American Residential Mortgage Corp. said it has launched a new bid to attract low-income and minority borrowers by opening a new lending office in the City Heights section of San Diego.

The office, which has been open since early June, but is to be formally launched with a ribbon-cutting ceremony Friday, is one of several that American Residential plans to open in urban areas across the country.

Lenders have been under increasing pressure since government studies two years ago showed that blacks and other minorities are rejected for home loans far more often than whites. But American Residential sees an opportunity to make new loans, a company official said.

"We're doing it as a corporation, because we see it as a good and viable business opportunity," said Edward Owens, vice president in charge of the company's newly created fair lending department. "We believe we can make money lending to people with low and moderate incomes."

Owens said the new office is not a "set-aside" and offers standard mortgage products in addition to a special loan designed to ease down payments and closing costs for low-and moderate-income borrowers.

Under the loan program, applicants who earn the county median income -- currently at $46,400 a year -- or less can make a 3 percent down payment on a home with 2 percent put up by American Residential, which will also kick in a portion of the closing costs.

The loans have a 30-year term and the rate is fixed at 50 basis points (a half of 1 percent) above the market rate, meaning a loan funded yesterday would carry a rate of 7 3/8 percent, Owens said.

American Residential has been offering the loan for about two months, and has about 50 loans in the pipeline nationally totaling about $5 million. "We're very excited about the additional number of people this will help to own their own homes," Owens said.

The company also is using the office as a link to community groups, including the San Diego Urban League and the Chicano Federation, and features a "community desk" to provide local residents with information on credit counseling and other services.

"We're getting some business," said Wendell French, who manages the new branch.
"We're getting an excellent response from the community."

So far, the office has gone through the prequalifying process for 75 to 100 potential loan applicants, of whom 15 to 20 have been qualified for loans, French said. The office has received 10 loan applications, and "we have one that is getting ready to fund here," he said.

The office does not have the authority to actually approve loans -- those decisions must be made at a branch office in La Jolla -- but by the end of the year, the company plans to have an underwriter in City Heights to approve loans, Owens said.

In addition to the City Heights office, American Residential has opened a similar office in Denver and plans to open offices in Philadelphia and Oakland in the near term, Owens said.

The City Heights office has a staff of three -- all members of the minority community -- and plans to hire an additional seven people over the next three to six months, French said.

Although the company will hire anyone who is qualified, it wants to make sure the City Heights office not only makes loans to members of the community, but hires them as well, officials said.

"We really want to hire the best people possible, but we'll look intensely and closely at people from the community in which we open those offices," Owens said.

Caption: 1 PIC
Opportunities: Wendell French and Delia Jackson bring mortgage service to City Heights, with special packages for low- to moderate-income residents. Union-Tribune / JIM BAIRD
Edition: 1,2,3,4,5,6,7
Section: BUSINESS
Page: C-1
Index Terms: BLACKS ; EMPLOYMENT ; FINANCE ; HOUSING ; MINORITIES ; NEIGHBORHOODS ; POVERTY ; SAN DIEGO
Record Number: UTS1078815
Copyright 1993, 2007 Union-Tribune Publishing Co.

***Reproduced with permission granted by San Diego Union-Tribune***
Full-text obtained via NewsBank