

From: Kathy Davenport
Subject: CRA Regulations Hearings

Comments:

September 3, 2010

Federal Reserve Board

Dear Federal Reserve Board:

If CRA had covered more lenders, the economic collapse wouldn't have been so drastic or could have been avoided altogether. Please expand and modernize CRA to cover more lenders to protect communities and borrowers like me.

Some people think the current housing crisis involves only those who made poor investments or bought "too much house" with Adjustable Rate Mortgages. We are an example of people who thought they were making much wiser decisions but still have been negatively affected.

Three years ago, we bought a (for this area) modestly-priced, very small house because I had accepted a job in a new town. We were encouraged to pay only 10 percent down. although we did insist on a fixed rate for 30 years. In addition, we had to include taxes and home owners insurance in the Escrow account. What we didn't know is that the taxes had not been figured accurately, so our escrow payments weren't enough to cover full tax payments. Therefore, last December our payments jumped about \$300/month to cover the discrepancy.

I lost my job in 2009 because the organization lost investment funds. When I contacted our mortgage holder about the possibility of making our house payments more affordable (possibly through the HARM program), they sent a letter stating we were in danger of foreclosure (despite our never missing a payment or paying less than the full payment). We were told this was standard procedure when a mortgagee lost income for whatever reason.

Later, we learned if we pursued the HARM program, we might get a reduction for three months while our application was processed. However, if our application was rejected, our account then would be considered delinquent. We would be required to pay the difference in the back payments or face foreclosure. At the very least, our credit rating would be damaged because of the "delinquency."

By this time, I had accepted a new position (with a lower salary than my previous position). We chose not to pursue a change with our account and continue paying the extra amount because we did not want to harm our credit rating. This, of course, means that we've had to make adjustments in other spending, and we do worry what will happen if we are faced with other tax increases (as our state is proposing).

Sincerely,

Kathy Davenport