

## THREAT TO CONSUMER PROTECTIONS SPARKS OPPOSITION TO HR 1728

A bill backed by leading House Democrats who promise that it will rein in predatory lending and reform the mortgage market would do more harm than good by undermining existing state consumer protection laws and replacing them with unworkable federal mechanisms.

That's the position of nine labor, civil rights and national consumer advocacy and progressive groups that formally announced their opposition to the Mortgage Reform and Anti-Predatory Lending Act at a hearing Thursday of the House Financial Services Committee.

"The bill is complex, convoluted and simply will not accomplish its main goal – to fundamentally change the way mortgages are made in this country," said Margot Saunders, a lawyer for the National Consumer Law Center. Saunders testified at the hearing on behalf of the nine national organizations and 40 state and local legal services and public interest organizations that also oppose the bill, HR 1728.

The bill's most serious flaw is its proposed preemption of state laws that allow homeowners to challenge predatory mortgages and prevent foreclosures. HR 1728 would shut the door on these efforts to save homes. Instead, it would shelter Wall Street companies from accountability for the predatory loans that they purchase from lenders.

HR 1728 would replace the use of these important state laws with limited, complex and confusing federal claims that that would not provide any effective protections for homeowners facing foreclosures or struggling to pay predatory mortgage loans.

"This provision is so onerous and potentially harmful to low-income homeowners saddled with predatory mortgages or struggling to avoid foreclosure that we must oppose this bill, despite its promise of additional funding to legal services offices and some other positive provisions," Saunders said.

Saunders testified on behalf of the low-income clients of the National Consumer Law Center, a non-profit organization with 38 years of experience working on issues that affect vulnerable consumers, and these other national groups opposed to HR 1728: the AFL-CIO, Communications Workers of America, Consumer Action, National Association of Consumer Advocates, National Fair Housing Coalition, Public Citizen, U.S. Public Interest Research Group and Woodstock Institute.

Saunders' testimony and a list of state and local legal services and public interest organizations that oppose HR 1728 are posted on-line at

[www.house.gov/apps/list/hearing/financialsvcs\\_dem/nclc\\_-\\_saunders.pdf](http://www.house.gov/apps/list/hearing/financialsvcs_dem/nclc_-_saunders.pdf).