

Episode 1

Nadeska Alexis: [00:00:00] Hey, I'm Nadeska Alexis and this is Beginner to Buyer. Beginner to Buyer is powered by Chase Home Lending, and you can get more great tools and useful information to help you buy your first home anytime by visiting BeginnertoBuyer.com. Buying a home is one of the biggest and most meaningful purchases many people will make in their lifetime.

Amaya G.: [00:00:19] To me, home ownership is

Lisa G.: [00:00:22] more independence,

Tasha L.: [00:00:24] a little bit more control, a little bit more space.

Rita H.: [00:00:27] It's mine. I can do whatever I want with this space.

Omar: [00:00:29] This is literally mine.

Andrew: [00:00:31] Somewhere we can really kind of settle in.

Nadia: [00:00:33] It's a huge accomplishment.

Nadeska Alexis: [00:00:35] It is a huge accomplishment, but it can be hard to know where to begin, especially if you aren't quite sure whether home ownership is right for you.

Omar: [00:00:43] I never had even a concept of what it meant to own a home.

Tasha L.: [00:00:46] What is that guy called that's going to give us the money?

Brandy: [00:00:48] Who do we talk to next?

Nadia: [00:00:50] It's a lot of firsts for me.

Andrew: [00:00:52] It feels like you're playing poker on the biggest expense of your life.

Nadeska Alexis: [00:00:56] The face of homeownership is changing and it's a great time to get educated on the ins and outs of purchasing. That's why I'm sitting down with first-time homebuyers to hear all about how they're navigating this moment. I'll also be speaking with leading real estate experts from agents like Ryan Serhant to renovation pros like Drew and Jonathan Scott. We'll hear key money tips from lending advisors and financial planners, and we'll get some real insight into this wild market to help you land your first home.

I decided to buy my first home a few years ago because I was getting frustrated at the amount of money I was spending on rent. At the end of every year, I felt like I had nothing to show for the 60 hours of work I was putting in every week, and after a bit of calculation, I realized that with pretty low mortgage rates at the time, if I could find a good deal, then my monthly payments would be equal to, or actually lower than, what I was spending on rent. That definitely blew my mind. To me, home ownership meant working towards some level of financial freedom, owning a property meant that one day I could just have more options. I could pass it on to one of my kids whenever I got to that chapter, or I could sell and upgrade

to a bigger space where I could have a family, or I could rent it out and put that money towards other financial goals.

The possibilities felt endless, but I'll be honest, going into the process was pretty daunting for me. I'm a first-generation immigrant, so I couldn't lean on my family for advice or financial support. And I'd say I was working a decent paying job at best. So I spent a lot of time digging around on the internet trying to understand how the buying process worked. What getting a mortgage actually entailed, how much money I needed to save up, and what my financial situation should generally look like before I could even think about making an offer. At that point, I wish I could have gotten some advice from a financial planner or knew that I could approach a home lending advisor early on to get answers to a lot of those questions, or that finding the right real estate broker would make the process so much easier for me.

And for all of those reasons, I was really, really excited to do this podcast. That first-time home buying experience was so stressful for me, but it turned out to be one of the best decisions I've ever made financially and emotionally. The money I was able to save on overpriced rent and the stress of having to find new roommates and neighborhoods every couple of years was just life-changing. So, although your reasons for buying a home might be different than mine, my goal is just to make it a much smoother process for you than it was for me. I'd love to help you get to that life-changing homeownership part, but armed with a lot more knowledge and confidence than I had, because I think we all deserve a chance to achieve some financial freedom.

So is home ownership right for you and is now the time to buy? Over the course of 10 episodes, we're going to cover that and every step of the home buying process. But before we do, let's get a better sense of the benefits of owning a home and learn how more people can access those opportunities. Our first guest is Cerita Battles. She's the head of Community and Affordable Lending at Chase, and Cerita spends her days helping homebuyers to attain and sustain home ownership.

Cerita, buying a home is such an emotional process because obviously home is such a big anchor for the family unit, but on a more macro level, if we're speaking historically, what are some of the benefits of owning a home?

Cerita Battles: [00:04:11] There are several benefits of owning a home. I think first is having a place that you can truly call home and it's not someone else's home and you have the ability to do things to it, whether it's inside or outside, and you can truly call it your home. I think in today's environment, sometimes owning a home is less than paying rent. You can get the benefits of having a lower payment that is being contributed towards your own home, versus paying rent or paying someone else's mortgage, so I think that's another aspect of it.

