May 20, 2015

Dear Senator:

The undersigned non-profit organizations, who work with homeowners facing foreclosure and other home finance challenges, urge you to oppose Chairman Shelby’s “Financial Regulatory Improvement Act of 2015,” which undermines the essential, reasonable consumer protections passed by Congress in 2010 in the Dodd-Frank Act. The bill released by Chairman Shelby and scheduled to be marked up by the Committee tomorrow would remove sorely needed protections against high-risk, high-fee loans and the practices that allowed abuses in the mortgage lending process to flourish.

The draft legislation:

- Creates sweeping exemptions from the Dodd-Frank mortgage underwriting requirements for a wide array of lenders (even where a loan has not been assessed for affordability or where it includes abusive fees or a balloon payment), while also placing the burden on the homeowner to prove facts not in the homeowner’s possession;

- Denies homeowners living in manufactured homes, some of the lowest-income homeowners in the nation, basic protections that currently limit steering into high-risk, high-fee loans;

- Undermines measures to prevent appraisal fraud;

- Prevents homeowners from receiving fair, advance notice of their mortgage costs;

- Inserts loopholes allowing loans to be packed with overpriced insurance products that primarily benefit the lender;

- Excludes representatives with consumer-oriented interests from participation in a crucial advisory committee for development of the common securitization platform at Fannie Mae and Freddie Mac;

- Delays publication of crucial information collected under the Home Mortgage Disclosure Act that historically has served to promote fair access to credit and lender accountability through a real-world, timely overview of market activity; and
• Undermines the Consumer Financial Protection Bureau and its regulations by requiring burdensome and extensive re-review and re-examination of all recent rules.

The draft legislation would overturn essential consumer protections adopted to stop the problems that helped bring our country into the greatest recession since the Great Depression.

We urge the Committee instead to work together to develop legislation that expands a sustainable and fair mortgage market for all. The alternative bill introduced by Ranking Member Brown rightly extends protections for tenants in foreclosed properties and strengthens protections for members of the military. It also addresses certain important regulatory matters by providing some streamlining. The bill, however, includes changes to Dodd-Frank’s mortgage provisions that, while constructive in some ways, should be left to the Consumer Financial Protection Bureau. The CFPB has provided ongoing, responsive attention to the housing market, including smaller, community-based institutions, and continues to pursue practical approaches to consumer protection.

Respectfully submitted,

Alliance for a Just Society
Alliance of Californians for Community Empowerment
Amador Tuolumne Community Action Agency
Beyond Housing
Bucks County Housing Group, Inc.
California Reinvestment Coalition
Center for NYC Neighborhoods
Center for Popular Democracy
Central American Resource Center (CARECEN)
CFORM/Covenant Community Development Corporation
Community Housing Development Corporation (CHDC)
Community Legal Services East Palo Alto
Community Legal Services of Philadelphia, PA (on behalf of its low-income clients)
Connecticut Fair Housing Center
Consumer Action
Empire Justice Center
Family Housing Resources
Financial Protection Law Center
Grow Brooklyn, Inc.
Hawaiian Community Assets
HNDP/Hagerstown Home Store
Home Ownership Opportunities
HomeFree-USA
Homes on the Hill
Homeword, Inc.
Housing & Education Alliance
Housing Action Illinois
Housing Help Inc.
Housing Opportunity Development Corporation
Inland Fair Housing and Mediation Board
Integra Home Counseling, Inc.
Kingdom Community Inc.
Legal Aid of Manasota, Inc.
Legal Aid Society of Southwest Ohio, LLC (on behalf of its low-income clients)
Legal Services of Southern Piedmont
Live The Dream Development, Inc.
Long Island Housing Services, Inc.
MFY Legal Services, Inc.
Montebello Housing Development Corporation
Mountain State Justice
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National NeighborWorks Association
Nazareth Housing Services
Neighborhood Housing Services of Baltimore
Neighborhood Housing Services of Chicago (NHS)
Neighborhood Housing Services of Greater Cleveland
New Economy Project
New Level Community Development Corporation
North Carolina Justice Center
Partners in Community Building, Inc.
Philadelphia Unemployment Project
Portland Housing Center
Schuylkill Community Action
United South Broadway Corp.
Urban League of Morris County