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Making Sense Of The Subprime Slide
Rep. Brad Miller

The recent spike in defaults in subprime mortgages has caused a hiccup in the markets, but it is catastrophic for families now facing the loss of their home to foreclosure. Most mortgages help families build wealth, and the equity they build in their home becomes the bulk of their life's savings. Predatory mortgages steal wealth from homeowners. Predatory mortgages are most often refinances.

Predatory lenders take their profits at closing from hidden fees that have nothing to do with risk of the loan. And if the homeowner cannot possible repay the loan, the lender can "flip" the loan and take more fees at another closing. Foreclosure often results after a series of refinances have stripped the homeowner of their equity. Several states have protected consumers from predation with no real loss in credit for consumers who need to borrow against their home. Congress should work from successful state legislation and protect all Americans. Reasonable legislation will address the concern of investors in subprime lenders by addressing the desperation of homeowners in predatory loans.

The North Carolina Democrat is a member of the House Financial Services Committee, working to reintroduce a Predatory Lending bill in the 110th Congress.