

# MORTGAGE LENDING UPDATE

By David Griffin

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## HOUSING RIGHTS?

If you don't already read Walter E. Williams' excellent columns in The Telegraph on Thursdays, I would encourage you to catch it. You can also visit the Creators Syndicate website, [www.creators.com](http://www.creators.com). Click on 'Opinion Columns', then on Walter Williams. Walter E. Williams is a professor of economics at George Mason University and here is a portion of a prior column.

"Do people have a right to medical treatment whether or not they can pay? What about a right to food or decent housing? Would a U.S. Supreme Court justice hold that these are rights just like those enumerated in our Bill of Rights? In order to have any hope of coherently answering these questions, we have to decide what is a right. The way our Constitution's framers used the term, a right is something that exists simultaneously among people and imposes no obligation on another. For example, the right to free speech, or freedom to travel, is something we all simultaneously possess. My right to free speech or freedom to travel imposes no obligation upon another except that of non-interference. In other words, my exercising my right to speech or travel requires absolutely nothing from you and in no way diminishes any of your rights.

Contrast that vision of a right to so-called rights to medical care, food or decent housing, independent of whether a person can pay. Those are not rights in the sense that free speech and freedom of travel are rights. If it is said that a person has rights to medical care, food and housing, and has no means of paying, how does he enjoy them? There's no Santa Claus or Tooth Fairy who provides them. You say, "The Congress provides for those rights." Not quite. Congress does not have any resources of its very own. The only way Congress can give one American something is to first, through the use of intimidation, threats and coercion, take it from another American. So-called rights to medical care, food and decent housing impose an obligation on some other American who, through the tax code, must be denied his right to his earnings. In other words, when Congress gives one American a right to something he didn't earn, it takes away the right of another American to something he did earn.....

Three-fifths to two-thirds of the federal budget consists of taking property from one American and giving it to another. Were a private person to do the same thing, we'd call it theft. When government does it, we euphemistically call it income redistribution, but that's exactly what thieves do -- redistribute income."

If Walter Williams' words make sense to you, then you probably don't need to read any further. However, if you feel that a person has the "right" to own a home or to be approved for a mortgage loan to purchase a home of their own, read on.

The sad truth is that some people aren't cut out to be homeowners. Their mortgage loan applications should rightfully be denied. These folks should be tenants, perhaps for their lifetime, or perhaps just for the foreseeable future.

Yet, as a potential homebuyer, you do have certain 'mortgage application rights'. To begin with, you have the 'right' to make an application for a mortgage loan. You have the right not to be discriminated against on the basis of your age (for those of legal age), race, religion, national origin, color, creed, sex, marital status, because all or part of your income derives from any public assistance program, or because you have in good faith exercised any right under the Consumer Credit Protection Act.

You also have the right to receive an accurate Good Faith Estimate form, a Truth In Lending form and the prescribed HUD Settlement Costs booklet. These rights are provided to applicants via the Equal Credit Opportunity Act and the Real Estate Settlement Procedures Act. You also have the right, under the Fair Credit Reporting Act, to dispute any information on your credit report that you feel to be untrue. You even have the right to receive a copy of your appraisal. (I'd also add one of my own: You have the right to be treated with courtesy, dignity and respect. Just don't expect me to suffer all fools gladly.)

You do not, however, have the right to be approved. That is, I and lenders like me, discriminate against mortgage applicants based upon non-prohibited criteria every day. We discriminate against those who have no credit, poor credit, a prior foreclosure and/or insufficient income. We discriminate against those who have had recent bankruptcies and have not reestablished credit. We discriminate against those who do not have sufficient funds to close. We discriminate against those who do not have stable employment and/or income. We discriminate against those who wish to finance 'weird' (i.e, earth domed or Quonset hut) homes. (You might need to pay cash for those.)

It really hurts me to turn an application down, however. It hurts, because I've just spent time on a file that I won't get paid a dime on. I, and most of the mortgage lenders I know, just get paid for the ones we get approved and closed. So believe you me, I want to, and if it were up to me I would, approve them all. But, there is no current law that says we must.

*David Griffin has been financing homes in Macon, Warner Robins and all of Middle Georgia since 1983 and is a member of the Mortgage Bankers Association of Georgia, [mbag.org](http://mbag.org). For an archive of past articles visit [mbag.org/ML\\_Update.htm](http://mbag.org/ML_Update.htm). (11-25-09)*