

Washington, DC -- U.S. Representative Michael A. Arcuri (D-Utica) continued his commitment to help American families achieve the dream of homeownership in a responsible way by guiding the Mortgage Reform and Anti-Predatory Lending Act of 2007 (H.R. 3915) through the U.S. House of Representatives yesterday.

“I am proud to vote once again to help local families achieve the American dream of homeownership in a fiscally responsible way that grows our economy and strengthens middle class families,” **said Arcuri**. “Too many hard-working families have been forced into predatory loans which threaten their financial stability and the very roof over their heads. Homeownership is the cornerstone of the American dream – the foundation on which families grow and communities prosper. Today, we took one more critical step to protect that dream.”

Arcuri, a member of the House Committee on Rules, sponsored and introduced the Rule allowing the House to consider H.R. 3915, which responds to the subprime mortgage crisis by providing much-needed reforms to protect homebuyers from predatory loans. Serious problems with subprime mortgages have pushed the housing market into its worst slump in 16 years – weakening the American economy and making American families less secure. In the second quarter of this year, more than 286,000 mortgage loans entered the foreclosure process.

“This bill would require lenders to prove that borrowers can in fact repay their loans, and ensure that vulnerable consumers aren’t pressured into refinancing their loans unless the refinanced loan will be to their benefit,” **said Arcuri**. “These consumer protections are necessary to protect borrowers who often find themselves trapped.”

H.R.3915 establishes a federal standard for all home loans, requiring institutions to ensure borrowers can repay the loans they are sold. Lenders would have to determine that a borrower has a “reasonable ability to repay,” based on income, credit history, indebtedness and other factors. It also contains provisions to increase mandatory disclosures for consumers seeking mortgage loans and would establish federal minimum requirements while enabling states to impose tougher rules.

The bill also prohibits financial incentives for lenders who steer borrowers into more costly loans, including the bonuses known as “yield spread premiums” that lenders pay to brokers to inflate the cost of loans. Statistics have shown that many homeowners in the current mortgage

crisis received more expensive loans than they qualified for. It limits the prepayment penalties charged to borrowers who wish to close out their loans, typically to refinance on more affordable terms.

To ensure increased accountability in the lending market, H.R.3915 provides for licensing and registration of individual mortgage brokers and registration of bank employees that originate mortgages, as well as the establishment of a Nationwide Mortgage Licensing System and Registry (NMLSR). H.R. 3915 would also create the Office of Housing Counseling within HUD to boost homeownership and rental housing counseling.

In response to the subprime mortgage crisis, Arcuri also voted in September to revitalize the Federal Housing Administration (FHA), which was established to provide a reliable source of affordable mortgage loans for first-time homebuyers.

Expanding American Homeownership Act of 2007 (H.R. 1852) would enable the FHA to serve more subprime borrowers at affordable rates and terms, to attract borrowers that have turned to predatory loans in recent years, and offer refinancing to homeowners struggling to meet their mortgage payments in the midst of current unstable mortgage markets.

As a member of the distinguished House Committee on Rules, Arcuri managed the rule for consideration, and spoke in support, of the legislation on the floor of the House. A copy of Arcuri's remarks is included below.

U.S. Rep. Michael A. Arcuri (NY-24)
In the House of Representatives
Rule for H.R. 3915, Mortgage Reform and Anti-Predatory Lending Act of 2007
Opening Statement
November 15, 2007

M. Speaker. By direction of the Committee on Rules I call up House Resolution 825 and ask for its immediate consideration.

M. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Washington, Mr. Hastings. All time yielded during consideration of the rule is for debate only. I yield myself such time as I may consume. I also ask unanimous consent that all Members be given five legislative days in which to revise and extend their remarks on House Resolution 825.

M. Speaker, House Resolution 825 provides for consideration of H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act of 2007 under a structured rule. The rule provides one hour of general debate controlled by the Committee on Financial Services. The rule waives all points of order against consideration of the bill except for clause 9 (earmarks) and clause 10 (pay-go) of rule 21. The rule makes in order the Financial Services Committee reported substitute.

The rule also makes in order 18 amendments printed in the Rules Committee report.

M. Speaker, let me begin by thanking and congratulating Financial Services Committee Chairman Frank and Ranking Member Baucus for truly working in a bipartisan fashion to develop this legislation. I would like to point out that the legislation was approved by the Financial Services Committee last week by a vote of 45-19 – with the support of nine Republicans, including the Ranking Member.

It is that type of bipartisan spirit that the American people demanded from Congress last November, and we as the new Majority will continue to provide.

M. Speaker, the subprime lending crisis threatens our nation's economic security and the dream of home ownership for many American working families. Now, more than ever, American families are at risk of losing their homes. In the second quarter of this year, more than 286,000 mortgage loans entered the foreclosure process.

With the housing market in decline, foreclosures pose a grave danger to the stability of local property values and our national economy.

This lending crisis can be traced to the rapid increase in subprime mortgages – most of which were made with no federal supervision. This lack of supervision allowed some lenders – not all – to prey on innocent consumers' dreams of achieving home ownership and force punitive subprime mortgages upon them.

Many of these predatory loans feature low "teaser" introductory rates which lure borrowers, who may be eligible for lower fixed rates, into loans they have little chance of repaying once the rates increase.

M. Speaker, the Mortgage Reform and Anti-Predatory Lending Act would require lenders to prove that borrowers can in fact repay their loans, and ensure that vulnerable consumers aren't pressured into refinancing their loans unless the refinanced loan will be to their benefit. And to

further protect borrowers, the legislation would curb incentives to steer consumers to high-cost loans, and enhance consumer protections for high-cost mortgages. Finally, the legislation would also provide long-overdue and much-needed regulation of the lending industry by requiring that mortgage lenders be licensed by states.

M. Speaker, every American deserves the opportunity to achieve the dream of home ownership. I'm proud to stand here today with my colleagues from both sides of the aisle as we take meaningful, commonsense steps to help more American families achieve that dream.

Thank you, I reserve the balance of my time.

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