

DECEMBER 11, 2000

SCHAKOWSKY APPLAUDS LETTER SIGNED BY 200 ORGANIZATIONS CALLING ON CHAIRMAN GREENSPAN TO CURTAIL PREDATORY LENDING

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today applauded the effort by more than 200 organizations calling on Federal Reserve Chairman Alan Greenspan to use his authority to curtail predatory lending.□□

"This is an impressive grassroots effort.□ I hope that Chairman Greenspan will take respond and act by sending a loud message to predatory lenders that they will no longer be permitted to rob homeowners of their homes," Schakowsky said.□

Schakowsky is the author of the Anti-Predatory Lending Act and has also written Chairman Greenspan and other government officials urging them to use their regulatory powers to protect homeowners from predatory lenders.□ In Chicago, the soaring number of foreclosures is directly linked to the increasing number of predatory lenders operating the subprime market.□ Schakowsky's bill would place strict federal guidelines to drive predatory lenders out of business.

Below is the letter to Chairman Greenspan.

Chairman Alan Greenspan
Board of Governors, Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Adding financed single-premium credit insurance to HOEPA points and fees

Dear Chairman Greenspan:

Homeownership not only supplies families with shelter, it also provides a way to build wealth and economic security. Unfortunately, too many American homeowners are losing their homes, as well as the wealth they spent a lifetime building, because of harmful home equity lending practices.□ To address this problem, we understand that the Federal Reserve Board is considering modifying the HOEPA regulations.□ We are writing to strongly urge you to do so immediately.□ We believe that it is absolutely essential that the Board modify the HOEPA regulations to curtail abusive lending by including financed single-premium credit insurance (along with functionally similar products like debt cancellation and debt suspension agreements) in the definition of "points and fees".□

Credit insurance may be useful when paid for on a monthly basis. In the single-premium case, the total premiums for generally a five-year period are added to the amount of the

loan. The borrower then pays interest on this amount for the life of the loan and has not even begun reducing principal by the time the five-year period expires. When the borrower moves or refinances away from a subprime loan after five years, the up-front payment, which no longer protects the loan, is stripped directly out of the borrower's home equity. This is why Fannie Mae and Freddie Mac, the U.S. Departments of Treasury and HUD, bills introduced in the U.S. Senate and House Banking Committees, the Federal Home Loan Bank of Atlanta and the North Carolina General Assembly have all condemned the practice for all home loans. Conventional loans almost never include, much less finance, credit insurance.

In 1994, the Board stated that "The legislative history [of HOEPA] includes credit insurance premiums as an example of fees that could be included, if evidence showed that the premiums were being used to circumvent the statute." It has become clear that unscrupulous lenders have indeed used the exclusion of credit insurance from "points and fees" to circumvent the application of HOEPA to loans that really are "high cost". Financed credit insurance alone exceeds the HOEPA limits in many cases - up to 20% of the loan amount - yet the borrowers do not qualify for HOEPA protections. The Board should address this evasion by including these fees in the definition of "points and fees".

Thank you for your consideration.

Sincerely,

American Association of Retired People, organizational sign-on**
Barry Jollette, Chair of Governmental Affairs Committee, Credit Union
National Association **
Michael B. Kitchen, CUNA Mutual Group **
Center For Community Change **
Consumer Federation of America **
Susan Vickers, Catholic Healthcare West
Laura Schwingel, CDFI Coalition **
Birny Birnbaum, Center for Economic Justice
Martin Eakes, Coalition for Responsible Lending **
Kerwin Tesdell, Community Development Venture Capital Association
Ken McEldowney, Consumer Action, San Francisco
Frank Torres, Consumers' Union **
Steven Scheuth, First Affirmative Financial Network **
Rebecca Adamson, First Nations Development Institute
Amy Domini, Founder and Managing Principal, Domini Social Investments
Travis Plunkett, Legislative Director of the Consumer Federation of America **
David Dodson, Mary Reynolds Babcock Foundation
Mark A. Regier, MMA Financial Services and MMA Praxis Mutual Funds, Goshin, IN
Irvin Henderson, National Community Reinvestment Coalition
Elizabeth Renuart, National Consumer Law Center **
Margot Saunders, National Consumer Law Center **

