

Specifically, if passed by the Senate and signed by the President, this legislation would strengthen mortgage lending standards to prevent inappropriate practices, protect consumers and ensure a vibrant system of mortgage finance in the U.S. The bill contains key reforms that will help lead to a stronger mortgage system. First, the bill would codify important standards that require every lender to verify a borrower's ability to repay a mortgage loan. Also, it would ensure that every borrower receives a net tangible benefit from refinancing a loan as protection from unfair, abusive, and deceptive lending practices.

Further, it would require that mortgage lenders make loans that benefit the consumer and prohibit them from steering borrowers into higher cost loans, with the ultimate goal of ending predatory lending. In addition, the bill encourages the market to move back toward making fixed-rate, fully documented loans. During the housing boom, some mortgage lenders moved away from commonsense underwriting practices, which lead to an explosion of risky mortgages and lending practices that targeted borrowers and fueled an unstable housing bubble. Lastly, 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; one of the key reasons for our current economic crisis.

While there have been problems with the system of lending, our community banks have been a beacon of stability through these trying economic times. We have seen our community banks throughout the district work very diligently to make responsible loans and assure that money is available for lending.

In addition to this week's legislation, the Federal Reserve is also taking steps to reform the mortgage industry and cut down on abusive lending practices. New Federal Reserve rules will establish basic underwriting standards for the mortgage industry and provide significant consumer protection. Regardless of the future of H.R. 1728, the Fed's regulations will restrict predatory lending practices and hopefully prevent another housing crisis.

I strongly believe in each American's efforts to responsibly undertake homeownership. These important reforms are welcome and will continue to strengthen the underlying fundamentals of the housing market. If we can be of help or if you have questions or comments please feel free

to contact us at 202-225-4261 or at <http://www.wittman.house.gov/administrator/www.wittman.house.gov>

Congressman Rob Wittman represents the First District of Virginia. He was elected to his first full term in November 2008 and serves on the Natural Resources Committee and the Armed Services Committee where he is the Ranking Member of the Oversight and Investigations Subcommittee.