

# Promote Access and Affordability in the Housing Finance System

*Decent, affordable housing for both renters and homeowners is the foundation for social and economic security for American families. Homeownership has long been the path by which most individuals and families in this country, particularly families of color, have built wealth and entered the middle class. Whether or not they aspire to homeownership, access to affordable rental housing is critical to enable individuals and families to meet basic expenses and save for longer-term financial goals. America needs a housing finance system that will serve all communities, one that provides access for the homebuyers of the future, who are increasingly people of color. The system we have now has not historically and does not currently serve these households well. Changes are needed to ensure that the housing finance system focuses on providing broad access to qualified borrowers, helping to grow the middle class, and working to diminish the racial and economic inequality that undermines our collective prosperity.*

*The housing market is making a steady recovery due to sensible improvements in mortgage lending by the Dodd-Frank Act, and reform of the housing finance system by the Housing and Economic Recovery Act of 2008. Together, these efforts revamped the system and prevent reckless, unsustainable lending practices like those that caused the financial crisis and led to a devastating loss of wealth for people of color. Now, some want to return to a loosely regulated system that could lead to another housing crash. Such action is dangerous and likely to lead to another systemic failure that will harm our communities and put taxpayers at risk. To ensure all credit-worthy borrowers have fair access to mortgage credit and to protect taxpayers, any reform of Freddie Mac and Fannie Mae must:*

## **Preserve and Enhance Fair Housing and Anti-Discrimination Protections**

- Protect longstanding fair lending laws and regulations
- Create an effective and well-resourced structure for oversight and enforcement of fair lending and consumer protections
- Provide transparency so that regulators, other public officials, lenders and members of the public have information about whether and how the system is serving different types of borrowers and communities
- Ensure that credit-worthy borrowers in underserved communities have access to affordable conventional loans and are not limited to government-insured or guaranteed mortgages
- Remedy the historical marginalization of communities of color and discriminatory practices within the mortgage market due to federal policies
- Ensure that employment and supplier channels are diverse and inclusive

## **Provide Broad Access for Borrowers, Institutions and Regions**

- Afford access to mortgage credit on safe and sustainable terms for all credit-worthy borrowers, rural as well as urban
- Ensure that the system provides liquidity in all regions at all times

- Provide community banks and credit unions access to the full benefits of the housing finance system, including equal access to the cash window, so they can compete on a level playing field with larger banks
- Ensure that rural lenders, which rely heavily on Fannie Mae and Freddie Mac, have fair, broad and affordable access to the housing finance system
- Ensure that Minority Depository Institutions have fair, broad and affordable access to the housing finance system and that the system adequately serves their needs
- Provide meaningful and effective support for Community Development Financial Institutions (CDFIs)

**Preserve the System’s Affordable Housing Mission, and the Availability of Inclusive Loan Products and Services**

- Preserve the affordable housing goals as a mechanism to ensure that housing finance needs in underserved rural and urban communities are met
- Preserve the Duty to Serve underserved markets, including the markets for preserving affordable rental housing, rural housing, and manufactured housing
- Promote cost-effective loan modifications
- Preserve FHA insured lending, responsible low-down payment mortgage loans, and ensure access to existing down payment assistance programs
- Integrate HUD approved housing counseling agencies into the home buying process with borrowers to improve outreach to underserved communities and strengthen mortgage applications by low and moderate-income borrowers; utilize HUD approved housing counseling agencies to help existing borrowers who are experiencing financial stress
- Significantly expand the Housing Trust Fund, the first new housing resource exclusively targeted to households with the lowest incomes, and Capital Magnet Fund, whose non-profit affordable housing developer and CDFI grantees have leveraged the federal investment to date tenfold

**Protect Taxpayers**

- Taxpayers cannot be first in line, or disproportionately exposed to risks; protect and implement fully the reforms passed in 2008 and 2010 that require strong capital standards for all parties in the housing finance system and set strong standards for sustainable mortgages
- Eliminate excessive and/or unfair risk-based pricing; working families were not the cause of the 2008 housing crash and should not bear the burden of the risk by being forced to pay for the cost of the probability of another financial meltdown
- Regulate products, pricing, and rates of return to curb risky business practices

**The following organizations have endorsed these principles:**

Capital Impact Partners  
 CDFI Coalition  
 Center for Responsible Lending  
 Consumer Federation of America  
 Enterprise Community Partners, Inc.  
 Housing Partnership Network

IFF

The Leadership Conference on Civil and Human Rights

Local Initiatives Support Corporation

Low Income Investment Fund

NAACP

National Association of Affordable Housing Lenders

National CAPACD

National Fair Housing Alliance

National Housing Conference

National Housing Resource Center

National Housing Trust

National Low Income Housing Coalition

National Rural Housing Coalition

National Urban League

Opportunity Finance Network

UnidosUS (formerly National Council of La Raza)