Cliff Rosenthal, National Federation of Community Development Credit Unions **
Christina Weinmann, Policy Director, National Community Capital Association **
Mark Pinsky, President & CEO, National Community Capital Association **
Pax World Fund Family **
Scott Klinger, Responsible Wealth/United for a Fair Economy□
Don Rounds, The Consumer Alliance□
Dan Immergluck, The Woodstock Institute **
Cheryl Smith, Trillium Asset Management Corporation, Boston
Mary Mountcastle, Z. Smith Reynolds Foundation□
Carol Chernikoff, Alternatives Federal Credit Union, New York
Michael O. Patterson, American Federation of Govt Employees Local 3258
Margaret Schuelke, Atlanta Neighborhood Partnership Development□
Debra K. Lumpkins, Attorney at Law, Hugo, OK
Anne A. Bergman , Attorney at Law, Stillwater, MN
Raymond W. Postlethwait, Jr., Attorney, Durham, NC
Richard Tomlinson, Attorney, Houston, TX
Steve Whitesell, Banks Law Firm, Durham NC
Jennifer Quillin, Bremerton Housing Authority, Bremerton, WA
J.D. Milburn, Bureau of Downtown Development, Madison WI
Charlotte Wade, Burtonsville, MD
Bob Radliff, Capital District Community Loan Fund, Inc, Albany
Joan Ewing, Cary, NC
Louise Trubek, Center for Public Representation, Madison, WI
Jack Porter and Rev. Jack Cramer-Heuerman, Central Illinois Organizing Project
Elyse D. Cherry, CEO, Boston Community Capital
Gregory D. Squires, Chair, Department of Sociology, George Washington University
Sarah Carroll, MBA, Chicago
Calvin Holmes, Chicago Community Loan Fund
Martha W. Miller, Choice Federal Credit Union, Greensboro, NC
Yamile L. Nazar, City of Greensboro Human Relations Department
Kathryn Harlow, Cleveland Works, Inc.
Keith Bisson, Coastal Enterprises, Inc.
Alan Jennings, Community Action Committee of the Lehigh Valley, Inc. PA
Steven Dow, Community Action Project of Tulsa County. OK
Kirsten Keefe, Community Legal Services, Inc., Philadelphia
Colleen Willis, Community Partners for Affordable Housing
Leslie Steen, Community Preservation and Development Corporation
Peter Skillern, Community Reinvestment Association of North Carolina□
Lynn Talley, Community Works in WV, Inc.
Joe Bennett, Consumer Credit Counseling Service of Jackson, MS
Gerald J. Thain, Consumer Law Professor Univ. of Wisconsin Law School
Jessal Bell, Consumer, Chattanooga, TN
Daphne Brownlee, Consumer, Chicago
James L. Bell, III, Consumer, Memphis, TN
Mary Exum, Consumer, Philadelphia
Kim M. Calvin, Consumer, Washington, DC

Kimi Washington, Consumer, Wheaton, MD
DeWitt Jones, COO, Boston Community Capital
Conrad MacKerron, Corporate Accountability Program, As You Sow Foundation, San Francisco
Virginia Unsworth, Sr., Corporate Responsibility Coordinator, Sisters of Charity of New York □
Will Bradshaw, Davidson Housing Coalition, Davidson, NC
Linda Stanley, Des Moines Citizens for Community Improvement
Patricia J. Braynon, Director, Housing Finance Authority, Miami, FL
Donna Dougherty, Director, Legal Services for the Elderly of Queens
Inez Killingsworth & Robert Garrett, East Side Organizing Project, Cleveland
Charles P. Rock, Economics Professor, Rollins College, FL
William Bynum, Enterprise Corporation of the Delta
Bruce Cowhig, Executive Director Neighborhood Partners of Kankakee, Inc. Kankakee, Illinois
Vangie Gabaldon, Executive Director, New Mexico Community Development Loan Fund
Harold Branch, Executive Director, NHS of Southwestern Maricopa County (AZ)
Bill Faith, Executive Director, Ohio Community Reinvestment Project
Michael Cash, Fairfax (VA) County Human Rights Commission
David Lollis, Federation of Appalachian Housing Enterprises (FAHE)
David Scranton, Financial Services Attorney, Philadelphia
Charles Sandmel, First Affirmative Financial Network Financial Planning and Ethical Investments, Brookline, MA
Elsie Meeks, First Nation's Development Corp. and The Oweesta Fund
Sherry Salway Black, First Nations Development Institute
Ira Rheingold, Foreclosure Prevention Project, Chicago
Liza Carol Chigos, Genesee Co-op Federal Credit Union, Rochester NY
David Knoll, Genesee Co-op Federal Credit Union, Rochester NY
Eric Anderson-Zych, Genesee Co-op Federal Credit Union, Rochester NY
Mark J. Cicero, Georgia Commission on Equal Opportunity
Daniel Levitas, Georgia Rural Urban Summit
Kim Hardgrave, Gospel Tabernacle Daycare, Burlington, NC
Rev. Greg Hardgrave, Gospel Tabernacle UHC, Burlington, NC
Carla Weil, Greater New Haven Community Loan Fund
Greg Kirkpatrick, Habitat for Humanity of Wake County, NC
Karla Irvine, HOME, Cincinnati
Diane E. Citrino, Housing Advocates, Inc., Cleveland
Tony Lewis, Housing Association of Delaware Valley (HADV), Philadelphia
Constance Chamberlin, Housing Opportunities Made Equal of Richmond, Inc.
Susan Ottenweller, Housing Opportunities, Inc
Margaret Feml, Housing Resources of Columbia County, Inc., Hudson, Inc.
Valerie Plummer, IDA Program Manager, West Company, Ukiah, CA
Daniel A. Edelman, Illinois Consumer Justice Council, Inc. □
Dan Holland, Independent CRA Consultant, Pittsburgh, PA
Mathew Lee, Inner City Public Interest Law Center
Paul Mazarella, Ithaca Neighborhood Housing Services, Inc

