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BILL TEXT AND BACKGROUND FOR THE WEEK OF MAY 4, 2009

- H.R. 1728 - Mortgage Reform and Anti-Predatory Lending Act

[H.R. 1728—MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT](#) (*Rep. Miller (NC) – Financial Services*) (*Subject to a Rule*)

Bill Text: [HTML Version](#), [PDF Version](#)

[Bill Summary and Status](#)

Rules Committee Meeting: Tuesday, May 5, 2009 at 3:00p.m. (General Debate Rule) and Wednesday, May 6, 2009 at 3:00p.m. (Second Rule) in H-313 the Capitol, [Special Announcement](#), **Meeting Time:** 3:00pm Tuesday 5/5 - GENERAL DEBATE RULE ; **Meeting Time:** 3:00pm Wednesday 5/6 - SECOND RULE ; **Amendment Deadline:** 11:00 a.m. Tuesday 5/5; [Text of the Bill as Ordered Reported](#)

Committee: [Committee on Financial Services](#)

Committee Staff Contact: 5-4247

BILL SUMMARY & KEY ISSUES:

Key Issues:

- Prevents Predatory and Abusive Lending Practices
- Hold Creditors Responsible for the Loans they Originate
- Protect Tenants who Rent Homes that go into Foreclosure:

H.R. 1728, THE MORTGAGE REFORM AND ANTI-PREDATORY LENDING ACT OF 2009

H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009 is aimed at curbing abusive and predatory lending – a major factor in the nation’s highest home foreclosure rate in 25 years. The bill would outlaw many of the egregious industry practices that marked the subprime lending boom, and it would prevent borrowers from deliberately misstating their income to qualify for a loan.

The legislation, sponsored by Reps. Brad Miller (D-NC), Mel Watt (D-NC), and Barney Frank (D-MA), was approved in the Financial Services Committee by a vote of 49- 21.

The bill would ensure that mortgage lenders make loans that benefit the consumer and prohibit them from steering borrowers into higher cost loans. It would establish a simple standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold. For mortgage refinancing, the bill requires that all loans provide a net tangible benefit to the consumer. Also, for the first time ever, it would make the secondary mortgage market responsible for complying with these standards when they buy loans and turn them into securities.

Under the measure, lenders and the secondary mortgage market who don't comply with these standards would be held accountable by consumers for rescission of the loan and the consumer's costs for rescission, including attorney's fees. They would also have the option to rework a loan to conform to the bill's standards within 90 days of receiving notice from the consumer.

In addition, the bill encourages the market to move back toward making fixed rate, fully documented loans. During the housing boom, mortgage lenders moved away from commonsense underwriting practices, giving rise to risky, exotic mortgages and practices such as "no doc" lending and allowing loans with "negative amortization" features.

The legislation would also:

- **Prevent Predatory and Abusive Lending Practices:** Statistics show that many homeowners in the current mortgage crisis received more expensive loans than they qualified for. This is often the result of a predatory practice known as "steering," in which a broker or bank loan officer is compensated for directing applicants toward more costly mortgages. H.R. 1728 would ban yield spread premiums and other abusive compensation structures that create conflicts of interest or reward originators that "steer" borrowers. The bill would also require originators to disclose to consumers the compensation they receive from the transaction.
- **Hold Creditors Responsible for the Loans they Originate:** The bill would require new federal rules to be written to require creditors to retain an economic interest in a material portion (at least 5 percent) of the credit risk of each loan that the creditor transfers, sells, or conveys to a third party. Federal banking agencies would have the authority to make exceptions to the bill's risk retention provisions, including form and amount.
- **Protect Tenants who Rent Homes that go into Foreclosure:** Renters can also be affected if the homes that they rent go into foreclosure. This legislation will provide protections for renters so that they receive proper notification and are given time to relocate before the home they rent is foreclosed.

