Mac has spent more than \$1 billion contracting with minority- and women-owned companies. In 2010 alone, Freddie expended upwards of \$432 million for work done by diverse suppliers. Fannie Mae awarded an estimated \$172,500 in grant money during the 2011 fiscal year to support various initiatives aimed at improving outreach to diverse suppliers, providing education and professional training to women and minorities in real estate and housing finance, and promoting supplier diversity in the marketplace. Fannie spent another \$1 billion that same year to support foreclosure prevention and counseling programs specifically targeting minority borrowers. **ES**