



Diversity Briefing

AMERICAN MORTGAGE DIVERSITY COUNCIL | SPRING 2017 EDITION

A Message from the American Mortgage Diversity Council Co-Chairs

Dear AMDC Members and Supporters

Diversity: a single word that has ignited a conversation – one that continues to grow in relevancy, uniting leaders from across the mortgage banking industry in an effort to understand what it means and why it matters.

The AMDC is continuously evolving and learning. We would be honored to say we have found the answer to a pressing industry-wide issue, but we are students of the subject matter and we are not so narrow in perspective to believe that any single one of us has the best solution at hand. We do believe the diversity within our leadership and organization, as well as the dedicated individuals who have spent the majority of their careers advancing the conversation on this important issue, has created an platform where open thought and innovation is welcomed and embraced.

The American Mortgage Diversity Council continues to grow in membership and participation, and we are humbled to see so many industry leaders join us as we identify best practices and principles to better our industry and its leaders. Dedication and an open platform for discussion are at the core of everything we do, and we stand behind our mission statement: to create an industry that is inclusive of all.

The AMDC has been an advocate of change since September 2015, when it began as an intimate conversation amongst a handful of industry leaders. It has since grown into an organization comprised of hundreds of members, each hailing from different backgrounds but sharing the same goal.

The AMDC has created a digital library that houses articles on supply chain, regulation, workforce, lender impacts, and other topics. We launched a Diversity & Inclusion Directory that features a varied collection of companies. We appointed an Executive Council comprised of senior executives from top servicing organizations and GSEs, and the five working Subcommittees continue to be the backbone of our organization.

We are looking forward to our Spring Member Summit on May 10 at the Fairmont hotel in Dallas. A day-long event in which AMDC members from across the industry will come together; the Summit is poised to be a powerful “think tank” that will drive forth change and influence innovation.

Simply put, diversity and inclusion benefits our workforce and our business, and it fosters more effective solutions to meet the needs of the communities we serve. We invite every company in the mortgage industry to join us on this journey as we advocate, offer guidance, and work to improve the profession – and people – we work so hard to serve.

Michael Ruiz, *Co-Chair, AMDC*

Jay Inouye, *Co-Chair, AMDC*

MortgageDiversityCouncil.com



Michael Ruiz is the Director of Supplier Diversity at Fannie Mae with responsibilities for increasing Fannie Mae's

inclusion and utilization of diverse suppliers and individuals, and ensuring compliance with any and all provisions of the Housing and Economic Recovery Act of 2008 that pertain to contracting with diverse-owned businesses and individuals. Additionally, he is responsible for managing audit and compliance issues as well as policies and procedures for the Fannie Mae Procurement team. Ruiz has been with Fannie Mae since 2010.



Jay Inouye is the Director of Vendor and Diversity management where he manages Freddie Mac's

enterprise-wide supplier diversity program, including developing its policy and framework as well as execution. Prior to Freddie Mac, Inouye spent six years as a program manager for MESA Services International, a Small Business Administration 8(a) firm. In this role, he was responsible for providing SBA technical assistance for small and disadvantaged businesses in Department of Defense contracting.



THE 2017 FIVE STAR DIVERSITY SYMPOSIUM

MAY 11, 2017 | FAIRMONT HOTEL | DALLAS, TEXAS



DWIGHT ROBINSON
SVP Human Resources and
Chief Diversity Officer
Freddie Mac

Don't miss the opportunity to
hear from the 2017 Five Star
Diversity Symposium keynote
speakers



SANDRA THOMPSON
Deputy Director of the Division of
Housing Mission and Goals
Federal Housing Finance Agency

BREAKING DOWN BARRIERS. INFLUENCING AN INDUSTRY.

We invite all leaders in the mortgage industry to the second annual Five Star Institute Diversity Symposium hosted on May 11 in Dallas, Texas. This will be a day-long event featuring keynote addresses, roundtable discussions, and panels covering topics in strategic and responsible lending, inclusive leadership, supply-chain diversity, unconscious bias, and many more.