Full Committee on Financial Services Markup:

[Full Committee Markup](#): H.R. 1327, Iran Sanctions Enabling Act and H.R. 1728, Mortgage Reform and Anti-Predatory Lending Act, April 28 - 29, 2009

- [National Journal Report](#): House Panel Overhauls Mortgage Lending Rules, April 29, 2009
- [National Journal Report](#): House Financial Services Begins Work On Predatory Lending Measure, April 28, 2009
- [Archived Webcast](#); [Archived Webcast Cont'd](#)

Summary of Committee Votes:

- [Rep. Sherman, D-Calif., and Rep Green, D-Texas Real Estate Brokers Amendment \(Text\)](#) — would exclude real estate brokers who are licensed according to state law from being considered "mortgage originators" under the bill, as long as the brokers are not compensated

for their brokerage activities by lenders, mortgage brokers, or other mortgage originators.
Adopted by Voice Vote.

- Rep. Sherman, D-Calif., Clarify Mortgage Originator Definition Amendment (Text) — would clarify that a person who provides mortgage financing for five or fewer properties in any 12 month period shall not be considered a mortgage originator under the bill, as long as: The loans are fully amortizing. The seller believes the loan is in good faith and that the buyer has the ability to repay it. The loan has a fixed rate or an adjustable rate that is adjustable after five or more years, subject to reasonable annual lifetime limitations on interest rate increases. **Withdrawn.**
- Rep. Grayson, D-Fla., Timeshare Plans Amendment (Text) — would clarify that timeshare plans are not considered residential mortgages, as defined by the bill. The amount would exclude timeshare plans from a provision of the bill that would give banking agencies regulatory authority to prohibit or condition terms of mortgage that it deems abusive, unfair or predatory. The amendment also would exclude timeshare plans from a provision that requires creditors to retain at least 5 percent of the credit risk on any residential mortgage when it is sold or transferred. **Adopted by Voice Vote.**
- Rep. Donnelly, D-Ind., Manufactured Homes Amendment (Text) — would clarify that employees of manufactured home retailers are not considered mortgage originators under the bill. The amendment also would set parameters for excluding loan discount points for personal property loans, which are often taken out for manufactured homes. **Adopted by Voice Vote.**
- Rep. Carson, D-Ind., Foreclosure Rescue Education Amendment (Text) — would require that 10 percent of the funds that the bill would set aside for a new Office of Housing Counseling are spent on a direct mailing campaign to educate consumers in high-density foreclosure areas. **Adopted by Voice Vote.**
- Rep. Biggert, R-Ill., Housing Counseling Grants Amendment (Text) — would require the secretary of Housing and Urban Development to consider ways to streamline and approve the process for grant application, review, approval and award, for homeownership and rental counseling assistance. The amendment would clarify that the grants would be available only to HUD-approved housing counseling agencies and state housing finance agencies. The bill as introduced would have authorized the secretary to determine the guidelines for eligibility. The amendment also would require HUD to certify home mortgage software systems for consumers to use to evaluate different loan proposals, only if the amounts necessary to carry out the program are made available in advance by appropriations acts. The amendment would make other technical changes. **Adopted by Voice Vote.**
- Rep. Kanjorski, D-Pa., and Rep. Biggert, R-Ill., Escrow, Appraisals, Mortgage Servicing Amendment (Text) — would change provisions in the bill dealing with escrow, mortgage servicing and appraisals. The amendment would codify rules from the Federal Reserve on escrow funds, crediting payments, payoff statements and appraisal independence. It would also codify the Home Valuation Code of Conduct, an agreement between the New York attorney general and Fannie Mae and Freddie Mac that was designed to enhance independence and accuracy of the appraisal process. The amendment would also: Shorten the time frames for a servicer to respond to a qualified written request for processing a loan modification; Require a physical property visit by an appraiser, who would be required to prepare a written appraisal report; Ensure that appraisers do not have an interest in the dwellings that they appraise; Require a state-by-state system for monitoring appraisal management companies, to be put in place within three years. **Adopted by Voice Vote.**

