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28 Democratic Women Urge Fed to Crackdown on Predatory Lending

WASHINGTON, D.C. -- Congressional Caucus on Women's Issues Co-Chair Rep. Carolyn Maloney (D-NY) and Rep. Jan Schakowsky (D-IL) released a letter signed by 28 Democratic women urging Fed Chairman Alan Greenspan to use the Fed's existing authority to target predatory lenders.□□

"The Federal Reserve should use all the tools at its disposal to prevent unscrupulous lenders from fleecing consumers.□ Requiring additional disclosures for high cost loans is a critical step in increasing consumer protection," said Maloney.□ "Immediate action must be taken to prevent predatory lenders from targeting traditionally underserved communities, unsophisticated borrowers, the elderly, and particularly elderly women."

"Chairman Greenspan earlier this year added his voice to the growing number of critics of predatory lending.□ I appreciate his words, but now we need action.□ The Fed should use all its regulatory powers to help consumers and protect low-income families, seniors, and people of color from robbers who are stealing their homes.□ In this instance, the Chairman's pen is mightier than his voice," said Schakowsky, author of H.R. 3901, the Anti Predatory Lending Act of 2000.

Under the Home Owner Equity Protection Act (HOEPA), the Federal reserve has the authority to lower APR, points and fee triggers to require additional consumer disclosures for high cost loans with percentage rates of 8 percent above Treasury bill rates, rather than the current 10 percent level.□ Furthermore, the letter requests that the Board should implement the HUD/Treasury predatory lending recommendations.□ These include banning loan flipping, mandatory arbitration on high-cost loans, and lending to borrowers without regard to their ability to repay and restricting balloon payments on high-cost loans, prepayment penalties, points and fees.