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FED PROPOSAL WOULD EVISCERATE HOMEOWNERS' MOST POWERFUL REMEDY TO STOP FORECLOSURES OF ILLEGAL LOANS

*Hundreds of consumer, civil rights groups, homeowner attorneys sign
letter demanding withdrawal of proposed rule*

Washington, DC – Hundreds of consumer, civil rights, legal services, community and labor groups and private and public interest attorneys representing homeowners, along with the coalition Americans for Financial Reform, [urged](#) the Federal Reserve Board to **withdraw** a proposed rule that would destroy a key legal tool to unwind illegal loans and avoid foreclosure.

“We are astonished that, with the nation facing its greatest foreclosure crisis since the Great Depression, the Board’s proposal would eliminate the single most powerful legal tool that homeowners currently have to stop wrongful foreclosures, the federal right to rescind an illegal loan,” said Margot Saunders, Counsel to the National Consumer Law Center.

“The proposed rule not only weakens protections against predatory lending and foreclosures, but it would give lenders more freedom to provide inaccurate information about the cost of their loans,” said Michael Calhoun, President of the Center for Responsible Lending.

The Board’s proposal would:

- ***Create a major obstacle to remedying an illegal mortgage.*** Since 1968 the Truth in Lending Act has provided that homeowners can unwind loans that violate the law. The Federal Reserve Board’s proposal would impose new requirements that would prevent most homeowners from being able to use this remedy.
- ***Lower standards for accurate loan information.*** Lenders could understate the amount of monthly loan payments by as much as 100 dollars. The proposed rule also would permit large errors in the lender’s statement of the amount of the loan as well as in other important disclosures.

The National Consumer Law Center is a non-profit organization that seeks marketplace justice on behalf of vulnerable Americans. NCLC works with, and offers training to, thousands of legal-service, government and private attorneys, as well as community groups and organizations representing low-income families. Our legal manuals and consumer guides are standards of the field. Learn more on our Web site: <http://www.nclc.org>.

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