Elisabeth C. Prentice, Ithaca, NY
British A. Robinson, Jesuit Conference-Office of Social & International Ministries
John Herrera, Latino Community Credit Union, Durham, NC
Willonda McCloud, LCHRC, Lancaster, PA
Stanley A. Hirtle, Legal Aid Society of Dayton
James T. Sugarman, Legal Counsel for the Elderly
Roy D. High, Local Government Credit Union, NC
Elizabeth Glenshaw, Lyme, NH
Ned Hogan, MANNA, Inc., Washington, DC.
Joseph Barden, Margert Community Corporation, Far Rockaway, Queens
Stephanie Lawes, Margert Community Corporation, Far Rockaway, Queens
JoAnn Kane, McAuley Institute, MD
Barbara Glendon, OSU, Mercy Consolidated Asset Management Program, NY, NY
Gordon Dutter, Metro Justice, Rochester, NY
Bronwen Zwirner, Metropolitan St. Louis Equal Housing Opportunity Council
Jim McCarthy, Miami Valley Fair Housing Center, Inc., Dayton, OH
Dwayne Watkins , Michigan Organizing Project, Grand Rapids Chapter
Troy Woodard, Mid-Carolina Bank, Graham, NC
Rev Séamus P. Finn, OMI, Missionary Oblates of Mary Immaculate, Washington DC
Ben Mokry, Mississippi Home Corporation
Heather Moore, Mississippi Home Corporation
Tracy Cherry, Mobile Fair Housing Center, Inc., AL
Rosalie Sheehy Cates, Montana Community Development Corporation
Bob Liston, Montana Fair Housing, Inc
Tad Baldwin, Montgomery Housing Partnership, Inc., Montgomery County, MD
Rob Schofield , N.C. Justice and Community Development Center
Tom Bledsoe, National Association of Housing Partnership
Dory Rand, National Center on Poverty Law, Chicago
Carol Wayman, National Congress for Community Economic Development
Cathie Mahon, National Federation of Community Development Credit Unions
Richard Stallings, National Neighborhood Housing Network, Washington, DC and Pocatello ID NHS
Gale Cincotta, National People's Action
Susan Perry-Cole, NC Association of CDCs
Mark Pearce, NC Low Income Housing Coalition
Bethany Chaney, NC Minority Support Center
Rev. W. Marvin Richmond, NC-NAACP, Greensboro, NC
Rev. George Allison, NC-NAACP, Greensboro, NC
Edward T. Chaney, NCYT, Durham, NC
Sarah Ludwig, Neighborhood Economic Development Advocacy Project (NEDAP)
Stephanie Barnes-Simms, Neighborhood Housing Services of Chicago, Inc.
Ron Woodwind, Neighborhood Services of Hamilton , Inc
Lisa Nicolle Grist, Neighbors Helping Neighbors, Inc., Brooklyn
Kenneth H. Zimmerman, New Jersey Institute for Social Justice
Jocelyn Earnhart, Noetica Group Financial Advisory Network
Clara Miller, Nonprofit Finance Fund of NY