When you do own a home, there are other things that you can leverage your purchase for. There are other ways in which you can use some of the equity in your home to be able to accomplish some other things that you might want to accomplish, whether it's college education, whether it's doing some upgrades on the home, or whether or not it's being able to leverage it, even for some people, sometimes it's their small businesses or starting up a small business. Then I would say the other thing is just really around when you acquire a

home, being able to leverage it from a standpoint of wealth creation. What I mean by that is being able to create what I would consider legacy wealth. That's a huge factor in it because I know me, being the age that I am right now, my focus is really on creating legacy wealth and the way in which I'm doing that is by owning my own home and making sure that I am structuring my home ownership needs to be able to meet those of my daughter and or my sister, and then also for their families and their generations to come, that we could have that level of ownership within our own family. And not having my daughter having to worry about where she's going to stay, where she's going to live, or what's going to happen from a family dynamic standpoint. She will always have a place that she can call home. That's what I mean by creating like a level of legacy wealth from a home ownership perspective.

Nadeska Alexis: [00:06:14] I'm glad you mentioned generational wealth, it's a term that we've been hearing a lot about. Especially in the past year, I think the wider American audiences realizing that communities of color over time have really historically been robbed of this opportunity to build generational wealth. Can you tell us a little bit of some of the barriers of entry there've been over time? Do you feel like we're making any progress in this space and making it more accessible to these communities?

Cerita Battles: [00:06:38] Unfortunately, especially in minority communities, we tend to come from a generation of renters where our grandmother and grandfather rented, then our mothers and fathers rented. So, we come out and we're just used to renting. That is a gap. My dad always told me, unfortunately, we didn't get the 40 acres and a mule, we got a dog in a ditch and we have to do what we can to navigate and maintain that. Therefore, as a result of that, there are not conversations at the table where people are talking about home ownership and the things that you need to do in order to acquire home ownership in a lot of minority families.

With that said, whether or not we're making progress or not, I think there's still much more to do, but I think a lot of those things are foundational. Number one is just the education around home ownership. I can remember when I was in high school, I took home economics and we would talk about checking accounts, savings accounts, we would talk about credit. We would talk about different things that would feed into the opportunity to own a home or be in position to own a home. Today that's no longer offered in schools. So really the only way that you get it is through your family members or your circle of friends that may have had an opportunity or an experience in that particular space. So again, I think education is a critical component around that, and I would say that that's also a barrier because most often we're not familiar with the resources that are available to us to get educated on home ownership. Especially if you come from a generation of renters, you're not necessarily thinking about home ownership in that way.

The other thing I would say, which is also another barrier to home ownership, is down payment assistance and or closing costs assistance. Most often we don't come from families that have the ability to help us put money down on a home or put some closing costs down, or be able to have that kind of nest that we can pull from to be able to acquire home ownership. That's probably one of the two biggest barriers to home ownership. And just being prepared for home ownership is another.

Have we made some progress in this space? Absolutely. I am a homeowner and my mother came from a family of renters, but again, she got married and she was able to acquire her own home. And as a result of living at a home that my parents own, I too, and my sisters, have all acquired home ownership because we came from that space and we realized the importance of it through our family dynamic. And as a result of that, we were educated on those types of things. We were taught to not rent forever because rent was always paying somebody else's mortgage. But what can you do in order to be able to pay your own and make sure that you're prepared for it? I would say in that particular space, there's a lot of great programs that are out there and this speaks to resources. Being able to educate yourself, gain some knowledge around the different resources that are available to us, both at a state and local level, that provide down payment assistance programs for first-time homebuyers or for buyers that are considered low to moderate income. In that particular space, I think there are a lot of programs that are out there. I think the main factor, as far as getting access to it, is just being educated about it or being knowledgeable about the programs that are out there.

The other thing that I would also say, with respect to making progress, is just the ability to make sure that we're taking care of our credit along the way. Making sure that we're doing all of the necessary things, to make sure that we pay particular focus on making sure that we pay our bills on time, making sure that we don't overextend ourselves. I think it's all the things that we hear about that we don't often think about intentionally when it comes to home ownership, which are all factors or things that are necessary in order to acquire home ownership.

So again, if I were to sum it all up, I would say we're making progress. We still have a long way to go, but I think we're on the right path by making sure that folks are educated, by making sure that we instill confidence in communities and families, and then making sure that they are aware of the resources that we have available to get them on the path to home ownership.

