A recently published report entitled Paying More for the American Dream found that Citigroup, Countrywide, GMAC, HSBC, JP Morgan Chase, Washington Mutual and Wells Fargo all originated a substantial volume of both higher cost subprime and lower cost prime loans.

The report also found that for these seven lenders, the percentage of total home purchase loans to African Americans that were higher-cost was six times greater than the percentage of higher cost home purchase loans to whites. (41.1 percents vs. 6.9 percent).

Loans to Latinos that were higher-cost loans were 4.8 times greater than the percentage of higher cost home purchase loans to whites (32.8 percents vs. 6.9 percent).

In each of the cities examined, the seven lenders combined showed larger African American/white and Latino/white disparities than those exhibited in the overall lending market.

Foreclosure and discrimination in lending practices are serious problems for America's cities. We are now on the brink of a massive wave of foreclosures in this country.

Although there are a significant number of individuals and organizations working to reverse existing problems in the lending system and create viable alternatives to foreclosure and subprime mortgages, the tide will not be turned because the magnitude of the problem outstrips even the best of their abilities and efforts.

To turn the tide of foreclosure in America's cities, leadership at the federal government level is necessary as well. We must examine the problem and the steps that can be taken before it becomes bigger and beyond us all.

PREDATORY LENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Mrs. JONES) is recognized for 5 minutes.

Mrs. JONES of Ohio. Mr. Speaker, I am glad to join my colleague, Mr. CUMMINGS, as he organizes this hour around predatory lending.

I rise today to speak out against the issue of predatory lending within the subprime lending industry.

I came to Congress in 1999, served on the Committee on Financial Services, and started instantly raising the issue of predatory lending practices. One of the things that we have learned is that all subprime lenders are not predatory lenders, but all predatory lenders are subprime lenders.

Let me say it again. All subprime lenders are not predatory lenders, but all predatory lenders are subprime lenders. In fact, subprime lending has been a way in which many people who have been locked out of and left out of the credit area, or having an opportunity to have credit, have been able to come in. But what has come in with that practice are these predators who prey on our communities.

I have heard from countless constituents in my district regarding this issue. As you know, as the gentleman from Ohio (Mr. KUCINICH) said, Ohio has one of the highest rates of foreclosure in the country. Members of my community who have owned homes for years are being forced with foreclosure, after owning a home for more than 40 years in some cases.

Seniors are being affected at a disproportionate rate. Lenders prey on seniors who have been in their homes all of their lives and have a substantial amount of equity in their home. They get them on the phone and say: "Oh, Ms. Jones, do you need a new kitchen? Oh, I can help you get a new kitchen and it won't cost you any money. But, Ms. Jones, you might need a driveway also. Let me help you out."

And it goes on. So they enter into this agreement. They enter into these balloon and adjustable rate mortgages that look attractive and are affordable in their initial stages. However, after 2 years or more, these loans readjust to much higher payments with higher interest rates.

For instance, one of my constituents is currently in an adjustable rate mortgage which locked in a payment of $1,088 for 2 years. After 2 years, the mortgage payment increased to $1,488. And 3 months later, the payment increased to $1,715. This payment increase has had a significant impact on this individual's budget, and because they are not in a position to refinance, they are currently facing foreclosure. And that was one of the deals made in the early predatory lending situations.

"Oh, get it now. The interest rate is going to go down, and you will be able to refinance or purchase your house." The thing they don't say is often the appraisal far exceeds the value of the home, and if it exceeds the value of the home, by the time they get ready to refinance, they owe more on the home than the home is worth.

Creating wealth is the most fundamental goal of minorities that seek economic equity. One of the first steps towards creating wealth is home ownership. The equity from owning a home is often the only means to secure funding for a new business, college tuition or retirement. I know my girlfriend, Barbara Lee, talked about her home was the way in which she started her first business.

Predatory lending targets low-income and minority communities. It compromises the opportunity to own a home, and hinders economic stability, creating greater disparities in wealth.

Mr. KUCINICH went through a lot of the statistics with regard to predatory lending and issues that came through the Nonprofit Center for Responsible Lending, so I won't try and go after that again. But what I will say, predatory lending has expanded its reach beyond mortgage lending. Predatory practices are becoming increasingly prevalent in refund anticipation, auto and payday loans. There were over 12 million refund anticipation loan borrowers in 2003. That is where you go into the place and they say, "Oh, you are going to file your taxes. Let me give you a loan on your taxes and you can get your money right now," and the interest rate is outrageous.

