

1 A JOINT MEMORIAL

2 ENCOURAGING MORTGAGE LENDING REGULATORS TO REASSESS AND AMEND
3 THEIR CREDIT POLICIES TO ALLOW MORE QUALIFIED HOMEBUYERS TO
4 OBTAIN MORTGAGE FINANCING.

5
6 WHEREAS, despite record-low interest rates, many
7 well-qualified borrowers in New Mexico are finding it
8 difficult to obtain home mortgages or refinance their home
9 mortgages; and

10 WHEREAS, creditworthy small business owners and those
11 who want to purchase investor properties have encountered
12 extreme difficulties in obtaining home mortgages; and

13 WHEREAS, federal mortgage lending regulators, including the
14 board of governors of the federal reserve system, the federal
15 housing administration, Fannie Mae, Freddie Mac and the United
16 States department of veterans affairs, have amended their loan
17 origination and underwriting policies as a necessary response to
18 the recent mortgage crisis; and

19 WHEREAS, many ethical, knowledgeable and seasoned loan
20 professionals are prohibited from originating good, sensible
21 loans to well-qualified borrowers because of restrictive federal
22 lending regulations and guidelines; and

23 WHEREAS, a few years ago, most potential borrowers were
24 able to qualify for loans having loan-to-value ratios even
25 higher than one hundred percent and with lower credit scores;

1 now, origination and underwriting policies have gone to the
2 opposite extreme where it is very difficult to qualify
3 without excellent credit; and

4 WHEREAS, tighter underwriting standards, increased
5 credit score requirements and stricter appraisal standards
6 have resulted in excessively tight credit policies that are
7 having negative impacts on home sales and refinancing; and

8 WHEREAS, an estimated sixty percent of all borrowers in
9 the United States with a thirty-year fixed-rate loan could
10 lower their interest rate by more than one percent given
11 current interest rates; however, due to stricter loan
12 standards, only thirty-eight percent of borrowers qualify for
13 a refinanced loan, which means that more than twenty-two
14 percent of those who are well-qualified and who could benefit
15 from refinancing are rejected; and

16 WHEREAS, if the national estimates are applied to New
17 Mexico, which has approximately two hundred eighty thousand
18 mortgages, approximately thirty-six thousand seven hundred
19 homeowners in New Mexico cannot refinance due to stricter
20 loan standards; and

21 WHEREAS, if more New Mexico homeowners were able to
22 refinance their homes and could save an average of two
23 hundred dollars (\$200) a month by refinancing at a lower
24 interest rate, they would save up to seven million two
25 hundred forty thousand dollars (\$7,240,000) a month, or more

1 than eighty-eight million dollars (\$88,000,000) a year; and

2 WHEREAS, if more people in the United States were able
3 to refinance their mortgages, Americans would save more than
4 twenty billion dollars (\$20,000,000,000) a year; and

5 WHEREAS, if lending regulators would liberalize their
6 underwriting standards, returning them to a more reasonable
7 and normal level, millions of dollars would be injected into
8 the state economy and billions of dollars would be injected
9 into the national economy; and

10 WHEREAS, changing the unnecessarily tight underwriting
11 criteria not only would help well-qualified potential
12 borrowers, people who are willing to stay well within budget
13 and meet reasonable underwriting criteria, but also would
14 benefit the entire housing market and the economy as a whole;
15 and

16 WHEREAS, the federal housing administration, Fannie Mae,
17 Freddie Mac and the United States department of veterans
18 affairs have a public mission to provide mortgage liquidity
19 to qualified homebuyers, including low- and moderate-income
20 families and first-time homebuyers; and

21 WHEREAS, this mission is being impaired by limits on the
22 availability of credit; and

23 WHEREAS, lending regulators should look for ways to
24 increase the availability of credit to a broader range of
25 qualified homebuyers; and

1 WHEREAS, reassessing and amending credit policies not
2 only would help individual, well-qualified potential
3 borrowers but also would benefit the entire housing market,
4 which is currently suffering from an excess supply of housing
5 and unduly tight underwriting criteria;

6 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
7 STATE OF NEW MEXICO that it respectfully encourage federal
8 mortgage lending regulators to reassess and amend their
9 credit policies so that more homeowners can refinance their
10 current home loans and more qualified home buyers can obtain
11 mortgage financing; and

12 BE IT FURTHER RESOLVED that copies of this memorial be
13 transmitted to the board of governors of the federal reserve
14 system, the commissioner of the federal housing
15 administration, the chief executive officers of Fannie Mae and
16 Freddie Mac, the secretary of veterans affairs and the members
17 of the New Mexico congressional delegation. _____

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