Nadeska Alexis: [00:11:05] Thank you for that, outlining all of that. You made some really, really great points, that being educated on the process is important, that there are resources available. In some of my conversations with first-time buyers who are Black and brown, just for this podcast, it's clear to me that they feel intimidated by the entire process and rightfully so. They feel like historically, things have been stacked against them. So in my conversations with them, they realize that they do need to get educated, but some of them are just so nervous about the process going in. They're nervous about speaking with an advisor, for example, because they don't want it to seem like they're uneducated or they have no idea what they're getting into, so the confidence isn't there. For those people, someone listening, it's their very first time, and they're just nervous about getting started, what advice would you give to them to sort of help overcome that initial fear?

Cerita Battles: [00:11:52] The first thing I would say is, normally when we know better, we do better in this particular space. I often say a changed outlook, a changed life. If you go in thinking that the process is hard and difficult and so on and so forth, then you're going to go into that process feeling that way and feeling overwhelmed by that, or by other folks'

experiences in this particular space. I would always just say, just keep an open mind. There are times where you have to be vulnerable to the process. There are things that you have to talk about. I would say to make sure that you identify a lender or a good bank that you can go to and ask questions around homeownership so that you can get with those folks that can be a resource to you and help you navigate yourself through the process.

I think it's important for us to recognize that whomever we bank with, that we are looking at the banking relationship as not just one that's transactional, but one that can create a "know me" experience, or a "know you" experience, so that they can be a little bit of an advocate for you. You can hold them accountable by asking specific questions, and then you know that they are there to help you make informed decisions. It's going to require you to be vulnerable and to be able to tell them exactly where you are relative to your financial needs, relative to where you want to be and what your timing is around that, how you think about home ownership and what's your plight. At the end of the day, I think most often, if we could just do those simple things, although it may seem a little weird or uncomfortable, typically we're kind of in control of the things that we want to do and this is one time where you have to really seek out that help and have that resource. I would just say open yourself up to that process because there are folks that are here that are around, that are willing to support you and your path to home ownership, but we just got to be able to give them an opportunity.

You just got to open yourself up to the process and make sure that you are able to hold your bank accountable, or any resource that you have out there accountable, to help you get on your path to success when it comes to home ownership. And so, although a simple thing, often hard to do, because you feel a little bit like you're out of control, but in my mind, again, a changed outlook, a changed life. If I go into this situation realizing that this can be a resource for me, that I can come out on top, or at least on my path to success, whether it's home ownership, whether it's finances, whatever the case may be, I'm now leveraging a resource that's been available to me that I would not have known had I not made myself vulnerable. I would say that's probably one of the keys to making sure that you get yourself out of that feeling, as though it's a scary thing or something that you don't want to be a part of because of what you've heard, because of some of the myths that are out there around home ownership, just make sure that you get connected with a resource that can get you on your path to home ownership.

Nadeska Alexis: [00:15:02] I think it's important for other people to hear that we all have to start somewhere. At some point, we were all a little bit nervous and knowing that we needed to figure things out is okay. Like you said, one of the biggest motivational factors I've heard in my conversations with these buyers is wanting to provide for your family, your children moving forward. You touched on this briefly before, but I would love it if you can give us some more information on how owning a home can help down the line with owning your own small business and also helping to provide education for other family members.

Cerita Battles: [00:15:31] Yes. I will tell you I've had my home for quite some time. I'm probably about three to four years off from paying it off. I can remember someone telling me that when their parents went through the Great Depression, the one thing that kept them afloat was the fact that they owned their home, and I thought, wow. I remember that person

telling me that whenever I got an opportunity to pay my home off, to pay it off and make sure that I was working towards that.

With that said, I'm in a position today to do that within the next three to four years. It does offer up a lot of opportunity. Number one, it helps to increase your net worth. That's one thing, if you're ever interested in knowing what your net worth is, it definitely helps to increase your net worth. But the other thing that it helps to do is when I do think about my daughter's college, although I'm saving money for her college on my own, or based on my job, there is still the house that I have, where I have equity inside that house that could definitely pay for her college two to three times over. I'm still trying to do it from a standpoint of saving the money and making sure that I'm putting into her college fund versus leveraging my home, but that's a choice that I'm making.

The other thing is even from a small business perspective. My parents own their own business. They leveraged the equity in their home to be able to start that business that is now thriving and they've been in business for over 30 years. But it started because they'd made an investment into homeownership and was able to leverage the equity that they had in their home to be able to get a loan and be able to start a business.

