

**ACORN**  
**Center for Community Change**  
**Center for Responsible Lending**  
**Consumer Federation of America**  
**Consumers Union**  
**International Union – UAW**  
**Leadership Conference on Civil Rights**  
**National Association for Advancement of Colored People**  
**National Association of Consumer Advocates**  
**National Community Reinvestment Coalition**  
**National Consumer Law Center**  
**National Council of La Raza**  
**United States Public Interest Research Group**

Via Facsimile Only - (202) 226-0682

January 9, 2003

The Honorable Michael Oxley  
U.S. House of Representatives  
2233 Rayburn House Office Building  
Washington, DC 20515-3504

**Re: Concerns with Proposed Legislation Drafted by Congressman Robert Ney (R-OH) to Address  
Predatory Mortgage Lending**

Dear Representative Oxley:

We are writing to express our strong opposition to legislation Rep. Robert Ney plans to introduce in the 108th Congress that claims to address the predatory lending problem facing our communities. The broad array of organizations listed below have reviewed the draft legislation in detail and speak to you with a unified voice in expressing our concerns about this legislation. We believe it would actually exacerbate some of the predatory lending problems facing our nation and our communities. Moreover, it would wipe out the only anti-predatory lending laws that exist at the present time - at the state and local level - and block the enactment of these laws in the future.

As you know, predatory mortgage lending is an exploding problem in many communities across all America. Hundreds of thousands of homeowners have not only lost their homes to foreclosures, they have lost the primary source of savings - their home equity - to overreaching and unethical mortgage lenders. Congress could combat predatory lending by amending the Home Ownership Equity Protection Act (HOEPA) to: 1) expand the number borrowers who would receive HOEPA protections and restrict the features of bad loans that drive predatory lending; and 2) preserve states' rights to enact consistent consumer protection laws.

Unfortunately, the bill as proposed by Congressman Ney does not achieve these goals. Major problems with this measure include:

- \* Does not curb the most egregious predatory lending practice: the financing of high points and fees.
- \* Includes total and complete preemption all state and local consumer protection provisions.
- \* Eliminates assignee liability for high-cost loans. This means that lenders who buy predatory loans would not be responsible for the illegal aspects of the loan.
- \* Significantly reduces consumer remedies and damages for violations such that lenders would suffer no consequences for violating the law.

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The undersigned consumer lawyers and advocates, community and neighborhood associations, and civil rights organizations, collectively represent millions of low- and moderate-income families affected by predatory mortgage lending. We all recognize that changes in federal law are necessary to stop predatory lending across the nation, and we strongly endorse efforts to create meaningful federal law, which would address the real problems. We do not believe the proposal by Congressman Ney will address the predatory lending problems facing our communities and in fact, undermines existing statutes and any future attempts by state and local legislators to protect consumers from predatory lenders.

Any of the undersigned would be more than happy to meet with you to discuss our concerns about Congressman Ney's proposal, as well as steps that we feel the United States Congress can and should take to effectively address predatory mortgage lending. We can also make available a fact sheet that compares key provisions in Congressman Ney's proposed bill with consumer protection recommendations from the "Predatory Lending Consumer Protection Act of 2001," (Sen. Sarbanes and Rep. LaFalce).

Sincerely,

Maude Hurd  
ACORN  
[Contact: Gregory Jefferson, 202-547-2500]

Hillary Shelton  
National Association for Advancement of Colored People  
[Contact: Carol Kaplan, 202-638-2269]

Allen Fishbein  
Center for Community Change  
[Contact: 202-342-0567]

Ira Rheingold  
National Association of Consumer Advocates

Martin Eakes  
Center for Responsible Lending

John Taylor  
National Community Reinvestment Coalition  
[Contact: David Berenbaum, 202-628-8866]

Travis Plunkett  
Consumer Federation of America  
[Contact: 202-387-6121]

Margot Saunders  
National Consumer Law Center

Janell Mayo Duncan  
Consumers Union

Raul Yzaguirre  
National Council of La Raza

Alan Reuther  
International Union – UAW

Christopher L. Peterson  
United States Public Interest Research Group  
[Contact: 202-546-9707]

Wade Henderson  
Leadership Conference on Civil Rights