

H. Res. 526

In the House of Representatives, U. S.,

July 11, 2007.

Whereas home ownership is an important 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 raising 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 percent, a near record high;

Whereas the home ownership rate for non-Hispanic whites in 2006 was 76 percent, while the rate for African American households was only 48.2 percent; Hispanic households 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 home ownership opportunities for lower-income people, families without access to down payments and people with little or no credit histories, but has also 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 have contributed to a wave of foreclosures that are harming communities and disrupting housing markets;

Whereas higher cost 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);

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 thousands of dollars 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 risky loans and to protect homeowners from unscrupulous lending practices: Now, therefore, be it

Resolved, That—

(1) it is the sense of the House that Government action should be taken that protects buyers from unscrupulous mortgage brokers and lenders; and

(2) specifically, such action should—

(A) enforce rules to eliminate unfair and deceptive practices in sub-prime mortgage lending;

(B) encourage lenders to evaluate a borrower's ability to reasonably repay any mortgage loan;

(C) establish clear minimum standards for mortgage originators;

(D) require that disclosures clearly and effectively communicate necessary information about any mortgage loan to the potential borrower;

(E) reduce or eliminate abuses in prepayment penalties;

(F) address appraisal and other mortgage fraud;

(G) raise public awareness regarding mortgage originators whose loans have high foreclosure rates; and

(H) increase opportunities for loan counseling.

Attest:

Clerk.