



August 30, 2019

To: Jean Marter
Office of Chairwoman, Maxine Waters
House Subcommittee on Oversight and Investigations

For: The Testimony of Mr. John Yen Wong on Wednesday, September 4th, 2019 at 10:00AM Before the Subcommittee on Oversight and Investigations

Thank you, House Committee members. It is my distinct privilege to speak on behalf of the Asian Real Estate Association of America (AREAA) and the Asian American and Pacific Islander (AAPI) communities we represent. For over 16 years, AREAA has represented over 17,000 real estate and mortgage professionals from across the country. AREAA is the largest Asian American professional association in the US and made up of professionals working directly with AAPI families in the real estate and mortgage lending. Daily, AREAA members work with clients who experience the discrimination and homeownership barriers I come to testify for.

AREAA's goal is to become a resource to the House on all Asian American issues, beginning with homeownership. Our mission is to support Asian American to overcome barriers to homeownership and become homeowners Together, our community was responsible for the inclusion of the language preference question on the Uniform Residential Loan Application (URLA) form. And although we regret this has been retracted, AREAA will continue the work of language access moving forward. AREAA was also successful in our NO OTHER campaign, in championing the addition of a distinct category for Asian Americans in the US Census Quarterly Homeownership Report.

AREAA's goals and ambitions are to create a better understanding between the AAPI consumer and the lending and government institutions that serve them. With better data and disaggregated insights on our diverse community, not only together can we improve homeownership rates for the AAPI community – but also open up vast new financial opportunities for lenders in housing and lending markets. Access to language resources needed in the mortgage process and lack of acceptance of alternative forms of credit are two of the biggest hurdles Asian Americans face in becoming homeowners. Although Asian Americans still experience racism, discrimination, and are directly impacted by the re-interpretation of disparate impact – I will save my remarks and answer your questions shortly.

First, the mortgage process is a lengthy and confusing process that even native English speakers still struggle understanding. Providing language resources for minority groups like AAPI applicants allows families to successfully complete their applications, understand what they are signing, and prevent mortgage failures. Over 77% of AAPI speak one of the 26 Asian or Pacific Island languages other than English. HMDA Data shows us that Asian American mortgage applicants face the highest proportional denial rates due to incomplete applications.



Each year, AREAA agents and brokers see families bring their children to closings and ask them to translate their documents. Census reports have shown us that 19% of our community speak English well, but not very well, while 12% claim to not speak English well. Providing language resources to an already complex process with a wide lexicon of terms is the first step to increasing AAPI homeownership.

Second, many Asian Americans, especially foreign-born immigrants, come from cultures that do not take on debt. In fact, when looking at denial rates of mortgage applicants based on insufficient credit histories, Asian Americans are denied at double the rate of other demographics. Many AAPI buyers lack sufficient length and mix of credit required by most mortgage lenders to be approved, despite AAPIs are the highest-earning demographics in our nation. HMDA Data shows us that AAPI mortgage applicants proportionally face the highest denial rates due to unverifiable credit information. AREAA is pleased to see FHFA announce Fannie and Freddie will consider alternatives forms of credit other than FICO. However, this is just the start.

Our calls to action have been consistent for years. First, support the expansion of access to language resources, like the FHFA multi-year language access plan. This will create valuable language resources and tools for minority families to effectively complete their mortgage applications. AREAA urges this FHFA's Language Access Plan be continued. Then, continue the expansion of accepting alternative credit models in the mortgage process. Both these actions will open up vast new opportunities for AAPI applicants to overcome traditional barriers to homeownership and enter into mortgage markets as effective, prosperous consumers to lenders.

In closing, Asian Americans are the fastest-growing demographic in the United States and will outpace Hispanic Americans to become the largest minority group according to Pew Research Center and Census projections. In Texas alone, AAPI populations grew by over 71% between 2000 and 2010. Asian American and Pacific Islanders continue to be the most active minority demographic in the housing markets, both in total applications and total dollar volume originated, yet still fall behind White Americans by 15.4% in homeownership as of Census' Q2 data. Despite being the fastest-growing, highest educated, and highest earning demographic in the nation, AAPI families still face solvable issues that cause them to fall 15.4% behind in homeownership.

Thank you for allowing me to speak with you here today. I hope that my remarks can continue to AREAA's work to bring more accessible pathways of homeownership to the AAPI community.

John Wong

AREAA National Chair, Emeritus