

Fannie Won't Seek Predatory Exemption

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Fannie Mae has announced that it will no longer lobby state legislatures to get exemptions from anti-predatory lending laws.

"We will monitor anti-predatory lending legislative efforts at the state level, but we will not take an active role in shaping such legislation," the giant secondary mortgage market agency said. The announcement came after several Democratic lawmakers and consumer groups complained about Fannie Mae's activities in Georgia, which almost blocked passage of one the toughest state predatory lending laws enacted so far.

Fannie Mae had succeeded in getting certain exemptions from a Washington, D.C. and a California predatory lending law.

But the federally chartered enterprise ran into hostile fire from consumer advocates and Georgia Gov. Roy Barnes (D) when it requested an exemption for its subprime loan purchases in Georgia.

Fannie Mae denies making such a request but the company sent a letter to the governor clarifying that it does not seek an exemption and it supports legislation to combat predatory lending in Georgia.

Spokeswoman Janice Daue said Fannie Mae is a leader in the fight against predatory lending and the company supports federal and state legislative efforts to eliminate predatory lending.

"I am pleased that Fannie Mae, in no uncertain terms, has made it clear to me that they are not seeking exemptions and will not seek to influence state legislation on predatory lending," Rep. Jan Schakowsky, D-Ill., said.

Senate Banking Committee chairman Paul Sarbanes, D-Md., also indicated that he had talked to Fannie Mae officials about their state lobbying efforts.

"I have some concerns about that," Sen. Sarbanes said at a press conference where he announced the introduction of his bill to curb predatory lending (see related story).

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