



## Hispanic home sellers to back tougher loan standards

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By Patrick Rucker

WASHINGTON (Reuters) - A group of real estate professionals who cater to Hispanic home buyers will endorse tougher business practices to protect these borrowers from fraud and the dangers of subprime loans when they meet on Friday for a legislative conference in Washington.

Greater disclosure about the long-term costs of a mortgage and mandatory licensing for mortgage brokers are among the recommendations that the group is expected to support at the conference, according to Tim Sandos, the president of the National Association of Hispanic Real Estate Professionals.

"Our members overwhelmingly support more disclosure to borrowers about their loans," Sandos said.

Hispanics account for roughly 30 percent of the troubled subprime housing market, according to the NAHREP. Many of those home owners are now struggling to keep up payments.

Subprime loans, available to consumers with damaged credit or little borrowing experience, were popular among Hispanics in recent years because they often did not require proof of income or other documentation, said Tim Sandos, president and chief executive of the NAHREP.

But a slowing housing market and increased defaults have hurt the subprime sector with at least 20 lenders in the market going out of business recently.

Last week, bank regulators issued guidance on underwriting standards that lenders should use for subprime loans.

In February, the National Association of Mortgage Brokers called for a national disclosure standard for new mortgages.

### WHEN 'TSUNAMI MORTGAGES' HIT

While subprime loans helped fuel a five-year climb in home values that ended in 2005, lawmakers, regulators and even real estate professionals are questioning whether some subprime loans were too readily available.

Many of the Hispanics now feeling the sting of their subprime mortgages did not have any other choice for home financing in hot markets like California, said Yamila Ayad, a mortgage broker based near San Diego.

As home prices increase at double-digit rates, Ayad said, "the only loans we were able to do were subprime."

Now many Hispanics are stuck in homes that have lost value during the housing