March 24, 2015

Committee Members
House Financial Services Committee
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Representatives,

The undersigned Civil Rights organizations urge Members of the House Financial Services Committee to vote “No” on a series of bills slated for Markup on March 25, 2015. If passed, these bills could trigger the return of predatory lending, irresponsible underwriting, excessive fees, and the lax regulatory environment that sparked the housing crisis. Our communities, which were hit especially hard by that crisis and the ensuing Great Recession, cannot afford to revisit that status quo. Accordingly, we urge Members of the House Financial Services to do what is right for consumers, communities, and the nation’s economy as a whole by voting “no” on the following pieces of legislation:

Vote “No” on H.R. 685, "Mortgage Choice Act"

H.R. 685 creates a Qualified Mortgage loophole to the 3% points and fees threshold by excluding fees paid to title companies affiliated with the lender. Increased loan fees mean borrowers will bear the cost of hundreds, if not thousands, of dollars in needless mortgage fee expenses.

Vote “No” on H.R. ____ , "Community Institution Mortgage Relief Act"

Members should reject this bill because it exempts institutions with less than $10 billion in assets from mortgage escrow requirements and raises the small servicer loan cap from 5,000 loans to 20,000. The bill also expands the Consumer Financial Protection Bureau’s safe harbor provision for portfolio loans held by community banks for 3 years to larger institutions with up to $10 billion in assets. That result would pry open the small-servicer exemption already put in place by the Consumer Financial Protection Bureau (“CFPB”) and provide a gateway for larger institutions to provide no escrow protections to borrowers.

Vote “No” on H.R. 650, "Preserving Access to Manufactured Housing Act"

H.R. 650 raises the interest-rate and points and fees trigger for protections under the high-cost mortgage protections of the Home Ownership and Equity Protection Act. In short, H.R. 650 would harm homeowners through weaker consumer protections and costlier loans that are harder to repay. It would make homeownership more costly for those who can least afford it.

Vote “No” on H.R. 1408, "Mortgage Servicing Asset Capital Requirements Act”

H.R. 1408 would delay imposition of new capital requirements for servicing activities for all but the largest eight banks in the U.S. It would also lead to a delay in strengthened capital positions for large regional banks with hundreds of billions of dollars in assets.

Vote "No" on H.R. 1265, "Bureau Advisory Commission Transparency Act"

H.R. 1265 would constrain the Consumer Financial Protection Bureau's ability to engage advisory committees, including small business advisory committees, as part of its process for developing policies and exercising oversight of its responsibilities. Other financial regulators, such as the Board of Governors of the Federal Reserve System, have been expressly exempted from the Federal Advisory Committee Act and there is no justification for removing that exemption for the CFPB now.

Vote "No" on H.R. 1259, "Helping Expand Lending Practices in Rural Communities Act"

H.R. 1259 would effectively create a drawn out petition process that would allow individuals who reside or do business in a state to apply for the designation of an area as rural. Areas designated as rural would be able to circumvent certain mortgage provisions (QM, Ability-to-Repay) put in place by the CFPB. The CFPB has already provided special considerations for rural and \ small lenders, and continues to consider and propose amendments that will designate more areas as rural and underserved.

Vote "No" on H.R. 1195, the "CFPB Small Business Advisory Board Act"

H.R. 1195 directs the Director of the Consumer Financial Protection Bureau to establish a Small Business Advisory Board. Yet, Dodd-Frank already requires the Bureau to hold panels for all rulemakings that substantially impact a significant number of small financial institutions regulated by their proposal in compliance with the Small Business Regulatory Enforcement Fairness Act. Moreover, the Bureau has already established a small business advisory council. This bill is redundant and would add needless regulatory layers to an already rigorous process.

Just seven years ago, this nation suffered one of the biggest challenges to the health of the United States' economy since the Great Depression. The lesson we learned is that both responsible mortgage policies and consumer protection oversight are essential to ensuring that our housing market operates fairly and effectively. The pieces of legislation discussed fail to consider the importance of that lesson and, as a result, undermine the work that has been done to make the mortgage market healthy again and safe for consumers.

Thank you for considering our views.

Sincerely,

Center for Responsible Lending
Leadership Conference on Civil and Human Rights
NAACP
National Council of La Raza
National Fair Housing Alliance
National Urban League