For more information including registration, full agenda, and speaker line-up, visit DiversitySymposium.com or contact Veronica.Guerrero@TheFiveStar.com

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Diversity and Inclusion: Putting Action Behind Strategy

By **Charmaine Brown**, Director, Office of Diversity and Inclusion, Fannie Mae, AMDC Executive Council Member

If I were to personify Diversity and Inclusion (D&I), I'd say, "you've come a long way, baby." In looking at the evolution of Diversity and Inclusion, it's important to acknowledge the necessary shift in approaches.

As leaders in this area, we've evolved from focusing on developing compliance-based programs to focusing on the business imperative and bottom-line value. Not only are we making significant investments in diversity and inclusion programs, we also know much more about the importance of valuing our differences than we did in the nascent stages of D&I development, where the visible dimensions of diversity were the primary emphasis. The discipline has the benefit of extensive studies and research that measure the ROI (which I define as Return on Inclusion) of D&I. And learning and development efforts have gone a long way to increase awareness of the impact of unconscious bias. This is all good.

While I'm thrilled about this progress, I'm perplexed by where the progress gets stuck: the numbers. The numbers of minorities and women that

are ascending the ranks of corporations, especially in the financial services field, are not impressive. Take, for example, the research conducted by Mercer on behalf of the Chicago Financial Services

Pipeline (FSP) Initiative.

"African-American/Latino populations are under-represented in the financial services industry: 67 percent white, 12 percent African-American, 10 percent Latino, and 10 percent Asian: Differences are even more acute at the highest levels (C-suites): 92 percent white, 3 percent African-American, 2 percent Latino, and 4 percent Asian."

There are legitimate reasons for the lack of

senior-level diversity in organizations. However, most companies have workforce development as part of their diversity and inclusion strategy. The right strategic focus is insufficient without the right action behind it.

Let me give you an example of where action behind a strategy can fall short. Recently, I met with a few diversity professionals, one of whom was lamenting the challenge she had promoting a woman of color. Her challenge (as told by her)

"As leaders in this area, we've evolved from focusing on developing compliance-based programs to focusing on the business imperative and bottom-line value."

is that, as a woman of color herself, it would be assumed that she promoted the individual based on favoritism. This leader is smart, successful, and well-intentioned, yet she felt trapped by the damned-if-you-do-damned-if-you-don't dilemma. Research has shown that her concern about "similarity bias" is valid. According to the NeuroLeadership Institute, the core concept of similarity bias is that our brains unconsciously interpret more richly the information provided to us by someone we deem similar to us, not only in appearance but also in thought, background, etc. Similarity bias can result in forming homogenous teams. However, the same strategy we emphasize in all employment decisions works to mitigate similarity bias as well; that is, promote based on an individual's qualification. And with the dearth of minorities in the upper ranks, qualified individuals need to be supported. In fact, one of the key findings in Mercer's research was that in order to build stronger pipelines of African-American and Latino talent, organizations need to focus on retention rather than recruitment. Long-term career goals and career mobility transparency were identified as key retention drivers for such talent.

In "Defining the Attributes and Processes that Enhance the Effectiveness of Workforce Diversity Initiatives in Knowledge Intensive Firms," Dr. David Thomas and Modupe N. Akinola writes, "organizations are spending billions of dollars on developing training and devote resources to a variety of diversity-related initiatives such as hiring diversity management staff, establishing corporate-sponsored affinity groups, and sponsoring programs aimed at attracting and retaining a diverse workforce."

Thomas and Akinola make an excellent point. Why invest in diversity and inclusion if you aren't willing to do what's required to achieve the ROI – return on inclusion? What's more, similarity bias, plain and simple, is not good for business. Awareness is the first step to address bias, but the work doesn't stop there. A growth mindset approach supports promoting the most qualified person and addressing the perceived bias to increase learning and enhanced understanding; there is nothing to prove, rather there is something to improve. What are the strategies that your team has implemented to mitigate similarity bias?



