

WASHINGTON – U.S. Rep. Harry Mitchell and the House of Representatives took another step to respond to the nation's mortgage crisis. The House passed H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act, with a strong, bipartisan vote of 291 to 127.

“Over the past decade we have seen very positive growth in home ownership in Arizona and throughout the country,” said Mitchell. “I have been a homeowner for 41 years, and I know that figuring out the mortgage market can sometimes be tricky. This confusion has allowed a lot of folks to be taken advantage of, and now the economy is suffering as a result. This bill does a great deal to make sure that doesn't happen again in the future.”

In September, the House passed H.R. 1852, the Expanding American Homeownership Act of 2007, which would update the Federal Housing Administration to serve more subprime borrowers more affordable rates and loans. [Source: Roll Call Vote No. 876]

According to Reuters, “Former Federal Reserve Chairman Alan Greenspan said on Tuesday that falling U.S. home prices and high inventories of unsold properties presented a major risk to the U.S. economy and financial markets.” [Source: [Reuters](#) , Nov. 5, 2007]

The Arizona Republic recently reported that “The number of Valley homeowners losing their homes to foreclosure has shot up 566 percent so far this year, a result of the housing market's slowdown and rising interest rates on a variety of risky mortgages.” [Source: [Arizona Republic](#) , Nov. 10, 2007]

The legislation applies a multi-faceted approach to reform the faltering subprime mortgage market. Specifically, the legislation

- Establishes the Nationwide Mortgage Licensing System and Registry (NMLSR), which would license individual mortgage brokers based on a set of standards, including a criminal background check, demonstrated financial responsibility, and a certification test.
- Instructs the Department of Housing and Urban Development to establish a backup licensing system should any state be unable to provide a system to meet the minimum standards of the NMLSR.
- Establishes minimum mortgage loan standards that would prevent mortgage brokers from making predatory loans. In particular, brokers would be required to make sure that the consumer is able to repay the loan, including all taxes, insurance, and assessments. Additionally, brokers would be prohibited from steering the consumer from a qualifying toward a non-qualifying loan.
- Requires owners to provide 90-day notice before asking a lessee to vacate in the situation of foreclosure on a rental property.
- Instructs HUD to establish the Office of Housing Counseling, which would establish standards and procedures for loan counseling before and after purchasing a home. It would also coordinate with community organizations to educate consumers on the full cost of owning a home.