

Steven Barbier, Management Consultant III
Neighborhood Reinvestment Corporation
doing business as
NeighborWorks® America
Before the
U.S. House of Representatives Committee on Financial Services
Subcommittee on Housing and Community Opportunity
Removing Barriers to Homeownership for Native Americans

July 31, 2006

Good morning, Chairman Oxley, Ranking Member Frank, and Subcommittee Chairman Ney, Ranking Member Waters and the rest of the Members of the Committee. My name is Steven Barbier, and I am a Management Consultant for Neighborhood Reinvestment Corporation which is currently *doing business as* NeighborWorks® America.

I am here today to testify on behalf of NeighborWorks® America with respect to our work on Native American issues. I will also discuss the strategies Neighborhood Reinvestment Corporation deploys to tackle homeownership barriers in Native American communities, including our role in launching a Tribal Land Title and Recordation Office (LTRO) Study.

Overview of Neighborhood Reinvestment Corporation *doing business as* NeighborWorks® America

NeighborWorks® America evolved from a 1972 effort by the Federal Home Loan Bank Board to increase thrift-industry lending in declining neighborhoods. NeighborWorks® America, a public nonprofit organization, was chartered by Congress in the Housing and Community Development Amendments of 1978 (Public Law 95-557). NeighborWorks® America's involvement with local housing and community development organizations supports residents, businesses and local governments in their efforts to revitalize their communities.

NeighborWorks® America:

- Assists existing NeighborWorks® organizations to expand their geographic and programmatic scope and helps other organizations to become chartered members of the NeighborWorks® network through extensive educational and partnership-building efforts that involve residents, business leaders and government representatives;
- Supports NeighborWorks® organizations with funding for capital projects and operations to enable them to create and build their own community-revitalization initiatives from a solid asset base;

- Provides a high degree of managerial advice and technical assistance to NeighborWorks[®] members to better reach underserved communities;
- Assesses NeighborWorks[®] organizations in terms of their capacity to successfully manage their resources and programmatic risks; and
- Offers training throughout the United States for individuals interested in affordable housing and community revitalization, particularly private and public-sector practitioners and community leaders.

The NeighborWorks System

NeighborWorks[®] America is one of three interrelated components of the NeighborWorks[®] System to fulfill a coordinated mission to promote locally directed community revitalization and expand affordable-housing opportunities in communities across the nation. The other two include:

- **The NeighborWorks[®] network** which is collaborative group of community-based nonprofits that has evolved from a few organizations to more than 240 members active in more than 4,400 communities across the country today. NeighborWorks[®] organizations operate in our nation's largest cities, suburban neighborhoods and rural areas across all 50 states, Puerto Rico and the District of Columbia. Regardless of their target communities, NeighborWorks[®] organizations function as partnerships of local residents, lenders and other business leaders, and representatives from local government. Members of the NeighborWorks[®] network produce creative strategies, collaborate on best practices, and develop flexible financing mechanisms and;
- **Neighborhood Housing Services of America** which works in partnership with NeighborWorks[®] America to meet special secondary market needs of NeighborWorks[®] organizations and their clients.

For nearly 30 years, the NeighborWorks[®] System has proven to be an increasingly effective and efficient vehicle for leveraging significant private-sector resources in support of community revitalization and affordable-housing efforts. The NeighborWorks[®] System relies on public-private partnerships, the leveraging of federal funding, and flexible revolving loan funds to achieve its results. Innovations that are generated in response to locally identified needs are a hallmark of the NeighborWorks[®] System.

I also want to take this time to thank the Committee for its support of NeighborWorks[®] America's appropriation of \$119.7 million for fiscal year 2007.

NeighborWorks[®] America is a champion for homeownership opportunities in underserved communities.