Tax preparers and lenders strip about $1.57 billion in fees each year from the earned income tax credit paid to working families, according to a 2005 study.

It is also estimated that predatory payday lending practices cost American families $4.2 billion annually. Understand that the reason that the payday loan people have been able to come into our community is because often some of the traditional lending institutions have left the community and people have nowhere to operate. There are people who never get a checking or credit account. They pay their bills in cash. How can that be in the United States of America, but it is true. They walk up and want to pay the phone bill and the light bill and gas bill.

Anyway, I have been hollering, screaming, dancing about this issue since 1999. It is unfortunate that the only way we come to pay attention to this issue is when it begins to have an impact or threat to corporations and financial mortgage security industries in our country.

The nonprofit Center for Responsible Lending projects that as this year ends, 2.2 million households in the subprime market will either have lost their homes to foreclosure or hold subprime mortgages that will fail over the next several years. These foreclosures will cost homeowners as much as $164 billion, primarily in lost home equity.

It is also projected that one out of five (19 percent) subprime mortgages originated during the past two years will end in foreclosure. This rate is nearly double the projected rate of subprime loans made in 2002, and it exceeds the worst foreclosure experience in the modern mortgage market, which occurred during the "Oil Patch" disaster of the 1980s.

The nonprofit Center for Responsible Lending analyzed 15.1 million subprime loans from 1998 through 2006 and found that only about 1.4 million were for first-time home buyers. Most were for refinancing. To date, more than 500,000 of those subprime borrowers have lost their homes to foreclosures. An additional 1.8 million are likely to follow as the market deteriorates. That's nearly 2.4 million lost homes.

In Ohio the foreclosure epidemic went from bad to much worse last year as the number of new cases grew by nearly 24% from 2005. Cuyahoga county led the state in new cases with 13,610 new filings last year. This ranking has attracted national attention with Ohio's foreclosure rate currently at 18% which is higher than the national average of 17%. The problem has gone from bad to worse and from worse to regress in Ohio, with $7,479 filings in February 2007 alone.

Predatory lending has expanded its reach beyond mortgage lending. Predatory practices are becoming increasingly prevalent in refund anticipation, auto, and payday loans.

There were over 12 million Refund Anticipation Loan borrowers in 2003. Tax preparers and lenders strip about $1.57 billion in fees each year from the earned-income tax credits paid to working parents, according to a 2005 study by the National Consumer Law Center.

It is also estimated that Predatory payday lending practices cost American families $4.2 billion annually. In addition, research indicates that minorities pay on average $2,000 more per vehicle purchased than nonminorities. Predatory auto lending is taking an estimated $2 billion dollars a year out of African American communities alone.

PREDATORY LENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. LEE) is recognized for 5 minutes.

Ms. LEE. Mr. Speaker, first let me just thank the gentleman from Maryland (Mr. CUMMINGS) for organizing these 5-minute speeches tonight, and for his leadership in fighting for home ownership and opportunity and against predatory lending practices.

As my colleague Congresswoman JONES just said very eloquently, it is a real shame and disgrace that we once again have to take to the floor to raise the issue of predatory and deceptive lending practices.

As many of us can attest, which you are hearing tonight once again, these practices are out of control and on the rise, and they are leaving many, many people out in the cold and in foreclosure.

The statistics regarding the current subprime lending debacle are staggering. It is estimated that bad loans have forced 1.5 million homeowners into foreclosure this year alone, according to ACORN. In 2006, the number of foreclosures stood at 2.6 million, topping the prior year total of 900,000 people. The problem is only getting worse.

The subprime industry's practice of higher rates, teaser rates, higher fees, prepayment penalties, payday loans, check cashing facilities and other unfavorable and hidden costs combine to create conditions that push homeowners into hopelessness. We must remember that foreclosures not only devastate individuals and families, but they also depress communities and decrease property values.

This does not have to be the case for many subprime customers. The assumption that subprime loans are for people who cannot qualify for a prime loan at a good rate is false. Fannie Mae, and this is really unbelievable, Fannie Mae and Freddie Mac have assessed that one-third to one-half of subprime borrowers could have qualified for better loan rates but were not given that option. They just weren't given that option. The education and the information were simply not provided to these customers, and I wonder why.

