

April 27, 2006

Select Milwaukee, Inc., does not support the proposal to allow a FHLB bank, at its option, to require homeownership counseling under the competitive application or set-aside programs.

Allowing counseling to be an option under both programs may diminish the likelihood of long-term successful homeownership by modest-income families. We do not believe that homeownership “counseling” is only for home buyers whose credit-worthiness does not measure up against conventional underwriting standards or who are otherwise not creditworthy or purchase-ready. For modest-income first-time buyers, regardless of credit history, pre-purchase advice and guidance is critical to their successfully navigating the home finance and purchase process. This guidance equips them with the skills and knowledge necessary to maintain homeownership, to budget adequately for routine home repairs and unforeseen financial emergencies. They are empowered and as a result, in a much better position to make wise choices regarding all aspects of a home purchase. Comprehensive pre-purchase advice and guidance also cultivates an ongoing relationship between home buyer and service provider that is conducive to long-term successful homeownership.

We believe it is imperative that the Finance Board establish counseling standards that ensures timely and high quality services to home buyers. Counseling should commence prior to mortgage pre-approval and certainly before the buyer enters a Purchase Agreement. In our experience there are a number of entities, lenders included, that purport to offer “counseling,” but that is superficial at best, often post-purchase, merely meeting “on paper” the requirements of a FHLB bank’s counseling program. This approach to pre-purchase counseling is a disservice to modest-income first-time buyers and jeopardizes their ability to build wealth via homeownership.

We appreciate the opportunity to comment on the proposed changes to the Affordable Housing Program.

Please feel free to contact me if there are any questions.

Thank you.

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A united thriving Milwaukee, one homeowner at a time.