The other thing that I also think about, and this is really important to me because I think about how I grew up in the fact that my mom did rent initially. She was a single parent for some time and she was renting. She always paid our bills on time, but she never really thought about home ownership from that perspective. She just wanted to pay our bills on time. Once she remarried, I was about 13 years old, and she happened to marry a dreamer. And he always thought about home ownership because he came from a family where his mother and his father owned. Then, as a result of that, my mother and my stepfather, they went straight in and they purchased a home. And as a result of that, they were able to establish better credit for me and my other brothers and sisters that went to college. They were able to get student loans because of the credit that they established because of home ownership.

It just opens the door of opportunity for you. Not to mention the fact that my daughter doesn't have to go through a process of thinking about it. She just knows that home ownership is important. And more importantly, if she chooses to buy a home, she can. If she chooses to live in the home that she grew up in, she can. Right? Therefore I don't have to worry about my daughter not having a place that she can call home. She will always have that place, but at the end of the day, she will have choices. She could choose to keep that home or keep the home that we, she, grew up in, or she could choose to rent it out and make income off of that home. Or she could choose to leverage it as a second home and get another home. I mean, there's just so many opportunities that you have when you are a homeowner, that one wouldn't have if you're just renting. Because again, if you're renting, it's not contributing to ownership. Because you don't own, you don't have those capabilities, you don't have those opportunities that homeownership affords you over time.

All I know is that because my parents owned, I own, and I'm the oldest. When my sister got out of school, her home ownership continuum was shortened because she was able to establish homeownership earlier in the process. For me, it was when I turned 34. For my

sister, it was when she turned 26. The age range keeps getting younger because we're starting to understand the benefits of owning a home. Then for my sister that's in medical school, she's looking to get a condo. Not that she's going to stay there, but she can get the condo now and rent it out later so that when she goes into her first home, she'll have rental property and the ability to be able to make some additional income. So again, it's just so many things that you can do by leveraging home ownership. I would just say you would miss an opportunity if you didn't.

Nadeska Alexis: [00:19:58] Wow. Honestly, I didn't know that there were so many opportunities. I did not know that could actually help with owning a small business at some point, so I'm actually learning a lot and hey, congratulations on almost paying off your mortgage. That's really amazing. This is really silly, but when I watch TV shows and the kid always goes off to college and they come back and they're trying to figure out their lives, and the parents are like, "come home". They walk in and they're like, "oh, you haven't changed my room, it's the same". I'm like, that is really amazing. That's an experience I didn't have because we were always renting and moving. I never knew where I was going to be on school breaks, so that's really, really amazing. Cerita, can you also tell us a little bit about how demographics around home ownership have been changing over the past few years?

Cerita Battles: [00:20:36] I'll talk specifically about households. When I think about households, especially when we just look at the sheer numbers or the net household growth in this decade, and this is through 2028, it's expected that 77% of all net new households will be minority. That's a lot. Black and Hispanics will make up about 53% of that. Hispanics will make up 37%, African-Americans will make up about 16%. And so when you think about that, that's 53% of net new household growth that will be Black or Hispanic, but 77% minority. In the next decade, which is 2030, it's expected that 102% of all net new household growth will be minority.

Nadeska Alexis: [00:21:24] That's an incredible number.

Cerita Battles: [00:21:25] It is. When you think about just even the work that we're doing around our \$30 billion commitment and path forward, it makes sense that we would focus our efforts in, on Blacks and Latinx. Because again, when we start to look at household growth, that's where the numbers are coming from.

Here's the other burning platform around that, that's household growth. From a home ownership rate perspective, those two, Black and Hispanics, have the lowest home ownership rate among any other segment within this country. And Blacks right now, I think in 2020, home ownership ranked 44.1%, Hispanics 49.1%. On average, the home ownership rate is about 67-68%. Whites are probably in the neighborhood of about 76%. When you start to think about the fact that household growth is going to come from Black and Latinx, but the home ownership rates are the lowest among those two segments, therein lies your opportunity. We close that gap, then we will be contributing to the growth of this country. That's one of the reasons why we are focused so much on that, and making sure that we are addressing the racial gap, not just across the board, but also in homeownership.

Nadeska Alexis: [00:22:45] That's amazing. Those numbers are really, really mind blowing. Besides that commitment, are there other specific ways you think that the industry can really help to expand home ownership from minority communities, low income communities, and just communities that generally have a harder time securing mortgages.

Cerita Battles: [00:22:59] Yes. We have to think foundational in scope because a lot of times people always think about the home ownership process as this big, huge thing, but it's really relational. Once you meet the heart of the people's needs, then at that moment you win their trust and consideration. So I think that there are six key pillars that we have to focus on.