- Rep. Waters, D-Calif., Housing Counseling Media Campaign Amendment (Text) — would include "minorities" in a list of demographic groups that would be targeted by a multimedia campaign from the Department of Housing and Urban Development promoting housing counseling. **Adopted by Voice Vote.**
- Rep. Velazquez, D-N.Y., Home Inspection Counseling Amendment (Text) — would require the secretary of Housing and Urban Development to inform homebuyers of the availability and importance of obtaining a home inspection before buying. The amendment would require HUD to issue several new publications, in both English and Spanish, explaining the importance of home inspection and important questions to ask a home inspector. The amendment would require the secretary to make the publications available online, and inform homebuyers of the availability through public service announcements and toll-free hotlines. All lenders approved by the Federal Housing Administration would be required to provide the materials to potential homebuyers at first contact. All HUD-approved counseling agencies would be required to provide the materials to clients, and training for the agencies would include counseling buyers on the importance of home inspections. **Adopted by Voice Vote.**
- Rep. Paulsen, R-Minn., Risk Retention Analysis Amendment (Text) — would expand the contents of a report required from the comptroller general on the effect of the act on the availability and affordability of credit. The amendment would require that the report include an analysis of the effect, on the capital reserves and funding of lenders, of a provision that would require creditors to retain 5 percent of the credit risk on any loans that it sells or transfers. **Adopted by Voice Vote.**
- Rep. Bean, D-Ill., Closing Documents Amendment (Text) — would require mortgage originators to provide copies of closing documents, including the promissory note and deed of trust, and the final closing instructions to a borrower's settling agent at least four business days before the scheduled closing date. The amendment would require the settlement agent to make the documents and the completed uniform settlement statements available to borrowers at least two business days before the settlement, as long as the lender has provided the documents. (Under the amendment, the settlement agent would not be responsible for failure by the lender.) The amendment would reserve the settlement agent's rights to make corrections to the uniform settlements if: An update of the title search of the prospective property reveals liens; Subject to the lender's approval, the borrower's inspection of the property requires financial adjustments. Or any other matter that arises. The amendment would authorize the secretary of Housing and Urban Development to exempt from the requirements of the provision any localities where the final settlement statement is not customarily provided at or before the date of settlement. **Withdrawn.**
- Rep. Ellison, D-Minn., Duties of Mortgage Brokers Amendment (Text) — would outline the fiduciary duties of mortgage brokers and their obligations to consumers. The amendment would require that mortgage brokers shall: Act in the consumer's best interest and shall not compromise a consumer's right in favor of another's, including the broker's own interest; Not accept, give or charge any undisclosed compensation through direct or indirect means; Carry out all lawful instructions from the consumer; Disclose all material facts that might reasonably affect the consumer's rights or interests; Use reasonable care; Account for all the consumer's money and property received as agent. Under the amendment, the duties would apply when a broker is acting as a mortgage broker and providing mortgage brokerage services to a consumer in a consumer credit transaction for a mortgage. The amendment would not prohibit brokers from collecting other compensation for services actually rendered to the extent that the fee has been disclosed to the consumer; The amendment would not

require the mortgage broker to arrange for a mortgage loan that contains terms or conditions not available to the broker through his usual course of business Nor would it require the borrower to arrange for a mortgage loan from a creditor with whom the broker does not have a business relationship. **Withdrawn.**

