

## Homebuyers With Good Credit to be Penalized by Biden Admin

April 25, 2023 - We're living in strange times. Normally, when you have good credit and a good chunk of money to put down on a home, you get a good interest rate. At least, that's how it has always worked. But no more. Starting on May 1st, a new rule put in place by the Biden Administration will penalize homeowners in this scenario. And the reason they are doing this is to help potential buyers with bad credit. What could possibly go wrong?

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The way the new rule will work is that any homebuyer with a credit score of 680 or higher will be hit with a fee. On average will be around 0.12% of the purchase price annually. On a \$400,000 home, that amounts to \$480 annually or \$14,400 over the life of the loan. But not everyone will pay the same fees. Those who have saved for a 15% or 20% down payment will be charged the most. All so people who have been irresponsible with their credit can get a subsidy for housing.

But the worst part of this plan may not be the fees. It's the risk that it brings to the housing sector.

One of the lessons that came out of the Great Recession was the people with bad credit, who never should have been able to purchase a home in the first place, were some of the first people to default on their loans. It seems that the geniuses who came up with this new plan have learned nothing from that experience. Instead of rewarding people for being responsible with their money, the new plan rewards those who aren't.

This is something that Congress should get involved in and put a stop to. On top of the increases in interest rates, these fees will make it more difficult for the best qualified homebuyers to make a purchase, while those with bad credit will qualify for lower rates and fees. It makes absolutely no sense, it isn't fair and frankly, it's un-American.

by Jim Malmberg

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