

{as prepared for delivery}

**Remarks by  
Gilbert Gonzalez  
Acting Under Secretary for Rural Development  
Federal Reserve Bank of Dallas  
“The Business of Immigrant Markets: Providing Access to Financial Services”  
Thursday, September 30, 2004**

- **Good morning and thank you.**
- **We appreciate the strong support the Federal Reserve has provided in expanding such markets.**
- **USDA Rural Development -- an \$86 billion dollar portfolio of loans. 40 programs focused on 3 primary areas: housing, utilities, and business.**
- **Roughly \$50 billion: Averaging \$12 - \$13 Billion – per year – up from \$9 Billion in the years of 1998-2000 – this is an 30-40% increase:**
  - **Rural Development is essentially the only Federal entity that can build a town from the ground up.**
- **We have two goals.**
  - **Increase Economic Opportunity**
  - **Improve Quality of Life for all rural Americans.**
- **The Bush Administration has invested over \$14.7 billion to assist roughly 170,000 families realize their dream of homeownership. And over the life of our mortgage financing programs; we have assisted over two million rural families.**
- **Housing programs --bedrock of this Administration’s commitment to rural America.**
- **President Bush recently set a new public-private goal of increasing the supply of affordable housing by [seven million over the next 10 years.](#)**
  - **[America's Ownership Society: Expanding Opportunities](#)**

**"...if you own something, you have a vital stake in the future of our country. The more ownership there is in America, the more vitality there is in America, and the more people have a vital stake in the future of this country."**

-President George W. Bush, June 17, 2004

- **Owning a home is the oldest and best form of building equity. We must encourage more families to invest in their future. As you know, this investment will help families build wealth, lead to job growth and create a generation of new economic activity in rural communities and regions.**
- **I am proud of the fact that rural homeownership rate outpaces national rate. Increased from 75.6 % in 2003 to 76.1% in 2004 (1<sup>st</sup> quarter comparison) compared to the national rate which stands at [69.2%](#)**
- **However, while rural America has the highest percentage of homeownership, we must do more. Particularly to assist immigrant families in living the American Dream.**
- **We must also be aggressive in meeting President Bush's 2002 goal of increasing by 5.5 million, the number of minority families owning their own home by 2010.**
  - **The Bush Administration is making significant progress in meeting his 2010 goal. To date, after only two years, 1.6 million families have joined the ranks of becoming homeowners. (30% of 8 year goal)**

**USDA Five-Star Commitment**

- **Implementing Five-Star Commitment to remove barriers and increasing homeownership opportunities.**

**1. Lowering fees to reduce barriers to minority homeownership:**

- **Reduced the guarantee fee charged by Rural Development from 2% to 1.5% for purchase transactions and from 2% to .5% for refinance transactions. The impact of the fee reduction was enormous. Purchase loan volume increased 11.3% while refinance loans increased 200.4%. In fact, the program guaranteed a total of \$3.18 Billion in loans in fiscal year 2004, a record for the program.**

**2. Doubling the number of Self-Help participants by 2010:**

- **Over 54 percent of the families are minorities. In the last two years, grants to our Self-Help partners increased by more than 63 percent – to nearly \$33.6 million per year. We expect this to result in a great increase in minority families building their homes as the grantees do their work over the next two years. In the first 11 months of FY 2004, we helped 1,117 families build their own home. We expect this will be about the same for the year as FY 2004.**

**3. Increasing participation by minority lenders through outreach:**

- **Rural Development offices across the country have developed a marketing outreach plan to increase participation in the guaranteed loan program by lenders serving rural minorities. We are looking at ways to expand that initiative as we speak.**

**4. Promoting credit counseling and homeownership education:**

- **MOU with FDIC --“Money Smart” training course teaches housing applicants how to enhance their skills in handling money, create positive banking relationships, and ultimately achieve homeownership.**
- **Provided support to rural groups providing comprehensive homebuyer training, including groups on Indian reservations and in the Colonias, areas that desperately need an extra hand.**

**5. Monitoring lending activities to ensure a 10% increase in minority homeownership:**

- **Developed an internal tracking system to measure the success of each of the 53 states and territories we serve. Since implementing this program at the beginning of FY 2003, 76.5 percent of the states served minorities at a rate exceeding the minority portion of their rural population – an increase from 70.6 percent in FY 2002. Overall, the number of loans to minorities has increased by more than 1,000 per year – an increase of more than 12 percent.**
- **In addition to Five Star Commitment:**
  - **Minority marketing effort.**
  - **Using Minority Marketing firms.**
- **These are aggressive goals, and we are working vigorously to meet the challenge presented by President Bush.**
- **But we don’t do this alone.**

