

HOME FOR DINNER HOME BUYERS PROGRAM

Finding a Way to Increase Homeownership Opportunities for Las Vegas Employees

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The Las Vegas Valley is home to thousands of companies that employ low- to moderate-income wage earners. Visitors are often amazed by the sheer number of dealers, waiters, parking attendants, and others who work hard to maintain the city's reputation as America's greatest play land. While hourly wages tend to be low in the hospitality industry, employees fare pretty well—mainly because tips supplement their low pay. But in the large urban valley that exists beyond the Strip, there are hundreds of other companies where tips aren't part of the trade. For employees of these companies, their paychecks are often their sole source of income.

Employment opportunities at all levels of the income scale have fueled explosive population growth in the Las Vegas area. As a result, the ratio of renters to owners has reached an all-time high. Nevertheless, Las Vegans continue to place a high priority on home ownership, and the development of affordable, single-family housing is a prevalent lending activity for many financial institutions operating in Southern Nevada.

Affordable mortgages are also high on the area's priority list, again fueled by population growth. But banks have struggled with how to effectively reach and serve a potentially profitable segment of the market . . . the thousands of low- and moderate-income wage earners slowly being shut out of the Las Vegas housing market.

CRA OFFICERS TAKE THE LEAD

To address this growing problem, a small group of CRA officers met in April 1997, and discussed ways to better capture Las Vegas' lower wage market. After researching various programs around the country, the team decided to pursue the creation of an employer-assisted housing (EAH) program. The program, which eventually came to be known as the "Home for Dinner Home Buyers Program," would have four important components:

- ▶ a sponsoring employer with a base of at least 1500 employees;
- ▶ a home owner education and credit counseling component;
- ▶ down payment assistance options for qualifying borrowers; and,
- ▶ affordable mortgage products, with rates that could be offered below market.

At the outset of the effort, casinos headquartered in both Reno and Las Vegas were targeted as sponsoring employers, an obvious first choice in Nevada. But the team found little success with the gaming industry. In late 1998, the Nevada Fair Housing Center (NFHC) joined the planning effort, and several non-gaming employers were identified as Home for Dinner prospects.

Meanwhile, the mortgage divisions of participating banks were busy identifying and creating affordable lending products for the Home for Dinner program. By February 1999, the lending products were in place, and the role of each program partner was clarified. With these steps completed, the planning team was ready to share its Home for Dinner program with three target employers, two of which were local governments, and the other, a credit card bank with a large back-office operation in Southern Nevada.

HOUSEHOLD BANK ACCEPTS THE CONCEPT

Seizing an opportunity to fulfill investment test requirements under the Community Reinvestment Act, Household Bank decided to pilot the program and

market it to its Las Vegas employees. But this decision was not without its set of challenges and limitations.

The primary challenge was how to participate in the down payment assistance piece without violating employee benefits law. At its most basic level, the law requires that all non-salary related benefits be made equally available to employees of a corporation. Since Household has offices and staff in other states, and because the program targets those earning 80% or less of area median income, management determined that its participation would have to be "invisible" to employees. Since down payment grants were not an option, an additional partner was needed to complete the puzzle.

In August 1999, a local community bank, BankWest of Nevada, joined the initiative, agreeing to offer second deed of trust loans that could be used for down payment or closing costs. Household agreed to deposit \$50,000 in a BankWest CD account, which effectively eliminated the interest on the second deed of trust loans for a period of five years. With these final pieces in place, the Home for Dinner Home Buyer's Program was ready to go. Household began internal marketing of the program, and the first informational sessions were held in the fall of 1999.

OUTREACH TO POTENTIAL HOME OWNERS

Ninety-five Household employees attended the first session of the Home for Dinner Home Buyers program. Repre-

representatives of the three participating mortgage lenders—Bank of America, U.S. Bank and Wells Fargo - along with team members from Nevada Fair Housing Center and Consumer Credit Counseling Service presented the EAH concept. Presentations included an overview of the program, homeownership education requirements, and steps in the mortgage lending process.