- Rep. Moore, D-Kan., Maintaining Credit Availability Amendment (Text) — would add language to the bill stating that its purpose, in addition to curbing predatory unfair lending practices, is to ensure that "responsible, affordable mortgage credit remain available to consumers." **Agreed to and Reconsidered and Withdrawn by Voice Vote.**
- Rep. Hodes, D-N.H., Attorneys General Enforcement Authority Amendment (Text) — would expand the authority of state attorneys general to enforce provisions of the bill. **Adopted by Voice Vote.**
- Rep. Waters, D-Calif., and Rep. Meeks, D-N.Y., Prohibit Prepayment Penalties Amendment (Text) — would prohibit prepayment penalties for consumers with residential mortgages who pay all or part of the mortgage principal before the due date. **Rejected by Voice Vote.**
- Rep. Neugebauer, R-Texas, Full Recourse Loans Amendment (Text) — would prevent consumers from suing a mortgage lender for violating provisions of the bill if the consumer had obtained a "full recourse loan," which allows the lender to take any assets of the borrower if the repayment is not made. **Rejected by Voice Vote.**
- Rep. Sherman, D-Calif., Single Mortgage Financing Amendment (Text) — would exempt a person, estate or trust, from the bill's licensing requirements for mortgage originators if that person, estate or trust, provided mortgage financing for only one property in any 36-month period, provided that: The loan is fully amortized; The seller determined that the sale was in good faith and documented that the buyer had a reasonable ability to repay the loan; The loan had a fixed rate or adjustable rate that could be adjusted after five or more years, subject to lifetime limitations on interest rate increases. **Adopted by Voice Vote.**
- Rep. Bean and Rep. Castle Safe Harbor Protection Amendment (Text) — would expand the bill's "safe harbor" protection to all fixed-rate mortgages that are fully underwritten, as well as to loans issued by the Federal Housing Administration, the Department of Veterans Affairs and the Rural Housing Service. Fannie Mae and Freddie Mac conforming loans would also qualify. Loans that qualify for safe harbor protection are presumed to meet two new standards that the bill would establish for all residential mortgages: lenders would have to ensure borrowers have the ability to repay, and the loan would have to provide a "net tangible benefit" to borrowers. A lender who violates the law could be sued by the borrower and forced to rescind the loan. As amended, it would expand the definition of "qualified mortgages," or loans that would receive safe harbor protection under the bill. It would include loans with interest rates that do not exceed the average prime rate by 2.5 percentage points in the case of a first lien residential mortgage with a principal obligation amount that exceeds the maximum conforming loan limit set by Freddie Mac for a similarly sized house. For mortgage loans that do not exceed the maximum limit, the interest rate would be capped at 1.5 percentage points above the average prime rate in order to be classified as a "qualified mortgage." **Adopted, as Amended, by Voice Vote.**
 - Rep. Lance, R-N.J., and Rep. Miller D-Calf., Interest Rate Cap Amendment to the Bean, D-Ill. Amendment (Text) — would expand the definition of "qualified mortgages," or loans that would receive safe harbor protection under the bill. The amendment would include loans with interest rates that do not exceed the average prime rate by 2.5 percentage points in the case of a first lien residential mortgage with a principal obligation amount that exceeds the maximum conforming loan limit set by

Freddie Mac for a similarly sized house. For mortgage loans that do not exceed the maximum limit, the interest rate would be capped at 1.5 percentage points above the average prime rate in order to be classified as a "qualified mortgage." The Bean amendment would expand the bill's "safe harbor" protection to all fixed-rate mortgages that are fully underwritten, as well as to loans issued by the Federal Housing Administration, the Department of Veterans Affairs and the Rural Housing Service. Fannie Mae and Freddie Mac conforming loans would also qualify. Loans that qualify for safe harbor protection are presumed to meet two new standards that the bill would establish for all residential mortgages: lenders would have to ensure borrowers have the ability to repay, and the loan would have to provide a "net tangible benefit" to borrowers. A lender who violates the law could be sued by the borrower and forced to rescind the loan. **Adopted by Voice Vote.**

- Rep. Biggert, R-Ill., New Disclosure Rules Amendment (Text) — would require the secretary of Housing and Urban Development and the Board of Governors of the Federal Reserve to work together to establish new rules, within six months of enactment, providing for compatible disclosure for borrowers to receive at closing. The amendment would require that the disclosures provide clear and concise information to borrowers on the terms and costs of their mortgages and satisfy settlement disclosures under the Truth and Lending Act and Real Estate Settlement Procedures Act. The amendment would also require HUD to suspend implementation of certain provisions of similar rules the agency endorsed last year, to be replaced by the new joint rules. The amendment would require the rules be implemented no later than 12 months following the bill's enactment. If the Fed and HUD cannot come to an agreement on joint rules, they would have to submit a report to Congress and could separately seek public comment on proposed regulations, which could be implemented independently. As amended, it also would expand rules requiring lenders to provide additional specific disclosures to borrowers at the time of closing, including: The principal amount and terms of the loan; Whether the loan has a fixed rate; The annual percentage rate of interest; If the rate can be adjusted, when the adjustment may occur, and the maximum interest rate to which it may be adjusted; The total monthly payment of the loan; The total estimated monthly maximum payment, pursuant to each possible adjustment; The total settlement charges and the amount of any down payment or cash required at the settlement; Whether that loan has a prepayment penalty. **Adopted (as amended) by Voice Vote.**
 - Rep. Neugebauer, R-Texas, Disclosure Requirements Amendment to the Biggert, R-Ill., Amendment (Text) — would expand rules requiring lenders to provide additional specific disclosures to borrowers at the time of closing, including: The principal amount and terms of the loan; Whether the loan has a fixed rate; The annual percentage rate of interest; If the rate can be adjusted, when the adjustment may occur, and the maximum interest rate to which it may be adjusted; The total monthly payment of the loan; The total estimated monthly maximum payment, pursuant to each possible adjustment; The total settlement charges and the amount of any down payment or cash required at the settlement; Whether that loan has a prepayment penalty. The Biggert amendment would require the secretary of Housing and Urban Development and the Board of Governors of the Federal Reserve to work together to establish new rules, within six months of enactment, providing for compatible disclosure for borrowers to receive at closing. The amendment would require that the disclosures provide clear and concise information to borrowers on the terms and costs of their mortgages and satisfy settlement disclosures under the Truth and Lending Act and Real Estate Settlement Procedures Act. The amendment would also require that

