

and increased notification if the house they rent falls into foreclosure.

Exotic derivatives markets based on mortgages were a primary contributor to our current economic downturn. This bill requires creditors retain at least five percent of the credit risk of each loan they transfer, or sell to a third party. Similarly, H.R. 1728 would ensure that the secondary market also comply with these new standards as they buy and trade these loans as securities. Sharing risk is an important part of ensuring safety in the marketplace.

These reforms will help us rebuild our economy now, and help us avoid future mistakes like those that contributed to our current economic crisis. I support the Mortgage Reform and Anti-Predatory Lending Act, and I urge my colleagues to join me in voting for its passage.

MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT

SPEECH OF

HON. YVETTE D. CLARKE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1728) to amend the Truth in Lending Act to reform consumer mortgage practices and provide accountability for such practices, to provide certain minimum standards for consumer mortgage loans, and for other purposes:

Ms. CLARKE. Mr. Chair, today I rise in strong support of H.R. 1728 The Mortgage Reform and Anti-Predatory Lending Act of 2009. This bill will finally put a stop to the abusive and predatory lending practices that have contributed to our nation's highest home foreclosure rate in 25 years. In recent years, some homeowners were deceived and some homeowners received more expensive loans than they could afford. In response, this bill would ensure that mortgage lenders make loans that benefit the consumer—and would bar lenders from steering borrowers into higher cost loans. Moreover, it will prohibit lenders from offering “reasonable sounding mortgages,” only to hide huge fees, rising interest rates and junk insurance in the fine print. No longer will lenders be able to “get rich” at the borrower's expense. The Mortgage Reform and Anti-Predatory Lending Act prescribes a simple standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold, before they sign on the dotted line. Under this measure, lenders and the secondary mortgage market who don't comply with these standards would be held liable by consumers for rescission of the loan and the consumer's costs for rescission, including attorney's fees. This would encourage the market to move back toward making fixed-rate, fully documented loans.

Although increased regulation of the lending market is crucial to the resurgence of our housing market and economy—the main reason why I stand today is because of this bill promises to bridge the financial information gap. For many people, especially in my district of Central Brooklyn, homeownership allows them to live independently and in relative comfort, while slowly accruing wealth simply by

staying in one place. But predatory lending and mortgage fraud undermines a low-income homeowner's grasp on economic security, leaving the most vulnerable of our society with insurmountable debt. Thereby, continuing the cycle of poverty.

In the case of the 11th Congressional District, most foreclosure victims live in low and moderate income working class communities, where conventional financial services are not available. Corrupt lenders prey on these people, offering loans they know the borrower can't afford. Good lending advice should always be available to all. The Mortgage Reform and Anti-Predatory Lending Act directs the Secretary of Housing and Urban Development to establish a grant program to provide legal assistance to low income homeowners and tenants concerning home ownership preservation, foreclosure prevention, and tenancy associated with home foreclosure. These grants would be given out to qualifying state and local governments and nonprofit organizations offering homeownership or rental counseling. This would help level the playing field for those most susceptible to the corrupt dealings of predatory lenders.

Addressing the mortgage foreclosure crisis is one of my top priorities. This is why, the day after I was sworn into office, this year, I proudly voted for the Systematic Foreclosure Prevention Act which directed the FDIC to create a program that would provide incentives to loan servicers for mortgage medication. Additionally, earlier this year—I introduced my own legislation, H.R. 1848, the Foreclosure Prevention Act—that authorizes an appropriation of \$100 million dollars to Neighbor Works America for foreclosure mitigation activities and mortgage counseling. I am very pleased that the principals of my bill were adopted into the Mortgage Reform and Anti-Predatory Lending Act.

Lastly, I am proud that we are doing what must be done to rebuild our economy in a way that is fair and consistent with our values. Again, I stand in strong support of H.R. 1728, and pledge to continue my fight for common sense reform and consumer protections.

MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT

SPEECH OF

HON. LINDA T. SÁNCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1728) to amend the Truth in Lending Act to reform consumer mortgage practices and provide accountability for such practices, to provide certain minimum standards for consumer mortgage loans, and for other purposes:

Ms. LINDA T. SÁNCHEZ of California. Mr. Chair, I offer my strong support for the Mortgage Reform and Anti-Predatory Lending Act.

Abusive and predatory lending practices have wreaked havoc upon the American economy, bringing it to its worst state since the Great Depression. What started as a subprime mortgage crisis has ballooned to affect everyone. Millions of families have lost their homes or face the prospect of foreclosure, and busi-

nesses large and small are laying-off employees in record numbers. Unemployment figures have risen to numbers unseen in decades.

Although Congress has made great strides to stabilize and rejuvenate the economy, we must regulate lenders so that a crisis like this will never happen again. We must protect innocent home buyers from unscrupulous mortgage lenders eager to make a quick buck. Mortgage lenders should not steer borrowers into higher cost loans just to increase their commissions. Mortgage institutions should ensure that borrowers can repay the loans they are sold. Creditors should retain an economic interest in a portion of the loans they sell, which would help them to be more responsible about initiating loans.

Passing the Mortgage Reform and Anti-Predatory Lending Act is the right thing to do. The Mortgage Reform and Anti-Predatory Lending Act will outlaw many of the egregious lending practices that have multiplied in recent years and spark a return to more responsible lending methods.

These much-needed changes are long overdue and will protect vulnerable home buyers. That is why I urge my colleagues to support this critical legislation.

MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT

SPEECH OF

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1728) to amend the Truth in Lending Act to reform consumer mortgage practices and provide accountability for such practices, to provide certain minimum standards for consumer mortgage loans, and for other purposes:

Mr. DINGELL. Mr. Chair, I rise in support of H.R. 1728, the “Mortgage Reform and Anti-Predatory Lending Act.” Risky lending practices, combined with the consequent securitization of mortgages, ultimately brought a violent end to the housing bubble and left the United States with a constricted credit market not seen in generations. In short, simple avarice and an inexcusable disregard for the long-term health of the mortgage market gave rise to the economic crisis in which this Nation presently finds itself mired.

Just as our predecessors did in the wake of the Great Depression, we, too, must enact laws to ensure transparency in our economy and prevent the recurrence of practices that have left millions of Americans facing foreclosure. H.R. 1728 is but one of several essential means by which to achieve that end. This legislation, by requiring the licensing and registration of mortgage originators and proof of a borrower's ability to repay a home loan, will serve to impede—and hopefully altogether prevent—the irresponsible home lending practices that have in great part crippled the economy of my home state of Michigan, which, with one foreclosed home for every 136, has the sixth-highest foreclosure rate in the nation.

Although politically expedient to focus our ire over the current economic crisis on insalubrious actors in the financial services sector and making them the target of punitive legislation, we must not lose sight of the necessity