



Senator Steve Wilson
Chair, Senate Financial Institutions & Technology Committee
Ohio Senate
1 Capitol Square, 1st Floor
Columbus, Ohio 43215
Delivered via email: nick.butcher@ohiosenate.gov

May 19, 2023

The Honorable Chair Wilson,

On behalf of our members and the Ohio mortgage lending community, we write to you in support of Senate Resolution 115. This resolution urges the President of the United States to rescind the Federal Housing Finance Agency's new loan-level price adjustments (LLPAs) for purchase, rate-term refinance, and cash-out refinance loans. While we support the intent of the LLPA changes, aimed at helping first-time homebuyers and those with low or moderate incomes to achieve homeownership, we believe there are far too many unintended consequences of the changes the FHFA has made that outweigh the benefits.

The proposed LLPA changes may subsidize homeownership costs for some, but they come at the expense of other borrowers who have worked hard to build good credit and save for a down payment. This plan would disregard the historically prudent usage of credit scores as a financial assessment tool and lead to increased costs for many borrowers through no fault of their own. Moreover, this could frustrate borrowers with higher credit scores and cause confusion on the importance of strong creditworthiness.

The proposed LLPA draws attention to the need for innovative and modern credit score calculations and analysis when it comes to Enterprise lending. Instead of shifting pricing, we urge the FHFA to focus on the credit reporting agencies to ensure that all activities demonstrating an individual's creditworthiness are considered. For instance, on-time and consistent rent and utility payments show an individual's financial responsibility. If those payments were considered in credit scores, lenders and Enterprises could correctly assess the fees and rates for the borrower's risk, without arbitrarily punishing well-qualified borrowers.

In addition, the Federal Reserve's breakneck pace of interest rate increases has already raised the costs of home buying, and the unintended consequences of the LLPA changes will result in even pricier monthly mortgage payments for many homebuyers. These changes could further complicate an already stressed mortgage marketplace and add undue pressure to borrowers in the pipeline. Our organizations believe now is not the right time to enact these changes and urges you to support SR 115's call upon the President to rescind the FHFA's proposed LLPA changes.

For these reasons, we urge your support of SR 115.

Sincerely,
Community Bankers Association of Ohio
Ohio Bankers League
Ohio Credit Union League
Ohio Mortgage Bankers Association
Ohio REALTORS