

110TH CONGRESS  
1ST SESSION

# H. CON. RES. 127

Supporting home ownership and responsible lending.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2007

Mr. CUMMINGS submitted the following concurrent resolution; which was  
referred to the Committee on Financial Services

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## CONCURRENT RESOLUTION

Supporting home ownership and responsible lending.

Whereas home ownership is an essential part of realizing the  
American Dream;

Whereas home ownership is a powerful economic stimulus,  
both for individual homeowners and for the national  
economy;

Whereas home ownership also benefits neighborhoods by rais-  
ing property values and by providing economic and social  
capital in previously distressed communities;

Whereas in 2006, more than 75,000,000 Americans owned  
homes, and the home ownership rate was nearly 69 per-  
cent, a near record high;

Whereas the home ownership rate for non-Hispanic whites in  
2006 was 76 percent, while the rate for African Amer-  
ican households was only 48.2 percent; Hispanic house-

holds were at 49.5 percent, and Asian, Native Americans, and Pacific Islanders were at 60 percent;

Whereas this Nation experienced a housing boom from 2001 to 2006, due to historically low mortgage rates, rising home prices, and increased liquidity in the secondary mortgage market, all factors that led to the growth of the sub-prime mortgage industry;

Whereas the sub-prime market has created opportunities for “predatory” lending in which unscrupulous lenders have hidden the true cost of sub-prime loans from unsophisticated borrowers;

Whereas during the past few months, it has become increasingly clear that irresponsible sub-prime lending practices are contributing to a wave of foreclosures that are harming homeowners and rattling the housing markets;

Whereas an estimated 1 in 5 sub-prime loans issued in 2005 and 2006 will go into default, costing 2,200,000 homeowners their homes over the next several years;

Whereas sub-prime mortgage loans are most prevalent in lower-income neighborhoods with high concentrations of minorities (in 2005, 53 percent of African American and 37.8 percent of Hispanic borrowers took out sub-prime loans), and more minorities are being steered into the higher-rate, sub-prime loan market than are white borrowers with the same qualifications;

Whereas foreclosures are also costly from a legal and administrative standpoint, with the average foreclosure costing the borrower \$7,200 in administrative charges;

Whereas lenders do not typically benefit from taking over a delinquent owner’s property, losing as much as \$50,000 per foreclosure;

Whereas foreclosures can also be very costly for local governments because abandoned homes cost districts tax revenue;

Whereas a recent study calculated that a single-family home foreclosure lowers the value of homes located within one-eighth of a mile (or one city block) by an average of 0.9 percent and even more so (1.4 percent) in low to moderate-income communities; and

Whereas the time has come to raise awareness about the dangers of sub-prime loans and to protect homeowners from unscrupulous lending practices: Now, therefore, be it

1       *Resolved by the House of Representatives (the Senate*  
2 *concurring), That—*

3           (1) it is the sense of the Congress that legisla-  
4       tion should be enacted that protects buyers who have  
5       been victims of unscrupulous mortgage brokers and  
6       lenders; and

7           (2) specifically, such legislation should—

8               (A) include an anti-predatory lending pro-  
9       vision that bans unfair and deceptive practices;

10            (B) require lenders to evaluate a bor-  
11       rower's ability to pay over the life of the loan  
12       (at the fully indexed rate for the fully amortized  
13       amount);

14            (C) establish Federal regulations regarding  
15       licensing, education, and experience require-

1           ments for mortgage brokers and loan officers in  
2           non-bank companies;

3           (D) require that disclosures be written in  
4           plain language and prominently displayed in a  
5           manner that is visually clear and effectively  
6           communicates the intended information to the  
7           potential borrower;

8           (E) reduce or eliminate prepayment pen-  
9           alties;

10          (F) notify potential home buyers of lenders  
11          or brokers with high foreclosure rates; and

12          (G) mandate pre-loan counseling.

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