The effort to expand homeownership and economic opportunities is important to all Americans. NeighborWorks America has worked for the past twenty years on expanding homeownership opportunities and provides homeownership opportunities to underserved individuals and families. For example:

- Approximately 67 percent of the households assisted by the NeighborWorks[®] Campaign for Home Ownership have low or very low-incomes, compared to 25 percent of the clients of conventional mortgage lenders;
- Approximately 51 percent of the households assisted by the NeighborWorks[®] Campaign for Home Ownership are ethnic minorities compared to 25 percent of the clients of conventional mortgage lenders;
- Approximately 46 percent of the buyers assisted by the NeighborWorks[®] Campaign for Home Ownership are female, compared to 21 percent of the clients of conventional mortgage lenders.

NeighborWorks America creates homeownership opportunities in a number of highly effective ways:

NeighborWorks[®] Campaign for Home Ownership is a joint effort of government, banks, the insurance industry, secondary markets, the real estate community and others, coordinated by NeighborWorks America in conjunction with more than 158 community-based NeighborWorks organizations. Since 1993, the Campaign has created more than 90,300 new homeowners.

NeighborWorks Homeownership Centers

To date, NeighborWorks America has supported the development of over 90 NeighborWorks HomeOwnership Centers throughout the nation. These centers are one-stop shops for a broad range of homeownership services available to low and moderate-income families. These Centers can assist potential homebuyers with information, unbiased advice, counseling, training, and referrals to partners such as real-estate agents, inspectors, contractors and more.

Financial Literacy and Predatory Lending

To assist homeowners that could face the threat of being assaulted by aggressive and sophisticated predatory-lending tactics and to counter this threat for potential homebuyers, NeighborWorks America stresses the importance of homeownership education and counseling. Through its Financial Fitness program, NeighborWorks America and members of the NeighborWorks network prepare families to build sound finances. The intent of Financial Fitness is to give participants an understanding of basic finances and healthy banking relationships. This benefits both the individual and their communities to help them become successful homebuyers. Over 15,000 individuals, predominantly female, from low or very low-income households have graduated from the financial fitness program.

Center for Foreclosure Solutions

NeighborWorks® America and the NeighborWorks network are dedicated to expanding and preserving homeownership opportunities across the country. Over the past ten years, there has been a dramatic increase in high risk lending, excessive consumer debt and job instability which are trademarks of susceptibility to foreclosures. NeighborWorks® America has established the Center for Foreclosure Solutions to support initiatives to reduce foreclosures and its many negative impacts on borrowers and communities across the country.

The NeighborWorks® Center for Homeownership Education and Counseling

Although the value of homeownership education and counseling to homebuyers is supported by research and is increasingly recognized as a powerful tool to promote neighborhood revitalization, the quality is uneven and the coverage insufficient. There are few national certification standards and limited continuing education requirements. To address these concerns, through the nationally recognized NeighborWorks® Training Institute, the Center for Homeownership Education and Counseling (NCHEC) was launched in 2004. The mission of NCHEC is to work with industry partners to train, certify and support homebuyer educators and housing counselors nationwide to promote quality standards for homeownership education and counseling and to provide expanded training and certification opportunities for existing counselors.

Neighborhood Reinvestment Corporation – Native American Work

NeighborWorks Training Institute Native Community Development Training Program

NeighborWorks® America provides training and capacity building. By December, 2008, 500 Native community development practitioners will have attended the *Wells Fargo Native Community Development Training Program* at the NeighborWorks® Training Institute taking classes developed specifically for Native communities in subject areas of homebuyer education, financial fitness, organizational development, and leveraging resources and affordable housing development.

NeighborWorks® Network Affiliates

A number of rural and urban NeighborWorks® organizations have developed partnerships with tribes to promote homeownership. The Montana Homeownership Network through the Montana Native American Homeownership Task Force provides a variety of financial and technical resources to seven tribes in Montana. In Oklahoma, Little Dixie Community Action provides technical assistance on the USDA Rural Development Self-Help Model for a number of tribes and tribal non-profit organizations. Other Network partnerships exist in Alaska, Hawaii, with efforts just beginning with the Wind River Tribes in Wyoming. Urban programs focused on Native Americans exist in Great Falls, MT, and Phoenix, Arizona.

