

*Bill to curb unscrupulous lending practices, increase protections on homebuyers*

Today House Financial Services Committee Ranking Member Spencer Bachus, joined by original cosponsors Reps. Paul Gillmor and Deborah Pryce, introduced legislation to better protect homebuyers from predatory lending practices.

*The Fair Mortgage Practices Act* is the culmination of a 16 month effort to achieve a bipartisan solution to concerns about unfair practices within the subprime lending industry.

The bill includes the following new or enhanced consumer protections: Creates a national registration and licensing standard for mortgage originators to enhance accountability and professionalism within the industry; Increases transparency in the mortgage process by simplifying disclosures for borrowers; Encourages financial institutions to evaluate a borrower's ability to repay a mortgage loan before extending credit; Increases support for housing counseling; Restricts prepayment penalties on Hybrid ARMs including 2/28s and 3/27s. Requires that subprime mortgages have escrow accounts for taxes and insurance at the time the loan is consummated; Strengthens enforcement against mortgage fraud schemes; and Improves the integrity of appraisals.

"Homeownership should remain the American dream, not a nightmare. For far too long, my home state has been subjected to unscrupulous lenders, loose underwriting standards, and high foreclosure rates. Ohioans have rightfully demanded their representatives take action to stem the wave of foreclosures and this bill answers their call," said Rep. Paul Gillmor, Ranking Member of the Subcommittee on Financial Institutions and Consumer Credit.

"There is no larger consumer protection issue facing my home state of Ohio," said Rep. Deborah Pryce, Ranking Member of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises.

"Ohio's foreclosure rate is now three times the national average, one in six subprime loans is delinquent, and the problem is expected to worsen. While many foreclosures result from serious illnesses and job loss, it is obvious that aggressive lending, an abundance of subprime loans, and predatory lenders have helped to create a crisis in Ohio."

"Let me commend the bill's original cosponsors – Reps. Paul Gillmor and Deborah Pryce – for the leadership they bring to this important issue," stated Ranking Member Bachus.

Rep. Bachus also expressed his hope that this subprime lending bill will be given prompt consideration by the Financial Services Committee and move expeditiously to the House Floor. "We have had multiple hearings, shared ideas and adopted a 'Sense of The Congress Resolution.' It is time now to adopt an approach that maintains the benefits that subprime lending has brought to our citizens while strengthening protections against the abusive practices which threaten the subprime market.

"Both protecting borrowers and preserving access to credit are critically important if we are going to keep the dream of home ownership and all its benefits attainable for working families. This is an important issue which we have studied, debated and agreed on the need for legislation. Now we need to act."