Charmaine Brown is responsible for developing and implementing diversity and inclusion strategies that meet and exceed Section 1116 of the Housing and Economic

Recovery Act (HERA). Brown's primary area of focus is the development and implementation of diversity and inclusion programs and initiatives for the Single-Family Mortgage Business. These programs are designed to expand the capabilities of minorities and women, leverage Employee Resource Groups (ERGs) to support business goals, and build the capacity of trusted advisors and community-based organizations to expand access to affordable credit in underserved and multicultural communities.

AMDC EXECUTIVE COUNCIL SPOTLIGHT

HOW DO YOU DEFINE DIVERSITY AND INCLUSION?

MICHAEL RUIZ

**AMDC Co-Chair
Director, Supplier Diversity,
Fannie Mae**

“Diversity & Inclusion is a mindset and worldview that explicitly embraces the intrinsic benefits of diversity of thought and experience, rather than simply acknowledging differences. Whether in our workforce or in our supply chains, a diverse group committed to a common purpose will invariably deliver greater value than a homogeneous collection of participants.”



DANA DILLARD

**EVP, Corporate and Social
Responsibility, Nationstar
Mortgage**

“Diversity is about our work relationships and creating an environment where people can be their authentic selves and appreciate the various viewpoints that everyone brings to the table. By valuing the thoughts of a variety of workplace minds, we can be more innovative and collaborative in all that we do.”

JAY INOUE

**AMDC Co-Chair
Director, Vendor and Diversity
Management, Freddie Mac**

“Diversity is recognizing and valuing differences; inclusion is the integration of these differences into my decision processes.”



LOLA OYEWOLE

**Director, Human Resources,
Ocwen Financial Corporation**

“Diversity, to me, is about acknowledging and leveraging similarities and differences while also unleashing the power of people. Inclusion is about creating an environment where all people feel valued and supported. Doing this will allow the focus to be on the work, which leads to more engagement, innovation, execution, and positive business results.”

RAY BARBONE

**EVP, Mortgage Services, Bank
United**

“Diversity and inclusion is ensuring that our teams and leadership are a reflection of the communities and markets we serve and as are the business partners we engage. That the richness we gain from the diverse perspectives shared by our team members and partners enables us to better serve our communities which ultimately leads to the collective growth and prosperity for all.”



DORIS RAIMUNDI

**SVP, Mortgage Servicing Quality
Control, U.S. Bank**

“Diversity is about embracing differences of all types – not just the differences that you can see. Everyone has a unique story and perspective that makes them who they are. Inclusion is about making the conscious decision to not shut out or exclude individuals based on their differences. Inclusion not only expands our horizons but gives us a competitive edge in our marketplace.”

CHARMAINE BROWN

**Director, Office of Diversity and
Inclusion, Fannie Mae**

“Diversity is a fact. Inclusion is a choice”



STEVE THOMAS

**Senior Managing Director,
Mortgage Capital Markets, Federal
Home Loan Bank of Chicago**

“Diversity and Inclusion means a higher level of competition, a higher level of innovation, and better work culture. This combination leads to better thinking, more ideas, and more engaged human capital, which produces better business results. As an analogy, imagine American sports before and after they were integrated. Imagine the value of the NBA without Michael Jordan or boxing without Muhammad Ali. D&I improves culture, competition, and innovation and makes America a global leader.”



How to Overcome Income Challenges to Housing in the Haitian Community

Disparity between income and home prices in key U.S. migration areas presents a “distinct challenge.”

By **Meghan Alard**, Finance Writer and **Maria Gaitan**, Director of Housing Counseling, Consolidated Credit Solutions

According to 2009 Census data, almost half of the Haitian population in the U.S. (45 percent) lives in Florida and almost another quarter (23 percent) live in New York. This concentration poses a hurdle to homeownership for migrant Haitian families. Essentially, the Haitian American population is concentrated in areas that are notoriously tough for first-time homebuyers looking to enter the market.