Navajo Partnership for Housing – A Native NeighborWorks Affiliate

In 1995 Neighborhood Reinvestment Corporation was invited by the Navajo Nation Divisions of Economic Development and Community Development to assist in the

creation of a non-profit organization that could focus on mortgage-based homeownership opportunities for Navajo families. The Navajo Partnership for Housing, Inc.(NPH) is a partnership of financial institutions, local government representatives and residents of the Navajo Nation with a mission to provide innovative and flexible homeownership financing opportunities on or near the Navajo Nation and empower Navajo families with new knowledge, skills and understanding which will enable them to build, buy or renovate a home. A larger goal is to create an environment where Navajo families have the same *access to mortgage credit* that other Americans living off reservation have.

NPH became a chartered member of the National NeighborWorks® Network in 1998 and was certified as a Native Community Development Financial Institution in 2003. With the assistance and support of their many partners including the Navajo Nation and Navajo Housing Authority they have conducted over 10,000 homebuyer orientations, graduated over 2,500 families through their homebuyer education program, launched a Navajo Nation wide financial literacy program, two free tax preparation sites and an Individual Development Account program.

To date 225 families have purchased homes through NPH for a total investment of \$20.6 million dollars.

The bad news is that it should have been many more. Certainly many families come to homebuyer orientations to learn about mortgage-based homeownership and many self-select out for a variety of reasons including credit requirements, entry cost requirements, and typical monthly housing costs compared to other options such as mobile homes or low rent public housing. However, an even larger number of families have had to abandon their dreams of homeownership because of delays in modifying the homesite lease to allow for mortgages, waiting for Title Search Reports (TSR) and/or mortgage packages to be processed.

According to NPH, the average time from the day a Navajo family walks in the door and applies for homeownership assistance to the date of loan closing is still about 24 months. In addition to that time frame, it takes an additional six to eight months to receive the final TSR showing recording of the lien with the Bureau of Indian Affairs (BIA). In comparison, the recording of the closing with the county usually happens the day of loan closing. NPH reports that there has been some improvement at the Title Plant level and that the large part of those delays rest at the Agency level where BIA offices appear to be understaffed, perhaps under-trained, or have not been able to make the processing of mortgage related TSR's a priority. The process continues to require numerous phone calls and even visits to move the paperwork through the system.

From the perspective of the lender, processing a mortgage loan on tribal trust land is expensive. First the lender obtains credit and income documentation, which is only valid for 90 days; the TSR is ordered and only valid for one year; and the appraisal is ordered and valid for six months. By the time all of this documentation is compiled, much of it has expired and the lender has to begin updating everything again. This causes delay and frustration to the lender and the borrower.

It is critically important that we continue to *level the playing field* between on reservation mortgage transactions and off reservation mortgage transactions to: a) provide Native Americans housing choice, b) allow tribal communities to utilize housing development as a component of their economic development strategy; and c) promote livable communities with income diversity.

Tribal Land Title and Recordation Office (LTRO) Study

Mr. Chairman, I would like to commend you and your Subcommittee for focusing on the important issue of expediting TSRs for Indian land. As you know, the ability to obtain clear title to secure financing for homeownership and economic development projects is essential in today's financial marketplace.

NeighborWorks[®] America and many other entities including tribal governments, lenders, federal and state agencies, and other local and national intermediaries have been committed for many years, along with the members of this Committee, to improving homeownership and economic development opportunities in Native communities. We have dedicated time and resources to improving homebuyer readiness, designing innovative mortgage loan products, identifying sources of down payment and closing cost assistance and developing affordable housing stock. Many organizations have also sought to build the capacity of Native entrepreneurs to help them develop viable business plans and secure the capital necessary to start micro-enterprises and small businesses.

