

Civil Rights Groups Oppose the Corker Qualified Mortgage “Safe Harbor” Amendment

November 13, 2012

Dear Senator,

The undersigned civil rights organizations strongly urge you to oppose an amendment that would weaken regulations on mortgage lending and re-open the door to the kind of risky lending that has been so damaging to so many borrowers and communities, particularly borrowers and communities of color, and brought our economy to the brink of disaster.

The Senate will soon take up S. 3085, “The Responsible Homeowner Refinancing Act of 2012,” sponsored by Senators Boxer and Menendez, among others. The bill aims to make it easier for homeowners to refinance their mortgages at today’s historically low interest rates, putting dollars in their pockets and boosting the economy.

Senator Corker intends to offer an amendment to the bill that would provide a so-called “safe harbor” under the Qualified Mortgage (QM) rules currently being drafted by the Consumer Financial Protection Bureau. This “safe harbor” would give legal immunity to lenders who make unaffordable mortgages, even when they know the borrower cannot afford to repay the loan. It would undermine Congress’ intent in passing the Dodd-Frank Wall Street Reform and Consumer Protection Act to eliminate risky mortgage lending practices from the marketplace. And it would be a poison pill for the refinancing bill.

It was just this kind of disregard for the most basic principles of sound mortgage lending that brought about the foreclosure crisis and our current economic turmoil. Foreclosures have hit hard in communities all across the country, but they have been particularly devastating in communities of color. These communities were targeted for risky mortgage loans: in 2005 and 2006, African-American and Latino borrowers were, respectively, three times and 2.5 times more likely than white borrowers to be given a risky, subprime home purchase loan. In communities of color, high income African-American borrowers were three times more likely than low income white borrowers to be given a subprime loan. These borrowers have experienced much higher rates of foreclosure: 25% of African-American and Latino homeowners have lost their homes to foreclosure or are seriously delinquent – a rate more than twice that of white homeowners. And they have suffered a disproportionately greater loss of wealth as a result: Families who live near a home in foreclosure have lost or will lose nearly \$2 trillion in wealth from that proximity alone. More than half of that – over \$1 trillion in wealth – has been or will be lost in communities of color.

Our country cannot afford another foreclosure crisis like the one we’re in the middle of now. We need strong rules to protect borrowers from abusive lending practices, and we need a way to hold lenders accountable when they break those rules. Instead of protecting borrowers, the Corker

amendment will protect lenders who make unaffordable loans and open the door once again to the kind of risky lending that has wreaked such havoc in our communities. We urge you to oppose this amendment.

Sincerely,

Lawyers' Committee for Civil Rights Under Law

League of United Latin American Citizens

NAACP

National Association of Consumer Advocates

National CAPACD

National Consumer Law Center (on behalf of its low-income clients)

National Council of La Raza

National Fair Housing Alliance

National Housing Law Project

National Low Income Housing Coalition

National Organization for Women

National Urban League

Poverty & Race Research Action Council

The Leadership Conference on Civil and Human Rights

Wider Opportunities for Women

YWCA USA