

**Subject:** Regulation Z

**Date:** Apr 08, 2008

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**Proposal:** Regulation Z - Truth in Lending  
**Document ID:** R-1305  
**Document Version:** 1  
**Release Date:** 12/18/2007  
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**Comments:**

Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, N.W. Washington, D.C. 20551 Via email: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov) VIA FACSIMILE: (202) 452-3819 Dear Ms. Johnson: I am writing on behalf of the Fair Housing Council of the San Fernando Valley to voice our concerns and to strongly encourage that the proposed regulations be broadened to enforce fair lending protections to prevent persons and/or families who are targeted by mortgage lenders and steered into predatory loans from the losing their dreams and realizations of home ownership. California is leading the nation in home foreclosures, some of these foreclosures are as a result of unfair, discriminatory and predatory mortgage practices and not because someone just brought more home than they could afford. The increase in foreclosures as a result of predatory mortgage practices is for the most part unregulated; regulatory oversight, increased monitoring and enforcement is critically necessary to protect homeowners as well as the economy. The Fair Housing Council of San Fernando Valley is a non profit corporation organized under the laws of the state of California with the mission and purpose of supporting and promoting the idea of equal opportunity and freedom of residence. The Council advocates ensuring non discriminatory access in all aspects of housing including an equal opportunity to rent, purchase, and financing or insuring

the property of one's choice. High costs loans and predatory lending practices have disproportionately been targeted to persons of color, placing at risk the greatest asset and source of wealth that most individuals and families will acquire in their lifetime, a home. The Council's advocacy extends to not only expanding opportunities, but to the sustainability of diverse & economically viable communities for renters as well as homeowners. The foreclosure crisis is harming homeowners and renters and destabilizing communities. The regulations should promote and expand fair lending laws and enforcement and encourage lender to engage in due diligence in their marketing, advertising, underwriting and lending practices. The protections should be extended to all loans, not just higher-priced mortgages to ensure the economic viability of families as well as the safety and soundness of the banking and economic industry. The Fair Housing Council suggests the regulations be broadened to include and ensure the following:

- Expand the definition of higher-priced mortgages under proposed rule 226.35 to include non-traditional products such as option ARMs, interest-only loans, HELOCs and reverse mortgages.
- Expand CRA requirements and redefine the definition of what constitutes a "branch" subject to CRA responsibility. Regulatory oversight and the Community Reinvestment Act should be expanded to affirmatively further fair lending in a way that provides the broadest protection for consumers and greater inclusion by consumers.
- The proposed regulations should be written and enacted in a manner that clearly indicates the regulations are not intended to preempt any state laws that address the same issues.
- Subprime mortgage steering should be eliminated and individuals should be given the best loan for which they qualify and lenders who steer consumers into subprime mortgages when they qualify for a prime loan should be sanctioned.
- The HOEPA thresholds should be lowered.
- A requirement that loan documents be in the language of the negotiation.
- Encourage pre and post purchase counseling from qualified sources

These recommendations are critical to ensure that consumers are protected from unscrupulous bad actors working in a largely unregulated market and to prevent homeowners from losing their homes and which leads to the destabilization of communities through the loss of equity. Thank you for considering our views. Respectfully submitted,  
Sharon Kinlaw Assistant Director

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