

WASHINGTON - **Rep. Brad Miller** (NC-13) introduced today The Mortgage Reform and Anti-Predatory Lending Act of 2007 aimed at curbing predatory lending, which has been a major factor in the highest home foreclosure rate in the nation in at least 25 years. Congressman Miller, **Rep. Mel Watt** (NC-12), and **House Financial Services Committee Chairman Barney Frank** introduced the national legislation to eliminate specific abusive lending practices.

A key element of the legislation ensures that lenders will be responsible for underwriting loans that consumers have a reasonable ability to repay while prohibiting practices that increase the risk of foreclosure for consumers.

"Americans that lose their home risk falling out of the middle class and into poverty causing a ripple effect throughout the country's economy," Miller said.

The bill mandates that all mortgage lenders are licensed and registered under state or federal law. The legislation also protects consumers from being steered into loans that aren't in their best interest, and if they refinance there must be a tangible benefit to the consumer.

According to the Center for Responsible Lending, 2.2 million Americans risk foreclosure in the next two years. The foreclosure epidemic is being caused primarily by families borrowing against their homes to pay their bills when something has gone wrong, not because they are buying more house than they can afford. Families are borrowing against their homes because of job loss, serious illness, divorce and major home repairs. Approximately 72 percent of subprime mortgages from 1998 to 2006 are refinances, not loans to purchase homes.

"This bill represents a significant step forward to clean up and prevent a number of the questionable practices that, unfortunately, took hold in the mortgage lending industry in the last several years. I hope the industry will embrace the changes and allow the bill to move forward quickly," said **Rep. Watt**.

The bill will also create greater transparency by ensuring lenders make full disclosure of the terms of the loan at the time of signing.

"It probably will be the most significant consumer legislation in more than a dozen years," **Miller** said. "Thousands of middle-class homeowners could be saved from foreclosures should the bill become law."

The Miller-Watt-Frank bill is similar to North Carolina's predatory lending statute, which is considered the model state statute for preventing abusive lending practices, while preserving consumer access to credit.