Number one is we have to make sure, and I would say across the mortgage industry in different businesses, we have to make sure that we're hiring people that mirror the markets that we're seeking to serve. That's whether you're a lender, whether or not you're just in business period, you have to make sure that you are hiring folks that mirror the markets that you serve, that you're retaining the ones that do that as well, and that you're also growing them into future leaders. So that people aspect is extremely important, that we focus a lot of our energies and efforts on making sure that we have the right people.

The other thing too is making sure that we are visibly and actively present in those communities, in minority and low to moderate income communities. What do I mean by that? You can be present and not present. We can have a bank on every corner, but not be out in the community visibly and actively participating in things that are going on in the community. You always want to be able to serve the people when, where, and how they want to be served. Therefore we have to be present both from a physical standpoint and then also digital capabilities, making sure that we can reach those people because today a lot of folks are focused in on doing their research first and they'll leverage those mobile and digital capabilities to start that process.

The third one is really around partnerships - and we talk about this often - but I think we underestimate the importance of having some sound partnerships. As I like to say, JP Morgan Chase is large in scope. We're a large lender and we cover a wide scope of the market and the opportunity, but in order for us to be local, we have to partner with local community groups, local realtors, builders, the homebuyer education providers, because those are the people that they see in the grocery stores. Those are the people that they see in their churches. Those are the people that could be their friends and folks that they listen to and they build relationships with. In order for us to get that level of access, we have to make sure that we are partnering with those trusted advisors.

The fourth thing is really around products and programs. We talked a little bit about that, how down payment assistance and closing cost is a huge barrier, but making sure that we have those products and programs to create access to credit and to meet the home financing needs of those minorities and low to moderate income communities.

The fifth thing is really around promotion. That's really around making sure that we're marketing and outreaching in those communities, that we're doing activities, that we're dispelling myths as we're doing those activities, and that we are out there so that they can see us.

And then the last thing, I think this is a space that everybody can participate in, and that's the policy. It's the one thing that we can sit at the table with and talk to different policymakers, but we need everybody on board talking to their state and local policymakers about those barriers that prevent people from owning a home, whether it's affordable inventory, whether it's credit scoring and those types of things, and even thinking about establishing and building wealth. There are some policy needs, there are some systemic things that have happened within our country that prevent people from being able to engage or to gain access. We have to be at the forefront of policy change in this particular space, and everybody has an opportunity to participate.

So I just gave you what I call our 6 P's. But again, these are our pillars and they're foundational to making sure that you're in a space or in position to be able to meet the needs of the community, as well as the customers that are seeking to own a home.

Nadeska Alexis: [00:26:53] Thank you for sharing the 6 P's. I mean, again, in my conversations with homebuyers, one of the things that came up is what you mentioned. When they're nervous to go in and speak to a home lending advisor, one of their issues is, "This person doesn't look like me. Are they going to judge me because I come from a different background? They won't understand me at all". So I think everything that you outline is really, really important. And Cerita, thank you for sharing so much information. We did cover a lot in this conversation, but I'm wondering, before you leave us, if you would say there's one thing that you would like a prospective first-time homebuyer to take away from this conversation, what would it be?

Cerita Battles: [00:27:26] Be prepared, because that's the piece that we own, each of us individually. It's just making sure that we put ourselves in position to be prepared for home ownership. And it requires us to be intentional. Therefore we gotta be intentional about our finances, we have to be intentional about our planning, we have to be intentional about "What does success look like to us?" We gotta make sure that home ownership, if that is a component of it, then making sure that you understand everything that you need to know. So again, be prepared and make sure that you connect yourself that some good resources.

Nadeska Alexis: [00:28:02] Amazing. Thank you so much, we appreciate it.

Knowing when to make the leap and buy your first home isn't easy, especially if you don't necessarily identify with so-called traditional homebuyers. But it's reassuring to know that people like Cerita are actively working to break down those barriers, because owning a home really is a life changing opportunity. In the coming years, homebuyer demographics will keep changing, but education is a key to making home ownership a reality.

So join me next time as we dig into the actual home buying process. We'll start by asking an essential question: Am I ready for home ownership? Until then, you can check out BeginnertoBuyer.com to learn more. Beginner to Buyer was created by Magnet Media and Chase Home Lending. Our executive producers are Keosha Burns and Akash Vaswani. Our lead producer is Anna McClain, our audio editor is Will Watts, and Kelly Drake is our production assistant.