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## **Twenty Percent Down-payment Sanctions Unequal & Separate Lending System Between The Rich & Everyone Else, Throws Gas On Fire Undermining American Economy**

Washington, DC -- John Taylor, president & CEO of the National Community Reinvestment Coalition (NCRC), released this statement at a press conference with U.S. Senators Johnny Isakson, Kay Hagan, and Mary Landrieu and U.S. Congressmen John Campbell and Brad Sherman on Capitol Hill about the Qualified Residential Mortgage (QRM) rule.

“The end of the American Dream as we know it may be near for millions of working families across country. We are on the precipice of witnessing one of the most damaging regulatory developments in decades.

“At a time when our economy is fragile and our housing values have plummeted along come the regulatory agencies with a solution that will limit access to mortgages for millions of families. The QRM proposal throws gasoline on the fire that continues to undermine the American economy.

“The regulators who failed to reign abusive lending practices will now be sanctioning an unequal and separate lending system in which the wealthy will receive the most affordable loans while everyone else will be charged higher prices and face much more stringent standards. This is simply unacceptable. And, there is no indication that building such a restrictive mortgage lending system is necessary.

“The financial crisis was caused by risky, non-traditional subprime lending that didn’t require income documentation. It was not caused by prime lending with low down payments. In fact, a forthcoming study conducted by NCRC found little correlation between the size of down payment and default rates. After analyzing nearly one million loans written for the most creditworthy borrowers in 2006 and 2007, the different in defaults between 20% down and 3% was insignificant and not a margin of difference worthy of such hysteria.

“If regulators move forward with the current plan, it will block homeownership for millions of Americans, who will find themselves being punished for the mere fact that they are not wealthy.”

### **About the National Community Reinvestment Coalition (NCRC):**

The National Community Reinvestment Coalition is an association of more than 600

community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development, and vibrant communities for America's working families. NCRC provides foreclosure prevention counseling to homeowners through its Housing Counseling Network (HCN). Homeowners in need of foreclosure prevention help can contact NCRC's HCN at: 1-800-475-NCRC (6272).  
<http://www.ncrc.org/>