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CONGRESSWOMAN MAXINE WATERS HELPS STOP ABUSIVE AND PREDATORY LENDING PRACTICES

Washington, DC, May 7, 2009 | Michael Levin ((202) 225-2201) | [0 comments](#)

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Congresswoman Maxine Waters (CA-35) voted today to protect American consumers, helping the House of Representatives pass legislation that curbs abusive practices and predatory lending in the mortgage industry. The Mortgage Reform and Anti-Predatory Lending Act outlaws many of the egregious industry actions that marked the subprime lending boom and led to the nation's highest foreclosure rate and worst economic crisis in decades. The bill also marks a key step in the overhaul of the nation's financial regulations.

"The subprime meltdown is causing 6,600 foreclosures every day, reducing the property values of 73 million American homeowners, strangling the credit markets and crippling our largest financial institutions," said Congresswoman Waters. "The legislation we passed today will protect consumers in California and nationally from abusive loans and protect tenants who rent homes that go into foreclosure. We are ensuring that a financial crisis like this, which started with irresponsible subprime lending, never happens again. This is significant progress for the American people."

Specifically, the Mortgage Reform and Anti-Predatory Lending Act ensures that mortgage lenders make loans that benefit the consumer and prohibits them from steering borrowers into higher cost loans. It will, in effect, prevent borrowers from deliberately misstating their income to qualify for a loan. For the first time ever, it holds accountable all of those who originate, sell and buy loans, including those on Wall Street who buy up and bundle mortgages for profit.

The bill goes further toward reforming our financial system and demanding accountability by establishing standards for all home loans. Institutions will be required to ensure that borrowers can repay the loans they are sold. It also requires that all mortgage refinancing loans benefit the consumer and encourages the market to move back toward fully documented loans.

CMW work to stop predatory lending

"Irresponsible predatory lending practices caused the current financial crisis," said Congresswoman Waters. "Our legislation goes a long way toward preventing that type of behavior and protecting Americans from the unscrupulous practices that have characterized the mortgage industry in recent years."

The Mortgage Reform and Anti-Predatory Lending Act builds upon the other consumer protection legislation recently passed by the House, including the Credit Cardholders' Bill of Rights and the Fraud Enforcement and Recovery Act. Under Democratic leadership, the House continues to bring commonsense reforms to the financial system, demanding accountability and incorporating tougher consumer protections.

"With this bill, with the Credit Cardholders' Bill of Rights we passed last week and the Financial Markets Commission we voted to establish yesterday, we are taking concrete steps toward reforming our financial system and rebuilding our economy in a way that is fair and consistent with our values," said Congresswoman Waters, who chairs the Housing and Community Opportunity Subcommittee.

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