



## Talking Points for Reforming America's Housing Finance Market

*(Our Review of the Obama Administration's Report to Congress "Reforming America's Housing Finance Market"...with additional points about the Dodd/Frank Legislation and the Basel III International Accounting Accord) – March 2011*

**The following are the bullet point "translations" from the view of the housing market "practitioners" of the steps the Obama Administration states it will take. Any of these steps on their own will have a "chilling" near term impact on the housing recovery. Collectively, they represent a purposeful constriction of homeownership that is NOT in the best interest of America. These proposed changes will have a particularly severe impact on homeownership opportunities for people of color and low-to-moderate income consumers.**

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Tightening underwriting standards

Higher credit score requirements

Higher downpayment requirements (at least to 10% down) for conventional loans (Fannie Mae and Freddie Mac)

Higher downpayment requirements for certain FHA loans

Conventional (Conforming) and FHA loan limits to expire without renewal in September 2011 – and further reductions likely

Increased GSE guarantee fees (the cost passed on to consumers)

Additional credit loss protection for Fannie and Freddie (the cost passed on to consumers)

Increased FHA Mortgage Insurance Premiums (starting in late Feb. 2011 - the cost passed on to consumers)

Targeted focus for FHA with borrower incomes limited to median level for the area (anyone with income slightly above the median income – may not be eligible)

New and Higher GSE loan level price adjustments (fees passed on to the consumer)

Expedited run-off of the GSEs portfolios (could flood the market and raise mortgage pricing)

Higher Capital Requirements for banks and lenders (in Dodd/Frank Bill and Basel III Accord)

Risk retention (required on non-Qualified Residential Mortgages in Dodd/Frank will raise the cost of homeownership)

Reduction in Value of Mortgage Servicing Rights (Basel III Accord)