

Rollcall #247 on H.R. 1402, I am not recorded because I was absent due to a funeral. Had I been present, I would have voted "aye."

THE ISSUE OF PREDATORY
LENDING PRACTICES

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 2007

Mrs. JONES of Ohio. Madam Speaker, I rise today to speak out on the issue of predatory lending practices within the subprime lending industry.

Madam Speaker, I have heard from countless constituents in my district regarding this issue. As you may know, Ohio has one of the highest rates of foreclosure in the country. Members of my community that I have known for years are being faced with foreclosure after owning a home for over 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 promote 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 \$1088 for 2 years. After 2 years, the mortgage payment increased to \$1488. Three months later the payment increased to \$1715. 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.

Creating wealth is the most fundamental and important goal of minorities that seek economic equity. One of the first steps toward creating wealth is homeownership. The equity from owning a home is often the only means to secure funding for a new business, college tuition, or retirement. 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.

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 percent 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 percent which is higher than the national average of 17 percent. 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.

Madam Speaker, I have been hollering about this issue since I came to Congress in 1999. It is unfortunate that the issue is being given some serious national attention only after posing a threat to corporations and financial and mortgage security industries. Last August, I along with the Financial Services Committee organized a field hearing in my Congressional District to hear from local officials and community representatives that work with this issue on a day-to-day basis. The hearing brought Ohio to the forefront of the foreclosure issue as it held rankings among the highest in the Nation.

To continue in the fight, this week, I will be introducing the Predatory Lending Practices Reduction Act. This legislation serves to accomplish three main goals: 1) Establish a federal certification program to require mortgage brokers and other agents involved in subprime loan transactions to become certified and pass a written examination that covers, among other things, Federal law relative to Truth in Lending, Fair Housing, Equal Credit Opportunity Act and other Federal legislation. 2) Sets up minimum standards as they relate to providing information to consumers as well as best practices for dispute/complaint resolution; and 3) Creates civil penalties for violations of federal law pertaining to predatory lending; In addition it addresses appraisal fraud which has become increasingly popular among predatory practices.

I commend Chairman BARNEY FRANK of the Financial Services Committee on his commitment to working on this issue. I look forward to working with the Chairman and my colleagues on a solution to an issue that has devastated minority communities for over a decade.

Thank you to my colleague Mr. CUMMINGS for organizing this effort.

EXPRESSING SORROW OF THE HOUSE AT THE DEATH OF THE HONORABLE JUANITA MILLENDER-MCDONALD, MEMBER OF CONGRESS FROM THE STATE OF CALIFORNIA

SPEECH OF

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 23, 2007

Mr. RANGEL. Madam Speaker, I rise to enter into the CONGRESSIONAL RECORD remarks on the life and work of the Honorable Congresswoman JUANITA MILLENDER-MCDONALD. Congresswoman MILLENDER-MCDONALD served seven terms for the 37th Congressional District as a Democrat in the U.S. House of Representatives. She died of cancer on April 22, 2007 at age 68.

Mrs. MILLENDER-MCDONALD was born in Birmingham, Alabama on September 7, 1938. She always placed education and women's rights in the forefront of her issues and values; after graduating from the University of Redlands with an undergraduate degree, she became a teacher for the Los Angeles Unified School District. When she attained her Master's Degree from California State University at Los Angeles, she gave up her job as a teacher to be an editor and writer for the school district. Her lifelong fight for women's rights emerged when she became the manuscript editor for Images, a textbook designed to enhance the self-esteem of young women.

Before running for local office, she was named the Director of Gender Equity Programs for the Los Angeles school district. In 1990, she was elected the first African American woman to the Carson City Council, and in 1992 the first woman to represent the 55th Assembly District in the California State Legislature in 1992. In both roles she attacked the congestion and transportation problems of California infrastructure. As an assemblywoman, she helped push the Alameda Corridor, a \$1.8 billion public works project to lay new tracks and build trenches and bridges. Her concern with transportation continued in her national office.

As a member of the House, she was appointed to the Committee on Transportation and Infrastructure and its Subcommittees on Aviation and Surface Transportation. She also served on the Committee on Small Business and as one of the ranking members on the Subcommittee on Tax, Finance, and Exports. After two years in the House, she was named the Region One Democratic Whip, and was honored with the Watts Walk of Fame for her work on behalf of the 37th District. In 2006, the Congresswoman became the first African American chair of the House Administration Committee.

For her entire life, Congresswoman JUANITA MILLENDER-MCDONALD has fought for social justice. She was a leader in election reform, women's rights, and transportation solutions; she was a credit to her district and to all the people she served as a Representative of the United States. Her husband, five adult children and five grandchildren survive her. I commend her and her life's work, and ask my colleagues to recognize her memory.