SENATE RESOLUTION No. 139

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 12, 2021

Sponsored by:
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Urges Congress to pass legislation requiring mortgage lenders to consider rent payments when determining people's credit worthiness.

CURRENT VERSION OF TEXT

As introduced.

A SENATE RESOLUTION urging Congress to pass legislation requiring mortgage lenders to consider rent payments when determining people's credit worthiness.

WHEREAS, When most people purchase a home, they borrow money for the purchase from a bank in the form of mortgage, but many lower-income people who rent homes in New Jersey cannot qualify for a mortgage due to a lack of credit history; and

WHEREAS, Despite having little or no credit history, many renters in the State have demonstrated creditworthiness by consistently paying rent to their landlords every month; and

WHEREAS, Fannie Mae, a federally backed institution that buys mortgages from banks and other financial institutions that underwrite mortgages, has begun to count certain people's rent payments when making underwriting decisions; and

WHEREAS, Data from Fannie Mae shows that 17 percent of people who have not owned a home in the previous three years and would not have previously qualified would qualify if rental payments were considered on mortgage applications; and

WHEREAS, Of those 17 percent, many are people of color who have limited credit histories, and who have been shut out of the housing market for a variety of reasons; and

WHEREAS, Though Fannie Mae is taking a step in the right direction, many other institutions who extend mortgages do not take rent payments into account when determining a person's creditworthiness; and

WHEREAS, New Jersey is limited in its ability to require mortgage lenders to consider rent payments of applicants when making determinations by federal law that preempts state regulation in this area; and

WHEREAS, If Congress takes action to require more mortgage lenders to account for rent payments when making decisions on whether to extend credit to a person who wants to buy a home, it will enable more people to own their own homes; and

WHEREAS, It is fitting and proper for this House to call upon the United States Congress to pass a law to require mortgage lenders to consider rent payments when determining peoples' credit worthiness; now, therefore,

BE IT RESOLVED *by the Senate of the State of New Jersey:*

1. This House urges the United States Congress to pass a law to require mortgage lenders to consider rent payments when determining people's credit worthiness.

2. Copies of this resolution, as filed with the Secretary of State, shall be transmitted by the Secretary of the Senate to the President of

the United States Senate, the Speaker of the United States House of Representatives, and each member of Congress elected from this State.

STATEMENT

This Senate resolution urges Congress to pass legislation requiring mortgage lenders to consider rent payments when determining people's credit worthiness.

When most people purchase a home, money in the form of a mortgage is borrowed for the purchase from a bank, but many lower-income people who rent homes in New Jersey are disqualified due to lack of credit history. Despite little or no credit history, many renters in the State have demonstrated their creditworthiness by consistently paying rent to landlords every month.

Fannie Mae, a federally backed institution that buys mortgages from banks and other financial institutions that underwrite mortgages, has begun to count certain people's rent payments when making underwriting decisions.

Data from Fannie Mae shows that 17 percent of people who have not owned a home in the previous three years and would not have previously qualified would qualify if rental payments were considered on mortgage applications. Of those 17 percent, many are people of color who have limited credit histories, and who have been shut out of the housing market for a variety of reasons.

Though Fannie Mae is taking a step in the right direction, many other institutions who extend mortgages do not take rent payments into account when determining a person's creditworthiness. New Jersey is limited in its ability to require mortgage lenders to consider rent payments when making determinations on applicants by federal law that preempts State regulation.

If Congress takes action to require more mortgage lenders to account for rent payments when making decisions on whether to extend credit to a person who wants to buy a home, it will enable more people to own their own homes.