George Reed, North Carolina Council of Churches
Larry Johnson, North Carolina Credit Union League
Stella Adams, North Carolina Fair Housing Alliance
Carlene McNulty, North Carolina Justice Center
Constance Stancil, North Carolina Low Income Housing Coalition
Florence R. Brassier, Northwest Fair Housing Alliance, Spokane WA
Josh Zinner, NYC Foreclosure Prevention Task Force, Brooklyn
Jason Reynolds, Oregon Consumer League
Leon W. Russell, Pinellas County Office of Human Rights
Dede Carney, Pitt County Housing Coalition, Greenville, NC
Adam Abram, President and CEO, Front Royal, Inc.
Michael Rulison, President, NC Consumers Council
Susan L. Markham, President, NC Equity
**Andrea Harris, President, NC Institute of Minority Economic Development & Chair,
Economic Development Committee, NC NAACP State Conference of Branches.**
Linwood Cox, President, NC Minority Support Center
Malcolm Bush, President, The Woodstock Institute
David Berge, President, Underdog Ventures
Ruhi Maker, Public Interest Law Office of Rochester
Alan Reberg, Raliegh (NC) Mennonite Church
Roger Chiles, Rebuild Durham, Inc.
**William J. Coleman, Redevelopment Authority of the County of Lackawanna,
Pennsylvania**
Sam Folin, Reinvest South Africa (RISA), Philadelphia
Sandra J. Hamlin, Religious Coalition for Community Renewal (RCCR) of Charleston, WV
Gail Padalino, Rensselaer County Housing Resources
Jeanette Stokes, Resource Center for Women and Ministry in the South, Durham, NC
Kristine Pearson, RNA Community Builders Inc.
Sarah Lightner, Rowan-Iredell Area Credit Union
Lee Beaulac, Rural Opportunities, Inc.
Jason Zavala, Rutland West Neighborhood Housing Services, VT
**Anne Stuhldreher, San Francisco Asset Building
Initiative**
Ricardo E. Rodriguez, Savings Plus
Renee Cairns , Self-Help Credit Union, Greenville, NC
Sister Patricia Marshall, Sisters of the Blessed Sacrament
Kathryn 'Kage' Garramone, Socially Responsible Investment Innovations, New Jersey
Germaine Knapp, Sojourner House, Rochester, NY
Theresa Welch, South Austin Coalition, Chicago
Teresa Hill, South East Community Credit Union, Wilmington, NC
Deborah Warren, Southern Rural Development Initiative
R. David Kaylor, Sprunt Professor of Religion, Emeritus, Davidson College
Sharon Straight, St. Lawrence (NY) County Housing Council, Inc.
Ellen Schloemer, St. Raphael Catholic Church, Raleigh, NC
Claudia Horwitz, Stone Circles, Durham, NC
Claire McGrath, Syracuse United Neighbors

**Robert 'Woody' Widrow , Texas Community Reinvestment Coalition
John Parker, The Beloved Community Center, Greensboro, NC
Jane Walsh, The Center for Women and Families, Louisville, KY
Hilary Lamishaw, The New York Network and Troy Rehabilitation and Improvement Program (TRIP), Inc.
Jeremy Nowak, The Reinvestment Fund
Rabbi Mordechai Liebling, The Shefa Fund
James C. Sturdevant, The Sturdevant Law Firm, San Francisco
Marcus Simmons, Tri-County Credit Union
Shelley Alpern, Trillium Asset Management Corporation
Vicky Slate, Truliant Federal Credit Union, Winston-Salem, NC
Randy Johnston, Uplift, Inc. Greensboro, NC
Roberto Barragan, Valley Economic Development Center (VEDC) Los Angeles (Van Nuys)
Jeff R. Smith, Vermont Development Credit Union
Irene Leech, Virginia Citizens Consumer Council
David Rubinstein, Virginia Citizens Consumer Council
Dennis C. Reeder, Washington Heights and Inwood Development Corporation, NY NY
Fritz Weidner, Weidner Investments, Vassalboro, Maine
Bill Perkins, Wisconsin Partnership for Housing Development, Inc.**

****In many cases organizations have signed on, but as a rule it should be assumed that organizational names are included for identification purposes only.**

cc:

**Roger W. Ferguson, Jr., Vice Chairman
Governor Edward M. Gramlich
Governor Edward W. Kelley, Jr.
Governor Laurence H. Meyer**