



## PRESS RELEASES

### REP. WATERS INTRODUCES LEGISLATION TO RESTRICT PREDATORY LENDERS FROM PARTICIPATING IN FHA PROGRAMS

Washington, DC, Feb 23, 2009 | Michael Levin ((202) 225-2201) | [0 comments](#) [f](#) [t](#) <#> [e](#)

Rep. Maxine Waters (D-CA), Chairwoman of the Subcommittee on Housing and Community Opportunity, and the most senior Member of the Financial Services Committee from the State of California, today introduced the Honest FHA Originator Act of 2009 (H.R. 1116) with Housing Subcommittee members Rep. Jackie Speier (D-CA) and Rep. Steve Driehaus (D-OH). The legislation is designed to prohibit unscrupulous or unapproved lenders from participating in Federal Housing Administration (FHA) programs.

"As we move forward in identifying effective models to fix the housing crisis, any lender with a record of engaging in dishonest business practices with consumers should be prohibited from benefiting from taxpayer dollars," Rep. Waters said.

According to Credit Suisse, an estimated 8 million homes, representing 16 percent of all mortgages, will be in foreclosure in the next 4 years. In response, the White House introduced the "Homeowner Affordability and Stability Plan," a comprehensive housing plan to help homeowners stay in their homes through the use of government-funded mortgage refinancing and loan modification plans. To ensure that bad actors cannot benefit from government programs at taxpayer expense, Rep. Maxine Waters introduced this bill to restrict participation from predatory lenders.

"We must work together to ensure that an effective foreclosure mitigation program is in place to help keep homeowners in their homes. However, we must also make sure that the program contains the right rules to ensure that honest lenders are not thrown in the same pool as predatory lenders," Rep. Waters stated. "This is why I introduced the Honest FHA Originator Act of 2009, H.R. 1116, which prohibits predatory lenders from participating in FHA programs."

#### *Predatory Lenders and FHA*

The "FHA Originator Act of 2009" would require Department of Housing and Urban Development (HUD) approval of all parties participating in the FHA single family mortgage origination process. The legislation also makes clear that an applicant is ineligible for approval if the entity has engaged in activities unfit to meet the responsibilities of an approved mortgagee, including committing acts in violation of the S.A.F.E. Mortgage Licensing Act.

"Fraudulent lenders who misrepresent themselves as HUD-approved entities in order to participate in FHA programs must be held accountable. My bill would give HUD the authority to impose a monetary penalty against loan originators who are not HUD-approved and yet participate in FHA mortgage originations," stated Rep. Waters.

HUD would also be required to expand its processes for reviewing new applicants and identifying high risk applicants. Furthermore, the bill would require all FHA-approved mortgagees to use their licensed names and keep a copy of all advertisements.

"During this economic crisis, Congress must respond diligently. I strongly urge Congress to pass my legislation so that we can ensure an effective and fair process to keep homeowners in their homes," Rep. Waters stated.

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