Regulators haven't done enough to protect consumers against predatory lending. Because of the Bush administration's lack of regulatory rigor and oversight of the subprime mortgage industry and their tendency to pander to the business industry at the expense of hardworking middle- and low-income Americans, we are in the mess we are in today.

Sadly, many of the victims of predatory lending are the elderly, single parents, and people of color. In fact, communities of color continue to be the target of predatory lenders. I call them loan sharks. They are all over my community, and these unscrupulous financial service schemes prey on the dream of home ownership and the prospect for generational wealth building.

Within the last year, investigations of real estate agents were designated by HUD for testing, they uncovered an 87 percent rate of racial steering and a 20 percent denial rate for African Americans and Latinos.

A Federal Reserve study showed that African American and Latino borrowers are more likely to receive higher cost subprime loans than their white counterparts. However, the likelihood of receiving a higher cost loan to buy a house than a white borrower for African Americans is 3.7 times more likely and for Latinos, 2.3 times more likely.

So we must put an end to this type of lending discrimination and predatory practice. Enough is enough.

Sometimes people ask me what is institutional racism. They do not quite get it. Well, let me tell you, this is a very glaring and unfortunate clear example of institutional racism, and so we must support all of the efforts by Congressman CUMMINGS and other efforts by Congressman MEL WATT, BRAD MILLER, BARNEY FRANK, members of the Financial Services Committee to put forth legislation that provides a floor, not a ceiling, for a policy such as this. We have got to face reality. That means we must take a look at these, and I just call them exotic loans, and they are exotic, and adjustable rate mortgages that soon become unaffordable, as Congresswoman TUBBS JONES said, after a couple of years.

To entice borrowers to take on risks that they may not be aware of is just plain setting them up to fail, and this is just wrong. It is a shame. It is a disgrace.

We need to provide relief, first of all, to victims of these loan sharks and protect the national economy from the consequences of a mortgage industry crisis which I believe is looming. We must act immediately to protect a generation of homeowners. They are counting on us. They deserve an opportunity to achieve the American Dream of homeownership which is quickly turning into a nightmare for many.

For the majority of Americans, like for myself, purchasing a home is the only way, I mean the only way, you can build any type of equity to be able to just send your kids to college or to buy a house or to do some of the things that you want to do, start a small business. So we have got to clamp down and we have got to clamp down hard on these loan sharks.

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. JOHNSON) is recognized for 5 minutes.

(Mr. JOHNSON of Georgia addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TRIBUTE TO THE LATE RALPH FORD, JR.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, first of all, I would like to associate myself with the remarks of my former colleagues who have talked about foreclosures and predatory lending.

As a matter of fact, I also want to thank the committee that I established a few weeks ago, made up of about 50 people, including State Representative LuShawn Ford, who has agreed to chair. I come from the community that pretty much led the movement for community reinvestment in this country under the leadership of a woman named Gail Cincotta who was the head of the Organization for a Better Austin, and then Gail came to Washington and went ahead and founded the National Training and Action Committee which still exists to this day.

So I simply want to associate with those comments made by my colleagues.

But, Mr. Speaker, I really also rise with a great level of sadness to pay tribute to a good son, a good husband, a good father, a good citizen and one of Chicago's finest of the men and women in blue, Police Sergeant Ralph Ford, Jr.

It has been my pleasure and that of my wife to know the Ford family for many years. I first knew Ralph's mother, Mrs. Jacqueline Ford, when she was a pioneer community activist serving on the board of the Martin Luther King, Jr, neighborhood health center. She and my wife Vera have attended Carey Tercentenary AME Church together, and I say forever.

I first knew Ralph well when he was a young Chicago police officer. I had begun to run for public office. He was a diligent and enthusiastic volunteer who was not afraid to be associated with our campaign, even though I was running as what we call an Independent against the existing political machine.

The fact that Ralph had attended the University of Arkansas at Pine Bluff added another star to his crown because I had attended the same school when it had another name, Arkansas AM&N College, before it attained university status.

Being the excellent police officer that he was, Ralph made sergeant and outdistanced many of his peers. He was jovial, a great talker, had a great personality and a wonderful sense of humor.

Family meant everything to Ralph. He was totally devoted to his wife and children, and he had a great affinity for other members of his family, and of course, he and his mother Jackie had an absolute long-standing love affair.