It is not yet known how many of those first 95 will proceed through the program and qualify for a mortgage. The estimated time for completion is anywhere from 1–12 months, depending on the condition of the applicant's credit. And, although the program is targeted to serve people earning from 50-80% of the area median income, the team is committed to offering it to anyone interested in pursuing home ownership.

This commitment is demonstrated by the critical roles played by the Nevada Fair Housing Center and the Consumer Credit Counseling Service. In addition to leading the educational effort, the NFHC received a program grant from the U.S. Department of Housing and Urban Development to serve in a liaison capacity for participants who need one-on-one assistance throughout the entire process. If requested, NFHC staff will guide participants through every step to ensure that nobody "gets lost in the shuffle." For those with weak credit, Consumer Credit Counseling Service is on-hand to provide free credit counseling and credit repair.

THE FUTURE OF THE PROGRAM

After the initial round of sessions are complete, the Home for Dinner team will meet to discuss next steps for the program. Topics for discussion will likely include outreach to additional Las Vegas employers and the creation of non-profit partnerships to expand down payment and closing cost options. In the meantime, hundreds of Household Bank employees will be building a financial edge for their futures and contributing to the stability

of the neighborhoods they choose to call home.

ROLES OF HOME FOR DINNER PARTNERS

BANK OF AMERICA, U.S. BANK, WELLS FARGO

- ▶ Provide first mortgages, using specially designed loan products with favorable terms.
- ▶ Present the program to Household Bank employees at series of informational sessions.
- ▶ Work with potential clients to help them understand various mortgage loan programs and the loan process.

BANKWEST OF NEVADA

- ▶ Provide a loan secured by a second deed of trust to assist the employees of Household Bank with down payment and/or closing costs.

HOUSEHOLD BANK

- ▶ Provide access and marketing to employees.
- ▶ Provide space at their facilities for informational and education sessions associated with the program.
- ▶ Deposit \$50,000 in a CD account to write-down the seconds offered by BankWest of Nevada.

NEVADA FAIR HOUSING CENTER & CONSUMER CREDIT COUNSELING SERVICE

- ▶ Determine eligibility of each employee and, when appropriate, refer them to Consumer Credit Counseling Service for pre-purchase credit preparation.
- ▶ Lead home buyer education sessions, provide credit and post-purchase counseling for employees who participate in the program.
- ▶ Serve in a liaison capacity for participants seeking one-on-one assistance throughout the process. **CI**

For more information on the Home for Dinner Home Buyers Program, please contact Joselyn Cousins at Bank of America Nevada (702) 654-7848, Doreen Davis-Peterson at U.S. Bank Nevada (702) 688-3565, or Steve Linder at Household Bank (702) 243-1390.



ABOUT THE AUTHORS

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Ms. Cousins began her banking career in 1986, and has been a member of the Bank of America team since 1993. She was appointed to her current position in 1994. Her past roles include residential lending, construction lending and retail banking.

Ms. Cousins currently serves on several boards including North Las Vegas Neighborhood Housing Services, Nevada MicroEnterprise Initiative and the Community Development Recommending Board for the City of Las Vegas. She attended California State University, San Bernardino and holds a B.A. in Administration.

DOREEN DAVIS-PETERSON is vice president and manager of U.S. Bank's Community Investment Department in Nevada and Utah, responsible for assuring the organization's compliance with the objective and technical requirements, and implementation of the federal Community Reinvestment Act. In addition, she manages community relations for U.S. Bank in both states, including corporate philanthropy, employee volunteerism, and community partnerships.

Ms. Davis-Peterson began her banking career in 1977. She joined U.S. Bank in 1992, was named CRA manager in 1993, and undertook the community relations function in 1999. Ms. Davis-Peterson has also held roles in lending, credit analysis, branch management and customer service.

Ms. Davis-Peterson currently serves on the Advisory Board of the Ethnic Student Resource Center at the University of Nevada, Reno and is an appointed member of the Nevada State Department of Human Resources Block Grant Commission. She holds an A.A. from Truckee Meadows Community College and is currently attending the University of Nevada, Reno.