

Mr. LANGEVIN. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of H.R. 1718, the Mortgage Reform and Anti-Predatory Lending Act and the manager's amendment that's before us today, which I know will bring greater transparency to lending practices nationwide.

Unconventional mortgages have left countless Americans facing foreclosure, and this is especially true in my home state of Rhode Island, with one of the highest foreclosure rates in the country.

With this bill, we will combat unscrupulous lending practices and bring transparency to the process by requiring mortgage originators to be licensed and mandating full disclosure of loan terms. Perhaps, most importantly, mortgage originators would certify that consumers have a reasonable ability to pay back the loans that they were applying for and that they are not predatory in nature.

We have seen too many lenders steer consumers into loans that they cannot afford. We cannot allow that practice to continue or to ever happen again. I am also pleased that this measure includes protections to renters of foreclosed property.

H.R. 1728 will address persistent problems in the housing market, bring financial stability to families and ensure that the appropriate measures are in place to prevent this kind of mortgage foreclosure crisis from ever happening again in the future.

I want to thank and commend the gentleman from Massachusetts, Chairman FRANK, for his outstanding leadership on this important measure. I urge support of this bill and the manager's amendment before us today.

Mr. NEUGEBAUER. Mr. Chairman, another provision in this that has caused concern is the tenant provisions.

This amendment would require property owners to promptly notify any tenants or potential tenants upon becoming subject to foreclosure or defaulting on their mortgage loan. This language requires the owner to provide information on the circumstances with respect to the property and the effect of the default or foreclosure.

Notice to tenants is important. However, in multifamily projects such as apartments, a receiver is typically put in place to manage the property so that residents can remain in their apartments with no disruption. Mandating a notice to residents, if not done correctly, could cause alarm and maybe not even needed alarm.

I have a letter from the National Apartment Association where they have concerns about this very issue, that if you have got an apartment complex, the owner may be temporarily in default. You give notice to the tenants that you are temporarily in default. The tenants get scared, they start looking for other places to live, and, basically, creating vacancies, and, in

fact, maybe making the default permanent by the fact that there will not be sufficient revenues to make the payments. So I have very large concerns about that.

Additionally, the amendment allows HUD to step in to troubled properties, transfer a multiproperty project, if delinquent, at the risk of fault or disinvestment or foreclosure.

This is a fairly major expansion of HUD's authority and could be considered to be a property taking. Property of this type may not be in foreclosure as yet, yet the provision would force properties into foreclosure or over into government control, again, a major expansion, quite honestly, a move away from what the original intent of this legislation was.

The original intent of this legislation was to prevent predatory lending. And now we are prescribing how tenants are going to be treated, whether we are going to force property owners to make disclosures about their financial condition, a major diversion from what I think is the intent of this legislation, and, again, one of the reasons that I do not support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I reserve the balance of my time.

Mr. NEUGEBAUER. Mr. Chairman, I, again, rise in opposition to this amendment. One of the purposes of this legislation, again, we said, was to prevent predatory lending. But, unfortunately, the consequences of this legislation are going to be to increase the cost of mortgage financing for consumers.

It's going to raise the monthly payments for many consumers over what their choices would have originally been. It's going to limit the choices that are available to them. It's going to force lenders to provide maybe only one choice. It's also, I think, going to continue to cause a major disruption in the mortgage system.

As one of the speakers originally said, the market is very fragile right now, and some of the provisions in this amendment, I think, contribute to that.

With that, I encourage Members to vote against this.

I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, how much time do I have remaining?

The CHAIR. The gentleman from Massachusetts has 8 minutes remaining.

Mr. FRANK of Massachusetts. I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The amendment was agreed to.

The CHAIR. The Committee will rise informally.

The Speaker pro tempore (Mr. PERLMUTTER) assumed the Chair.

MESSAGES FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT

The Committee resumed its sitting.

AMENDMENT NO. 2 OFFERED BY MR. FRANK OF MASSACHUSETTS

The CHAIR. It is now in order to consider amendment No. 2 printed in House Report 111-98.

Mr. FRANK of Massachusetts. Mr. Chairman, I offer amendment No. 2.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. FRANK of Massachusetts:

Strike section 216(e) and insert the following:

(e) LIMITATION ON DISTRIBUTION OF ASSISTANCE.—

(1) IN GENERAL.—None of the amounts made available under this section shall be distributed to—

(A) any organization which has been convicted for a violation under Federal law relating to an election for Federal office; or

(B) any organization which employs applicable individuals.

(2) DEFINITION OF APPLICABLE INDIVIDUALS.—In this subsection, the term "applicable individual" means an individual who—

(A) is—

(i) employed by the organization in a permanent or temporary capacity;

(ii) contracted or retained by the organization; or

(iii) acting on behalf of, or with the express or apparent authority of, the organization; and

(B) has been convicted for a violation under Federal law relating to an election for Federal office.

Strike section 106(a)(4)(D) of the Housing and Urban Development Act of 1968 (as added by section 404 of the bill) and insert the following:

“(D) LIMITATION ON DISTRIBUTION OF ASSISTANCE.—

“(i) IN GENERAL.—None of the amounts made available under this paragraph shall be distributed to—

“(I) any organization which has been convicted for a violation under Federal law relating to an election for Federal office; or

“(II) any organization which employs applicable individuals.

“(i) DEFINITION OF APPLICABLE INDIVIDUALS.—In this subparagraph, the term 'applicable individual' means an individual who—

“(I) is—

“(aa) employed by the organization in a permanent or temporary capacity;

“(bb) contracted or retained by the organization; or

“(cc) acting on behalf of, or with the express or apparent authority of, the organization; and

“(II) has been convicted for a violation under Federal law relating to an election for Federal office.”.

The CHAIR. Pursuant to House Resolution 406, the gentleman from Massachusetts (Mr. FRANK) and a Member opposed each will control 5 minutes.