HUD suspend implementation of certain provisions of similar rules the agency endorsed last year, to be replaced by the new joint rules. The amendment would require the rules be implemented no later than 12 months following the bill's enactment. If the Fed and HUD cannot come to an agreement on joint rules, they would have to submit a report to Congress and could separately seek public comment on proposed regulations, which could be implemented independently. **Adopted by Voice Vote.**

- Rep. Moore, D-Kan., Finding and Purpose Amendment (Text) — would add language to the findings section of the bill stating that economic stabilization would be enhanced by tougher regulation of residential mortgages "while ensuring that responsible, affordable mortgage credit remains available to consumers." **Adopted by Voice Vote.**
 - Rep. Frank, D-Mass., Motion to Reconsider the Moore, D-Kan., Amendment — would add language to the bill stating that its purpose, in addition to curbing predatory unfair lending practices, is to ensure that "responsible, affordable mortgage credit remain available to consumers." **Agreed to by Voice Vote. Note: Moore subsequently withdrew his amendment.**
- Chairman Frank, D-Mass., Manager's Amendment (Text) — would clarify language on yield-spread premiums, which lenders pay to mortgage brokers for getting homeowners into loans above market rates. The amendment would clarify that the bill would prevent brokers from being compensated for steering homeowners toward a higher interest-rate loan, but it would not limit other compensation for brokers. It would exclude mortgages with adjustable rate interest from the bill's safe harbor protection provision. It would clarify that legal assistance counseling grants would be awarded to state and local agencies whose primary business is to provide legal assistance. The amendment also would make the grant-making program effective on the date of the bill's enactment. Other provisions in the bill would take effect once regulations are in place to implement them, up to 18 months after enactment. It would also make technical changes to the bill to conform it to previously approved amendments. **Adopted by Voice Vote.**
 - Rep. Gary Miller, R-Calif., Yield-Spread Premiums Amendment to the Frank, D-Mass., Amendment (Text) — would strike provisions that would clarify the language on yield-spread premiums. The Frank amendment would clarify language on yield-spread premiums, which lenders pay to mortgage brokers for getting homeowners into loans above market rates. The amendment clarifies that the bill would prevent brokers from being compensated for steering homeowners toward a higher interest-rate loan, but it would not limit other compensation for brokers. **Withdrawn.**
- Rep. Waters, D-Calif., Points and Fees Financing Amendment (Text) — would prohibit lenders from imposing excessive points and fees on consumers for closing costs, if the borrower plans on financing all or part of the cost through the interest rate for such points and fees. **Adopted by Voice Vote.**
- Rep. Royce, R-Calif., Assignee and Securitizer Liability Amendment (Text) — would exempt assignees and securitizers -- people to whom mortgages are sold or transferred, who then pool the loans and resell them -- from all liability under the bill. It also would prohibit states from enacting additional remedies against any assignee, securitizer or securitization vehicle, for violating any provisions of the bill. **Rejected by Voice Vote.**
- Rep. Ellison, D-Minn., Section 8 Tenant Protections Amendment (Text) — would clarify that buyers of foreclosed properties where tenants are receiving Section 8 housing assistance must provide the tenants with 90 days notice of eviction, in such cases where termination of the

lease is allowed under the bill. **Withdrawn. Note: The amendment was withdrawn because of technical errors.**