“As more Haitians immigrate to the U.S., they face distinct challenges when it comes to achieving the American Dream of homeownership,” said Maria Gaitan, Director of Housing Counseling for Consolidated Credit – a HUD-approved nonprofit counseling agency based in Southeast Florida. “With income levels that are lower than national averages, Haitian households struggle to meet the strenuous financial demands associated with homeownership in these highly competitive markets.”

Little Haiti, located just north of the heart of downtown Miami, boasts the largest concentrated

community of Haitian Americans in the country. The community was hit just as hard as the rest of South Florida by the real estate market collapse of 2009. In fact, the average value of homes owned by Haitian Americans fell by 35 percent from 2007 to 2011.

Now, as artists and galleries from the Miami Design District just south of Little Haiti move north to escape increasing rent and homeownership prices, it’s driving home values up in Little Haiti – and unfortunately out of the reach of many of Haitian families. Property values in this area increased by 25 percent in 2015 alone.

Census data indicates the average Haitian male earns a median annual salary of \$33,000, while women earn \$29,000. This puts the median household income at \$46,000 – significantly less than the \$61,000 median income of the total U.S. population. What’s more, Haitian unemployment sits at 14 percent and one in five Haitian families is living below the poverty level.

Now consider that the median home price in

Miami, according to National Mortgage News, is one of the highest in the nation at \$454,900. The only key metropolitan areas with higher median home prices are in California and Massachusetts – the latter of which ranks third for Haitian immigrant population.

“Entering these markets as any first-time homebuyer is often an uphill battle,” Gaitan explained, “but when you add in challenges like language barriers and lack of knowledge of our country’s credit system, it can start to seem like the path is insurmountable.”

Gaitan said this calls for affordable housing organizations to reach out and connect to migrant families in the Haitian community. Given that these markets are so competitive, government agencies such as the FHA and state housing finance authorities have programs designed to help homebuyers overcome challenges like limited income. However, immigrant populations are rarely well-versed in the mortgage underwriting process as a whole, let alone any specialized programs that may be available to them.

“Outreach organizations can play a major role in helping immigrant populations overcome the homeownership challenges they face,” Gaitan concluded. “Providing materials in languages like Creole and French and hosting outreach workshops for homebuyers in their native language can help more members of the Haitian community make the jump to homeownership. Greater knowledge of credit and the mortgage system in the U.S. can empower immigrant populations to truly achieve the American Dream.”

Gaitan argued that the solution requires mortgage lenders to actively reach out to Haitian community leaders and connect with local nonprofit housing counseling agencies. The goal should be to establish a five-year plan that sets benchmarks for community education and housing outreach programs. By educating immigrants and residents, the Haitian community can be empowered to take action and achieve homeownership.



Meghan Alard is a Personal Finance Writer for Consolidated Credit. She’s a graduate of the University of Miami and certified as a financial counselor through

the Financial Counseling Association of America (FCAA). She’s written for Consolidated Credit and other financial brands for more than five years with specialized focus on debt management, credit, and mortgage readiness.



Maria Gaitan is Director of Housing Counseling for Consolidated Credit Solutions, Inc. She has a banking background and extensive experience

in credit and housing counseling.

Maria has served on a number of national and local boards of directors for organizations focused on community development, education, and fine arts. She is a graduate of the University of Nebraska at Omaha.

“We have an opportunity in the mortgage industry to challenge our thinking and be far more inclusive to this population.”

What Role do People with Disabilities Play in a Diverse Workforce?

By **Monika Peltz**, SVP Default Operations, First American

In corporate America, there has been much discussion surrounding the topic of diversity in the last 20 years. It started with recognition of a lack of opportunities for people of color and women, specifically in leadership roles. Fast forward to today, and the conversation has immensely evolved and become more candid. Certainly, progress has been made. Now, the topic has progressed to inclusiveness, which goes beyond recognizing differences and focuses on including those who have distinct backgrounds or abilities.

