

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

Comment ID: 137461

From: Richard Stewart

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Subject: R-1723 Community Reinvestment Act

Comments:

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1. recognize DISABILITY equal to race and gender loans, grants, equity, social justice. Add this to the list of diverse groups equal to race and gender
2. HUB Zone business goals. The CRA should favor hub zone businesses to improve diverse employment-this has been neglected. Fannie/Freddie must recognize and have Hub Zone inclusion goals. They currently do not.
3. There is a problem with mortgage loans in lower-income neighborhoods. There must be a minimum origination fee allowed. perhaps \$1000. The appraisal cost on a 20,000 home is the same as a 200,000 home, so as a percentage, the current rules prohibit owners of homes valued less than the \$60,000 limit and prohibit mortgage lending. 25 years ago, I was able to help people who owned \$20,000 valued homes get refinanced to replace a distressed roof or replace the broken furnace. Over the years, mortgage lending stopped for these low-income homes that need it most. What I found, was that people who borrowed this amount of money and used the money wisely to improve their home, pay back taxes, etc., would pay their payment perfectly when \$ 300-month range. This gave low-income people a way to raise their credit scores with on-time mortgage payments. This raised the neighborhoods by improving the most distressed homes in the area. However, when origination/closing costs became regulated as a percentage, it locked out the lower-priced homes from mortgage lending. I recommend you exempt the homes under a \$60,000 loan to allow a minimum origination fee and take the appraisal out of the calculation. The appraisal is a fixed cost consistent with any priced home but is an unfair calculation on low priced homes as a percentage. I sell a lot of \$30,000 homes in our area. The people who most need a \$30,000 home are locked out due to a lack of mortgage lending available under \$60,000 due to regulations against lenders. They must make at least minimum wage to do loans. Us government has effectively locked out lending to the lower-income persons who need a low-priced home. This would open affordable housing back up to those who need it most. I hope these suggestions will be considered.

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