



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

November 14, 2007  
(House Rules)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 3915 – Mortgage Reform and Anti-Predatory Lending Act of 2007**

(Rep. Miller (D) North Carolina and 27 cosponsors)

The Administration supports efforts both to improve oversight over the mortgage origination process and to stop predatory lending. The Administration believes that any legislation addressing mortgage origination should be mindful of the need to strike the right balance between consumer protection and the consumer's ability to access credit. While the Administration appreciates several key goals of H.R. 3915, the Administration has concerns with the bill as drafted because it includes provisions that unduly restrict access to credit for potential homebuyers and reduce re-financing opportunities for current homeowners.

The Administration supports efforts to protect homeowners through: (1) simplified disclosure to borrowers; (2) greater focus on unfair and deceptive practices; and (3) enhanced education, training, and oversight of loan originators. The Administration, however, notes that targeted regulatory efforts are already underway to address many of the issues raised by H.R. 3915. The Department of Housing and Urban Development has been revising its Real Estate Settlement Procedures Act regulations to substantially enhance mortgage disclosure by providing consumers with a more informative and accurate standardized statement of loan terms and settlement costs. Also, the Administration is encouraged by the Federal Reserve's publicly stated intentions to act to improve disclosure requirements and develop new national standards for unfair and deceptive practices through its authority under the Home Ownership and Equity Protection Act. In addition, the Administration endorses the recent actions of the Federal banking regulators to improve underwriting criteria.

The Administration does not support the provisions of H.R. 3915 that could overly constrict the primary and secondary markets for mortgage finance, such as the bill's specific underwriting standards, assignee liability provisions, and the subjective obligations for mortgage originators. The Administration is concerned with these and other provisions that could lead to greater uncertainty and increased litigation, which could cause an undesirable reduction in mortgage credit and a drop in future homeownership. Further, the Administration believes that a mortgage origination standard should be national and should preempt the potential for the States to create a patchwork of different legal regimes.

The Administration is committed to bringing reform to the mortgage origination process in a manner that helps to protect consumers while not unduly restricting their access to credit and home ownership. The Administration looks forward to working with Congress to address its concerns as the process moves forward.

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