One diverse segment that has been accentuated as of late is persons with disabilities. The U.S. Census stated that in 2010, about 56.7 million people – or 19 percent of the American population – identified as having some type of disability. In fact, being a person with a disability places you in the world's largest minority group. A 2004 United States survey found that only 35 percent of working age people with disabilities are, in fact, working; that's compared to 78 percent of those without disabilities. One third of the employers surveyed said that people with disabilities cannot effectively perform the required tasks at hand. The second-most common reason given for not hiring people with disabilities was the fear of accommodating

these individuals, which could be costly.

Often, hiring managers are missing out on an untapped pool of talent because they don't know how to work with someone with a disability and are unaware as to the accommodations that exist for this population. Integrated Resources Institute, located in Orange County, California, is a company that provides job coaching for candidates with disabilities, and they've listed some essential benefits employees have seen after hiring these employees:

- » Reduced turnover rate to 5 percent and reported excellent attendance records
- » Receipt of Federal Tax Credits ranging from \$1,200 to \$9,600 utilizing the Work Opportunity Tax Credit (<https://www.doleta.gov/business/incentives/opptax/>)
- » Community recognition and positive public image
- » Achieved affirmative action plan goals as an Equal Opportunity Employer
- » Increased staff morale
- » Increased customer loyalty

There are many accommodations that can be made to include this population in the workplace. For example, obtaining a Job Access with Speech

keyboard for someone who is visually impaired, software that has voice recognition for someone who has typing limitations, or utilizing non-profit organizations such as Integrated Resources (www.irioc.org) who will provide an onsite job coach at all times to assist an employee at no cost to the employer. They also recruit and pre-screen candidates with disabilities.

We have an opportunity in the mortgage industry to challenge our thinking and be far more inclusive to this population.

The American Mortgage Diversity Council would like to invite its members and industry leaders to share examples of how their companies have accommodated an employee with a disability and created an opportunity for success. We would like to feature these stories in future newsletters to show others how to be inclusive of this population segment, while also improving their companies with this diverse talent. Please contact Veronica.Guerrero@TheFiveStarInstitute.com or Monika.Peltz@FirstAm.com to share your story, and we will set up time to hear your experiences.



As SVP, Default Title Operations at First American Mortgage Solutions, **Monika Peltz** is responsible for managing default title products for modifications,

document creation, signing services, and recording of modifications. Monika's industry experience spans over 20 years in retail finance and real estate default services. Her expertise lies in building high-performing teams, innovative processes and controls, customer focus and managing losses, among others.



From Quota to Inclusion

By **Kim Morris**, SVP Tax Services, Accumatch

Wikipedia defines racial quotas in employment as “numerical requirements for hiring, promoting, admitting and/or graduating members of a particular racial group.” This definition has changed dramatically over time, taking on new meaning over the past six decades.

I grew up in small town, in a suburb of Atlanta, Georgia, in the late 1960’s. Affirmative Action was starting to make an impact on African Americans and other affected groups, but there were a lot of loopholes in the law and not a lot of buy-in from the public. My father, a white man, was an executive in a very large organization in the Mortgage Industry in the early 1970’s, when quotas were required in business. My immediate family was very open to all ethnic groups and believed in diversity, but this was not a popular belief in the community at that time, and our community consisted of only white people. I was about 7 years old and I remember my Dad coming home from work, very upset. He was told that he could not hire the best candidate for the job (who happened to be a black man), as he was required to hire a Hispanic man to meet the diversity quota. I was young, but seeing my Dad so upset, I have never forgotten his agony. That scenario has always been in the back of my mind and what lead me to choose this topic to write about. It is also the driving factor in why I chose to become a member of the American Mortgage Diversity Council.

Let’s take a quick trip down the past six decades from where we started to where we are now:

In the mid 1960’s, the Civil Rights Act of 1964 (Title VII) was enacted. This new legislation prohibited employers from discriminating against employees based on sex, race, color, national origin, and religion. This act lead to the creation of the Equal Employment Opportunity Commission (EEOC) who still today enforces civil rights laws against discrimination in the workplace.