- Rep. Ellison, D-Minn., Section 8 Tenant Protections Amendment (Text) — would clarify that buyers of foreclosed properties where tenants are receiving Section 8 housing assistance must provide the tenants with 90 days notice of eviction, in such cases where termination of the lease is allowed under the bill. **Adopted by Voice Vote.**
- Rep. B. Miller, D-N.C., Technical Amendment (Text) — would make technical changes to the bill. **Adopted by Voice Vote.**
- Rep. Frank, D-Mass., Manager's Amendment (Text) — would obligate securitizers to retain access to any loans that they sell or transfer to others and preserve the ability to provide any remedies to consumers that are provided for under the bill. The amendment would specify that any assignees or securitizers who are obligated to provide remedies to borrowers under the bill and fail to do so would be subject to additional punitive damages, not to exceed the principal balance of such loans. The amendment would insert language requiring the mortgage servicer to provide the consumer with the name and contact information of the creditor and any subsequent assignee or securitizer at least once a year, when the consumer requests it, or any time there is a change in ownership of the mortgage. The amendment would also clarify that the bill's provisions would not supersede or limit any state laws that provide additional remedies against any assignee, securitizer or securitization vehicle, except in cases where the laws deal specifically with two new standards that the bill would impose on residential mortgages. **Adopted by Voice Vote.**
- Rep. Hensarling, R-Texas, Government Sponsored Enterprises Amendment (Text) — would add a new title to the end of the bill declaring the sense of the Congress that enacting meaningful structural changes to Fannie Mae and Freddie Mac are an important part of larger efforts to overhaul the mortgage industry. **Adopted, as Amended, by Voice Vote.**
 - Rep. Frank, D-Mass., Strike Sense of Congress Language – Motion to strike a section of the Hensarling, R-Texas, Amendment — would declare that it is the sense of Congress that Fannie Mae and Freddie Mac played an important role in creating conditions that led to the current mortgage credit crisis. The Hensarling amendment would add a new title to the end of the bill declaring the sense of the Congress that enacting meaningful structural changes to Fannie Mae and Freddie Mac are an important part of larger efforts to overhaul the mortgage industry. It would also state that Fannie Mae and Freddie Mac played an important role in creating conditions that led to the current mortgage credit crisis. **Adopted by Unanimous Consent.**
- Rep. Bachmann, R-Minn., Grant Eligibility Amendment (Text) — would prohibit legal assistance grants provided by the Department of Housing and Urban Development from going to any organization that has been indicted for a violation of federal law relating to an election for federal office, or that employs any individuals who have been indicted for those reasons. The amendment also would prohibit housing counseling grants from going to any agencies, or employees thereof, for the same reasons. **Adopted by Voice Vote.**
- Rep. G. Moore, D-Wis., Mortgage Rescue Scams Amendment (Text) — would broaden the authority of the Federal Trade Commission to curb mortgage rescue scams by imposing new rules for companies that offer mortgage rescue services. **Withdrawn.**
- Chairman Frank and Rep. Minnick Regulatory Authority Amendment (Text) — would give the federal banking agencies the authority to provide exceptions or adjustments to the bill's provisions requiring that creditors retain at least 5 percent credit risk in any mortgages that

they sell or transfer. The amendment also would allow federal banking regulators to require securitizers to retain credit risk in the mortgages they pool and resell to investors. **Adopted 67-1; R 25-1; D 42-0; I 0-0** ([roll call vote](#)).