**Government Partnerships**

- **CDFI – (Art Garcia, Former Housing Administrator for Rural Development)**
- **Fannie Mae, HUD, VA, NCUA, FDIC (Money Smart Program), and others.**
- **Rural Home Loan Partnership**

- **MOU with HUD to improve housing and economic conditions in the Southwest border region. Results:**
  - **Nearly 600 families gained homeownership opportunities.**
  - **Over last three years \$55 million has been provided to support the development and upgrading of community water and wastewater infrastructure and system connections to individual homes.**
  - **Over \$35 million has been invested to assist with business development and the creation or saving of nearly 1,000 jobs.**
- **Utilization of a joint reporting system by FHA, VA and Rural Development on minority lending activity.**
- **MOU with Minority Business Development Agency – To increase minority entrepreneurship.**

**Other USDA Rural Development Efforts:**

- **Conducting an internal review of Barriers.**
- **Reviewing consistency in program administration.**

**We have identified challenges that include:**

- **Language Barriers**
- **Non-traditional banking practices: lack of familiarity or trust in traditional lending**
- **Multitude of Immigration restrictions, affects ability to have consistent policies.**

**Success To Date:**

- **Texas - \$100,000 Technical and Supervisory Assistance grant for homeownership efforts in FUTURO, and as an Empowerment Zone, through tax credits (80-100 businesses have utilized credits) and expected utilization of the CDFI program, more families and businesses can be assisted.**
- **Spanish speaking staff at the centralized service center in St. Louis, MO. to help families remain successful homeowners,**
- **Kentucky -- bilingual Rural Development staff works with [Mexican immigrants](#) to understand terms of the loans.**

- **Missouri -- Nora Gardner “At Home Mortgage”, Neosho, Missouri – utilizing 502 G program reaching out into the community, going where workers of the local poultry plant go, knows the culture, and how to approach them. Top Rural Development lender in Missouri for the last three year.**
- **Tennessee -- Held a conference, “New Neighbors, Opening the Doors to the Hispanic Community” with community leaders. Example: Jose Gonzalez, [Conexion](#) Americas -- partnering with USDA, Fannie Mae, and local Housing Commission, together to find ways to reach deeper into the Hispanic Community.**
- **Wisconsin -- Wisconsin Housing and Economic Development Authority (WEDA): WEDA will provide families with a first mortgage loan and Rural Development will provide a second mortgage loan. The Rural Development loan is typically a significant amount of the purchase price of your home. A special emphasis is on helping more Hispanic families attain homeownership.**
- **Pennsylvania -- we have worked with migrant workers to finance single-family housing near their place of employment at a mushroom farm.**

#### **Other Presidential Initiatives**

- **Jobs – Economic Growth**
  - **\$115 Million in Value-Added Investments**
- **Universal Access to High-Speed Internet**
  - **\$3.3 Billion Invested – Access to over 1.3 million rural homes and businesses.**
- **Community**
  - **Faith-Based and Community Initiatives**
  - **Community Facilities, Self-Help Housing, Farm Labor Housing, Distance Learning/Telemedicine Grants, Business Grants, First Responder (CF)**
- **Environment & Energy**
  - **Renewable Energy -- \$190 million through Farm Bill Sec. 9006, value-added grants, and electric infrastructure loans**

#### **Closing**

- **Let me close by saying that USDA is working on many fronts to increase the opportunity for rural families to build equity in their future through homeownership.**
- **60 million people -- 25% US population is counting on each of us.**
- **The President believes that Americans create wealth – through hard work and innovation—role of government is to create the environment for families and businesses to prosper and achieve the American Dream.**

- **I have a vision of a prosperous and secure Rural America – a rural America that creates jobs and wealth – where businesses can compete both domestically and globally.**
- **As we continue to develop partnerships and streamline our program delivery mechanism, we hope that you will see that USDA Rural Development housing and business programs offer products that helps meet customers’ needs, is cost effective, and efficient.**
- **Thank you for the opportunity to join this panel discussion and I will be happy to answer any questions you may have.**

#