Congresswoman Maxine Waters
Rules Committee Statement
H.R. 650 and H.R. 685
Monday, April 13, 2015 at 5PM

Thank you Mr. Chairman, Ranking Member Slaughter, and Committee members for letting me speak today on H.R. 650 and H.R. 685. These measures, entitled the "Preserving Access to Manufactured Housing Act" and the "Mortgage Choice Act," respectively, roll back key protections for homeowners – and leave consumers vulnerable to the same kinds of predatory lending practices that were all too common during the period leading up to the financial crisis.

Both of these proposals will ultimately lead to higher costs for borrowers, both will facilitate the kind of steering that forced so many into high-cost mortgages that end in foreclosure, and both seek to undermine vital consumer protections enacted as part of the Dodd-Frank Wall Street Reform Act.

Mr. Chairman, H.R. 650 would return manufactured housing to an era of high-cost loans with limited consumer protections. It would do away with changes made by Dodd-Frank to establish enhanced disclosures and homeownership counseling for borrowers facing high-cost loans.

The measure would allow lenders to charge 10 percent over the prime rate while still being exempt from enhanced disclosures and protections. With prime rates today at 3.25 percent, this proposal would eliminate protections for home loans with interest rates that are almost four times what other borrowers are paying. It would also allow lenders to triple their upfront fees on smaller loans, and allow salespeople to engage in high-pressure sales tactics to steer customers into high-priced loans without being subject to the same regulations as other mortgage professionals.

An investigation of the mobile home industry by the *Seattle Times* published just two weeks ago paints a disturbing picture that has unfortunately become all too common – vulnerable consumers are steered into high-cost mortgages that they cannot afford, they fall behind in their payments, subjecting them to aggressive collection practices, their property is repossessed, and their credit is left in shambles. All the while, multibillion dollar conglomerates – like Berkshire Hathaway – reap the benefits.

In the CFPB's report on the manufactured housing industry, they found that the 68% of manufactured housing loans are already considered "higher priced mortgage loans," and consumers seeking to purchase manufactured housing tend to be older and have lower net worth than families living in other types of housing. Most notably, the study concluded that "these same groups [of consumers that apply for loans for manufactured housing] include consumers that may be considered more financially vulnerable and, thus, may particularly stand to benefit from strong consumer protections" – and H.R. 650 would undermine existing protections to the detriment of a particularly vulnerable group of consumers.

Making matters worse, the manufactured housing industry has yet to produce convincing evidence that current law has substantially restricted access to credit. According to the industry trade association known as the Manufactured Housing Institute – in January 2015, manufacturers of mobile homes experienced "[year-over-year] gains across the board" in the number of homes and floors shipped. Meanwhile, Clayton Homes' – the largest U.S. manufactured housing provider - profits are up 33 percent in 2014 over 2013, and more than 200 percent in 2014 over 2012 – even despite the new CFPB rules becoming effective.

Mr. Chairman, absent clear and compelling evidence that creditworthy borrowers cannot obtain loans for manufactured housing, I cannot and will not support a proposal that would exempt thousands of consumers looking at high-cost mortgages from the vital protections and scrutiny they deserve.

Similarly, H.R. 685 would allow lenders to revert back to the pre-crisis practice of allowing affiliated title lenders to charge potentially exorbitant upfront costs for mortgages under the guise of "consumer choice."

In Dodd-Frank, we got rid of these cozy business arrangements for one simple reason – they tempt service providers with extra money at the expense of consumers.

Buying a home is complex, and consumers should not have to be worried that their service providers are colluding to scam borrowers. Instead they should be competing to provide them the best prices.

Although laws preventing the payment of kickbacks for steering business to favored settlement service providers have been on the books for 50 years, we have consistently seen violations. In the last year alone, large banks like JP Morgan Chase and Wells Fargo, as well as respected real estate firms like Long & Foster, have been caught violating these laws and taking advantage of consumers through complex kickback arrangements.

Such actions should fortify our resolve to ensure that consumers are protected from affiliated companies taking advantage of consumers. But instead, H.R. 685 does the opposite. It does away with Dodd-Frank's 3 percent cap on fees charged by affiliated title companies – leaving borrowers vulnerable to the same kind of exorbitant fees that were common before the financial crisis.

Mr. Chairman, I join a broad coalition representing manufactured housing owners, civil rights groups, independent title insurers, academics and consumer advocates in opposing both of these measures.

And I would ask that the Rules Committee make all germane amendments in order, so that the House can have a comprehensive debate on this harmful legislation.

Again, thank you for letting me speak before you today. I yield back.