In 1972, the Equal Employment Opportunity Act was passed, addressing new requirements for affirmative action. Then in 1978, the Supreme Court ruled in *Regents of California vs. Allan*

Bakke, that racial quotas were essentially unconstitutional. Hence, quotas could no longer be used in college admissions. In 1979, Executive Order 12138 was issued by President Jimmy Carter, which created a National Women’s Business Enterprise Policy and required government agencies to take affirmative action in support of women’s business enterprises.

In 1980, the Supreme Court ruled again, and this time, found that modest quotas were reasonable, in *Fullilove vs. Klutznick*. Then the Immigration Reform and Control Act of 1986, passed to stop illegal immigration from Mexico, which was believed to be jeopardizing the American economy. In 1986, in *Wygant vs. Jackson Board of Education*, the Supreme Court ruled that the school board’s policy of protecting minority teachers by laying off non-minority teachers, regardless of seniority, was unconstitutional.

In 1990, the Americans with Disabilities Act was created, protecting a group of Americans that had not previously been recognized. 1995 saw *Adarand Constructors vs. Peña*, which established strict standard reviews of Federal Affirmative Action programs. In 1998, President Bill Clinton’s administration conducted a five-month review, known as the Affirmative Action Review. Clinton concluded that “We need at least to adopt those strategies that will invest money in keeping these kids out of trouble in the first place to try to keep them out of jail and give them a chance to have a good life.”

The turn of the Century brought only three court cases pertaining to Affirmative Action, in 2003 *Grutter vs. Bollinger*, 2006 *Parents Involved in Community Schools vs. Seattle School District No. 1*, and lastly in 2009, *Ricci vs. DeStefano*.

In 2011, the Obama Administration added gender identity and sexual orientation under the EEOC. This included 21 states and the District of Columbia, prohibiting employers from discriminating on the basis of sexual orientation. Then on August 18, 2011, Executive Order 13583 was enacted by Barack Obama. This order was created for “Establishing a Coordinated Government-wide

Initiative to Promote Diversity and Inclusion in the Federal Workforce.” It stated that within 90 days of the date of the order, the committee must “develop and issue a Government-wide Diversity and Inclusion Strategic Plan (Government-wide Plan), to be updated as appropriate and at a minimum every 4 years, focusing on workforce diversity, workplace inclusion, and agency accountability and leadership. The Government-wide Plan shall highlight comprehensive strategies for agencies to identify and remove barriers to equal employment opportunity that may exist in the Federal Government’s recruitment, hiring, promotion, retention, professional development, and training policies and practices.”

On March 6, 2014, The Society for Human Resource Management (SHRM) defined inclusion as “the achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organization’s success.” Inclusion builds communities and drives success. For the first time in history, inclusion is viewed as a mindset, not a mandate.

I believe that it is safe to say that we have come a long way in the last six decades. Today, Diversity and Inclusion is being adopted by the largest Corporations in America and is becoming a way of life. When I hire people today, I do not think about employees based on sex, race, color, national origin, or religion. I think about how well will this person fit into the culture that we are trying to build? What added value can they bring to the table? It is about empowering people, and learning from others. It is not about a bias; it is about diversification and simply doing what is right for everyone. As executive’s embrace Diversity and Inclusion as a culture, and drive it from the top down, businesses will flourish and lives will be changed.

I think that Erik Olesen said it best in his book 12 Steps to Mastering the Winds of Change: “the mediocre resist change, the successful embrace it.” This is exactly what I believe that living Diversity and Inclusion are. Accepting change and the fact that diverse people grow businesses and make us all smarter and stronger in the end. We can applaud the government for its effort throughout the decades, but we have gotten to where we are today as a community. As a society, it has taken years to move from quotas to a culture of inclusion, but we are most definitely headed in the right direction.



Kim Morris is SVP of Operations, specializing in the creation of strategic alliances with company leaders and providing effective alignment with, and

support of, key business initiatives. Morris has proven success in building and retaining high performing teams by use of strategic hiring, development and team motivation and has continuous excellence in managing people and processes.



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