

## **H.R. 1728 – The Mortgage Reform and Anti-Predatory Lending Act of 2009**

**This legislation will curb abusive and predatory lending practices that characterized the subprime lending boom. It represents a key step in the overhaul of the nation’s financial regulations.**

- The legislation counters the trend toward irresponsible lending by establishing a simple standard for all mortgages: lenders must make sure that borrowers have the ability to repay the home loans they are sold.
- The bill also requires that all mortgage refinancing loans benefit the consumer, and it bans predatory schemes that “steer” borrowers into higher cost loans. The growth of exotic, “no-documentation” loans, along with borrowers who deliberately misstated their income to qualify for a loan, were key factors in the recent subprime meltdown.
- In addition, H.R. 1728 encourages a return to sound underwriting practices by prohibiting mortgage lenders from relinquishing all responsibility for the bad loans they make and sell to Wall Street. Under the measure, lenders will now be required to keep “skin in the game” and retain a 5 percent stake in any home loan they make and sell. Also, for the first time ever, the large secondary mortgage market will bear responsibility for bad loans they purchase and securitize, bringing accountability back to every level of the mortgage lending chain.
- According to the Center for Responsible Lending, 2.4 million Americans risk foreclosure in 2009, and that number could rise to 8.1 million over the next four years. Mortgage lending reform is a critical part of efforts in Congress to reform America’s financial system and prevent a future crisis of this scale.