The success of these efforts has been stymied by the delays and bureaucracy associated with the BIA residential and business site leasing and TSR processes. While we recognize that the Bureau of Indian Affairs is obligated to fulfill its trust responsibility to Indian tribes and individuals, it cannot do so effectively because the existing BIA Land Title and Recordation Office records management system was not designed to operate in the time necessary to accommodate residential and commercial business financing transactions.

Mr. Chairman, based on our experience working with Native communities, NeighborWorks[®] America and many of our partners have identified the need to expedite the TSR process as a priority issue. Accordingly, we have set aside seed money to initiate a more comprehensive analysis of the options and considerations for tribes that wish to assume their own title functions, rather than rely on the BIA. Last month, we convened a group comprised of Indian land and financing experts at the Pueblo of Santa Ana, just north of Albuquerque, NM, to determine how we can assist in this area. During the two-day meeting, we consulted with representatives from tribal government who have already undertaken some of these steps, and we discussed what information might be helpful to compile and disseminate more broadly to tribal governments.

One of the outcomes of this meeting was to launch a Tribal Land Title and Recordation Office (LTRO) Study. We are pleased that the National Congress of American Indians and First Nations Development Institute have agreed to co-direct the study, and they are in the process of developing their research strategy now. The purpose of the study is to

provide tribes with a range of options to expedite land title processing that would strengthen sovereignty and promote economic development. It will examine the economics of managing LTRO functions and address operational issues such as cost feasibility, necessary administrative and staffing capacity, and technology requirements.

We anticipate that we will have preliminary results over the next six to twelve months, and we would be happy to share our findings along the way in order to contribute to the legislative process where appropriate.

The efforts underway with the Memorandum of Understanding between BIA, HUD, and USDA to streamline the mortgage lending process on Indian trust land are commendable. However, this is only part of the solution. NeighborWorks[®] America and our partners on the LTRO Study Committee urge Congress to enhance tribal governments' authority to manage all or a portion of their own land title functions and provide adequate resources for tribes to be able to assume these functions from the BIA.

Mr. Chairman, this Committee has aggressively pursued actions to improve affordable housing opportunities for all Americans. We hope that you will continue to tackle the issue of improving the TSR process on Indian land which will go a long way to furthering homeownership and other economic development opportunities for Native Americans.

We appreciate the opportunity to testify on this important topic, and I would be happy to answer any questions you may have.

<p>Steven W. Barbier 8604 E. Nassau Ave. Denver, Colorado 80237 Hm 303-771-1026 Wk 303-782-5463 Enassau@ecentral.com</p>

Experience

1991-Present Neighborhood Reinvestment Corporation Denver, CO
Management Consultant

- Organizational Development of the Wyoming Housing Network
- Organizational Development of the Navajo for Partnership
- Neighborhood Reinvestment Liaison for State of Arizona
- Lead Management Consulting for NHS of Phoenix, Primavera Builders of Tucson and the Navajo Partnership for Housing, Inc. Board Development, Staff Development, Internal Systems, Marketing, Program Development, Resource Development.
- Rocky Mountain District Management Systems Specialist

1980-1991 Neighbor to Neighbor, Inc. Ft. Collins, CO
Executive Director

- Transitional Housing Development
- Single Family In-Fill Development
- Owner-Occupied Rehabilitation
- Comprehensive Housing Counseling Program
- Revolving Loan Fund

1977-1979 US Forest Service-White River National Forest Carbondale, CO
Youth Conservation Corp. Director

- Youth Employment Program Management
- Conservation-Related Work Project Development

Education

1975-1977 Washington University George Warren Brown School of Social Work MSW St. Louis, MO

1971-1975 University of Missouri BA Sociology

United States House of Representatives
Committee on Financial Services

“TRUTH IN TESTIMONY” DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name:	2. Organization or organizations you are representing:
3. Business Address and telephone number:	
4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2004 related to the subject on which you have been invited to testify?	5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2004 related to the subject on which you have been invited to testify?
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. If you answered “yes” to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.	
7. Signature:	

Please attach a copy of this form to your written testimony.