

FOR IMMEDIATE RELEASE
April 23, 2009

Contact: Jesse Van Tol (202) 464-2709
jvantol@ncrc.org

Mortgage Reform Critical to Restoring Trust and Integrity to the Financial System

Washington, DC –Today the National Community Reinvestment Coalition (NCRC) will testify before the House Financial Services Committee on H.R. 1728, the *Mortgage Reform and Anti-Predatory Lending Act of 2009*. Predatory lending and other abusive practices have destabilized the markets, driven widespread unemployment and brought the economy to its knees. Stronger consumer protections and liability for creating, improperly valuing or selling problematic mortgages—including adequate regulation of brokers, lenders, appraisers, rating agencies and securitizers—would have prevented much of the current financial crisis.

“It is now abundantly clear that consumer protections and safety and soundness concerns are joined at the hip. Had consumers been protected from abusive lending practices, we would not be bailing out financial institutions for their malfeasance,” said John Taylor, president and CEO of NCRC. “Rules creating more accountability in the mortgage process are critical to restoring integrity and trust in the financial system. H.R. 1728 would outlaw many of the most predatory lending practices.”

NCRC will make recommendations to strengthen the law even further, including narrowing or removing the safe harbor, which assumes that certain loans are never abusive, expanding the liability for assignees, to include servicers, securitizers and investment institutions and removing the preemption clause, that would allow federal law to trump stronger state laws. Yield spread premiums should also be banned outright, as they have been overwhelmingly used in an abusive fashion.

NCRC will also draw attention to the regulatory failure that allowed the crisis to occur, and call for the appointment of an independent review body to oversee enforcement activities. Emerging lending and valuation abuses also deserve Congressional investigation and resolution, including loan modification scams, improper use of FHA lending programs and the role of appraisal management companies in the marketplace.

###

The National Community Reinvestment Coalition is an association of more than 600 community-based institutions that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development, and vibrant communities for America's working families.