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Wall Street Reform Bill Passes the House

Washington, DC - Reacting to news that the House has passed the Wall Street reform bill this evening, John Taylor, president & CEO of the National Community Reinvestment Coalition (NCRC), made this statement regarding its passage:

“NCRC is very pleased to see some major steps taken to overhaul the banking system. The bill offers necessary consumer protections that would not have been passed without President Obama’s leadership. The Senate needs to act quickly to send this legislation to the President’s desk. While it’s been distressing to see the outsize influence that the Wall Street banks have on Congress, it’s time now to get this done, and to move forward with other necessary measures to clean up the mess caused by the reckless and irresponsible behavior of Wall Street.”

“The creation of the Consumer Finance Protection Bureau (CFPB) as an independent agency that will be able to create and enforce rules of the road will protect consumers from future abuses. It is critical however that this independence not be undermined by the fact that the Federal Reserve Bank will house, pay for and be part of the oversight agency that has the authority to veto decisions of the CFPB. Only time will tell as to how much influence the banking regulators and others have over this new important agency. We will be paying close attention to the implementation of the agency, to ensure it is set up in a way that maximizes its ability to protect consumers.”

Major consumer friendly components of the bill include:

Consumer Agency:

- A strong consumer agency was created to protect consumers and enforce regulations on mortgages, credit cards and other financial products.
- The Director of the agency will be appointed by the President and confirmed by the Senate.

Help for Homeowners:

- Assistance to unemployed borrowers facing foreclosure.
- Money provided for the neighborhood stabilization fund which helps with assistance to borrowers for foreclosed or abandoned properties.
- Funds provided for housing counseling

Anti Predatory Provisions:

- A new minimum underwriting standard would be enforced that will make lenders verify that borrowers can repay the loan.
- Bans payments to mortgage originators who steer borrowers into high-priced loans.
- Protection against prepayment penalties and abusive loan fees.

Data Enhancements:

- Data enhancements on HMDA (Home Mortgage Disclosure Data) which include loan terms and conditions & age of borrower.
- Data on the gender and race of the small business borrower so that we know whether woman and minority-owned small business are receiving loans and can start or expand their businesses.
- A default and foreclosure database that would be an early warning system enabling stakeholders to take action if the data shows a spike in foreclosures.
- A database of individual loan records in the Home Affordable Modification Program (HAMP) program. This will increase the accountability of the industry for modifying distressed loans.

About the National Community Reinvestment Coalition (NCRC):

The National Community Reinvestment Coalition is an association of more than 600 community-based organizations 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. NCRC provides foreclosure prevention counseling to homeowners through its Housing Counseling Network.

<http://www.ncrc.org/>