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NCLC Statement on Passage of Housing Finance Bill (S.1217) in Senate Banking Committee

(WASHINGTON, D.C.) “While we appreciate the efforts of the Senate Banking Committee to develop a bipartisan bill on government-backed housing finance reform and the inclusive work done to improve its initial draft, we are disappointed that the bill being voted on today does not create a new system that would assure affordable access to credit in all markets. We hope future progress can be made to ensure that those hurt most in this ongoing foreclosure crisis—low-income homeowners and borrowers in communities of color—will benefit from any new housing finance system,” said Alys Cohen, staff attorney at the National Consumer Law Center. “The health of our country’s mortgage market should be measured by its reach in all communities.”

The Housing Finance Reform and Taxpayer Protection Act of 2014 voted on today does make significant progress on certain key issues, including:

- An acknowledgement that any housing finance system must include a government backstop;
- Recognition of the integral role that effective mortgage servicing plays in a healthy housing finance system. The bill addresses access to affordable loan modifications, servicing advances and compensation that align servicer incentives with those of investors and homeowners, and protections to ensure efficient and fair transfers of servicing; and
- The beginning of a conversation to ensure that any federal mortgage registry is transparent, accurate, and accessible.

“The strong progress on mortgage servicing in the bill is a reminder that the broken systems laid bare by the foreclosure crisis have not been fully repaired,” said Cohen.

The housing crisis has highlighted the need for reforming the current system so that sustainable credit is available in all communities. “Any future housing finance bill must assure access to sustainable credit in all markets at all times,” Cohen added. “It also must clearly provide legal structures to promote compliance with fair lending and general consumer protection laws. A system is only as strong as its ability to ensure that its participants play by the rules.”

This National Consumer Law Center statement was issued on behalf of the Center’s low-income clients.

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org