- [Rep. Garrett, R-N.J., Risk Retention Report Amendment \(Text\)](#) — would require the Federal Reserve to study the methods that banks may retain credit risk in mortgages, as required by the bill, while still providing ample liquidity to mortgage markets. The amendment would require the Fed to submit a report on the study to Congress within six months after the bill's enactment. **Rejected 27-43; R 27-1; D 0-42; I 0-0** ([roll call vote](#)).
- [Rep. Hensarling, R-Texas, Legal Costs Amendment \(Text\)](#) — would require consumers to pay legal costs for mortgage originators, creditors, assignees and securitizers, if the consumer files a lawsuit against any of the parties and loses. **Rejected 29-42; R 29-0; D 0-42; I 0-0** ([roll call vote](#)).
- [Rep. McHenry, R-N.C., High-Cost Mortgages Amendment \(Text\)](#) — would strike Title III of the bill, which would expand the scope of protections for consumers with high-cost mortgages. **Rejected 29-41; R 29-0; D 0-41; I 0-0** ([roll call vote](#)).
- [Rep. Neugebauer, R-Texas, Tenant Protections Amendment \(Text\)](#) — would strike the subsection of the bill that would provide for protections for tenants who rent units in buildings on which banks have foreclosed. **Rejected 27-43; R 27-2; D 0-41; I 0-0** ([roll call vote](#)).
- [Rep. T. Price, R-Ga., Arbitration Amendment \(Text\)](#) — would strike language in the bill relating to arbitration. The language would prohibit creditors from including clauses in a mortgage contract that would impose mandatory arbitration to resolve disputes and would waive a borrower's right to sue. It would also strike language that would allow the lender and borrower to enter arbitration if both parties agree. **Rejected 30-40; R 29-0; D 1-40; I 0-0** ([roll call vote](#)).
- [Rep. Price, R-Ga., Federal Reserve Certification Amendment \(Text\)](#) — would delay the effective date of certain provisions in the bill relating to new standards for residential mortgage loans and loan origination, as well as high cost mortgages. The amendment would delay the effective date to 90 days after the Federal Reserve certifies to Congress that the provisions would not reduce the availability of, or increase the cost of qualified mortgages, as defined by the bill. **Rejected 29-41; R 29-0; D 0-41; I 0-0** ([roll call vote](#)).
- [Rep. Hensarling, R-Texas, Hope for Homeowners Program Amendment \(Text\)](#) — would disqualify any new residential mortgage loan from eligibility for the Hope for Homeowners Program if the loan does not meet the bill's definition of "qualified mortgages." **Rejected 29-41; R 29-0; D 0-41; I 0-0** ([roll call vote](#)).
- [Rep. Miller, Rep. Childers, and Rep. Bachmann Moratorium on Appraisal Rules Amendment \(Text\)](#) — would impose a 12-month moratorium on the Home Valuation Code of Conduct, a set of rules agreed to by New York's attorney general and Fannie Mae and Freddie Mac that is designed to increase independence and accuracy of the appraisal process. The rules are scheduled to take effect on May 1, 2009. **Rejected 31-39; R 28-1; D 3-38; I 0-0** ([roll call vote](#)).
- [Rep. Hensarling, R-Texas, Fraud Investigation Amendment \(Text\)](#) — would authorize \$35 million to the secretary of Housing and Urban Development to establish a program to investigate lender and borrower mortgage fraud, including individuals who knowingly and willfully provided false information to obtain a mortgage, and to increase mortgage fraud

prevention and enforcement efforts. **Rejected 29-41: R 29-0; D 0-41; I 0-0** ([roll call vote](#)).

- [Rep. Bachmann, R-Minn., Limit Assignee Liability Amendment \(Text\)](#) — would limit the liability that assignees or securitizers -- people who sell or transfer packaged loans -- would face under the bill. It would exempt assignees or securitizers from liability if: They have a policy against buying residential mortgage loans that would not qualify for the bill's safe harbor provisions; they exercise reasonable due diligence to adhere to the policy. It would also exempt them from liability if: The contract for the mortgages they are purchasing contains warranties from the seller that the mortgages would be covered by the bill's safe harbor provisions; or the seller has received such assurances from the previous owners of the mortgages. **Rejected 29-41: R 29-0; D 0-41; I 0-0** ([roll call vote](#)).
- **Vote to Report:** Favorably Reported to the Full House, as Amended, by a Roll Call Vote of 49-21: R 8-21; D 41-0; I 0-0 ([roll call vote](#)).

CRS Reports:

[RS22953](#): Regulation of Real Estate Appraisers and the Home Valuation Code of Conduct (HVCC)

Committee on Financial Services Hearing:

[H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009](#)

April 23, 2009 — Full Committee Hearing

- Member Statements: [Congressman Kanjorski](#), [Congressman Meeks](#)
- [Archived Webcast](#)

Organization Statements:

(TBA)

Administration Position:

(TBA)

Fact Sheets & Talking Points:

[Summary of H.R. 1728](#), Financial Services Committee

Press Releases, News Articles & Related Information:

[Financial Services Committee Approves Mortgage Reform and Anti-Predatory Lending Bill](#),

April 29, 2009

Other Resources:

[Cosponsors of H.R. 1728](#)