willing to speak the truth regardless of the consequences.

I have known David for almost 50 years. In him the Nation has lost one of its prolific writers, but I feel like I have lost a very good friend. I feel like I have lost a companion in the struggle for civil rights and social justice in America.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. POE) is recognized for 5 minutes.

(Mr. POE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

PREDATORY LENDING PRACTICES IN THE SUBPRIME MORTGAGE INDUSTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 5 minutes.

Mr. CUMMINGS. Mr. Speaker, I rise today to express my deep concern with regard to predatory lending practices in the subprime mortgage industry and to emphasize the need for Congress to act swiftly in addressing this critical issue.

Owning a home is an essential component of the American Dream. Simply put, homeownership has the power to transform lives. I still remember the day 45 years ago when my family first moved into our own home. I was only 10 years old, but I will never forget that momentous event.

Homeownership changed life for me and my seven brothers and sisters. We were able to go to better schools, and our family was able to build wealth. Over the years, my parents worked hard to make the mortgage payments every month, building equity, and eventually paying it off. My mother at 81 still lives in that house, mortgage-free. Because my parents invested in their home, my mother can now live out her final years in dignity and with a sense of security.

Every American family deserves the benefits of homeownership that transformed my life. That is why I am outraged by reports of predatory lending practices in the subprime mortgage industry and the upsurge in foreclosures that have occurred as a result thereof.

The national foreclosure rate has been increasing at an alarming rate. According to RealtyTrac, a realty research firm, foreclosures increased by 42 percent from 2005 to 2006, to 1.2 million. That translates into one foreclosure for every 92 households.

Much has been made of the impact these foreclosures will have on Wall Street. However, I am equally concerned with the impact that they will have on the hundreds of thousands of Americans who are losing their homes.

Increasing foreclosures are directly related to the subprime mortgage industry, which has grown from less than 8 percent of the total mortgage market in 2001 to approximately 20 percent of the market today. Subprime mortgages, which target borrowers with low credit scores, often cost more than prime mortgages, and include terms that allow payments to balloon or grow exponentially over time.

Predatory lending practices are common in the subprime mortgage industry, where borrowers are more likely to either have limited options available to them or be unaware of their options. Disturbingly, African Americans and Latinos are more likely to get higher rates than white borrowers with the same qualifications, and borrowers over the age of 65 have five times the odds of receiving a subprime loan than younger borrowers.

This trend is illustrated in the congressional district that I represent, the Seventh Congressional District of Maryland.

If you look at these maps, it is clear. In the map on the left, the red indicates the concentration of low-income African American and Latino populations. In the map on the right, the red area is the highest concentration of subprime loans.

Note that the two areas are nearly identical, indicating that subprime loans in the Seventh District are more likely to be given to African Americans and Latinos and lower-income people. This is simply unconscionable. Somebody is making big bucks off of vulnerable families in my district who are losing their homes. For those of us who remember redlining, this is simply more of the same. We must end discrimination in lending practices now.

Mr. Speaker, I want to conclude by urging my colleagues to continue to work on this issue. Today I introduced a resolution expressing the sense of the Congress that issues related to the subprime market must be addressed.

Specifically, the legislation identifies the following goals for reform: strengthening Federal regulations, banning unfair and deceptive practices, requiring lenders to establish a borrower's ability to pay, increasing the disclosure of alternative mortgage products, reducing or eliminating the prepayment penalty, eliminating mandatory arbitration, identifying brokers and lenders with high rates of foreclosure, and mandating preloan counseling.

As a member of the Baltimore Home Ownership Preservation Coalition and the Joint Economic Committee, I urge all of my colleagues to support this resolution and join with our chairman of the Committee on Financial Services, the gentleman from Massachusetts (Mr. FRANK), in addressing this critical issue.

Finally, I want to thank all of my colleagues who have come to the floor this evening to address this issue.

□ 1930

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

(Mrs. MALONEY of New York addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

PREDATORY LENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. KUCINICH) is recognized for 5 minutes.

Mr. KUCINICH. Mr. Speaker, American families are hardworking, good people and deserve financial security. American families do not deserve to have their physical, emotional and financial security compromised by predatory lending practices engaged in by the subprime mortgage industry.

Subprime mortgage lending includes a wide range of loan products. What these loans have in common is they are marketed to hardworking people made vulnerable by credit scores that disqualify them from traditional loans, or who have limited credit history, thereby limiting their borrowing power.

Subprime lending is associated with significantly higher levels of foreclosure than prime lending. Subprime lenders make excessive mortgage loans of up to $1 million, and often the borrower can obtain ''cash out'' refinancing. Additionally, subprime lenders offer 100 percent financing to those with poor or limited credit.

Subprime lenders are known for their forceful marketing techniques which have included ''stated income'' loans in which the borrower is not required to provide documentation. This places American families in danger of borrowing a substantially greater amount that what is reasonably affordable and places them in danger of being unable to meet their mortgage payments.

These predatory lending practices are forcing large numbers of American families into foreclosure. Said another way, American families are losing their homes, homes they worked hard for. They are enduring undue stress and emotional instability when confronted with this prospect.

In 2002, approximately 2.2 million American families who had borrowed money from a subprime lender had either lost their home to foreclosure or were thought to be in danger of foreclosure. The Center for Responsible Lending conducted a study in which they found that millions of American households will lose their homes and as much as $164 billion due to foreclosures in the subprime market.

In Ohio, my home State, Ohio leads the Nation in the rate of foreclosure.

Ohio's foreclosure rate is roughly three times the national rate, according to the Mortgage Bankers Association.

Cuyahoga County, which includes Cleveland, my hometown, had 11,000 foreclosures in 2005, more than triple the number a decade earlier. In Cleveland in 1995, local depositories held about 60 percent of the market share of mortgages. By 2005, that number dropped to 20 percent. What has happened to my city in the past decade is a story that is reflected nationwide.

Furthermore, foreclosure has a detrimental effect on the greater community. Neighborhoods with foreclosed properties are likely to experience declining property values. These lower property values and the corresponding decline in owner equity can contribute to additional incidents of foreclosure. Foreclosed homes are often left vacant for extended periods of time and can subsequently attract crime to neighborhoods.

I began my political career as a representative in the inner city. Later I became the mayor of Cleveland, and during my tenure, Cleveland became the first city to sign the Community Reinvestment Act agreement pursuant to the newly enacted CRA of 1977. The Community Reinvestment Act was passed to prevent lending institutions from withholding home loans or insurance from communities labeled as economically risky. The act was intended to expand credit and depository services to low- and middle-income communities.

The CRA extends and clarifies the longstanding expectation by hardworking Americans that financial institutions will serve the convenience and needs of their local communities. The CRA established a regulatory regime to monitor the lending, investment and services offered by banks in low- and moderate-income neighborhoods, and has resulted in significant benefits.

Lenders and community organizations have signed 428 CRA agreements totaling $4.1 trillion in reinvestment dollars between the CRA's enactment in 1977 and the beginning of 2005. The CRA has also facilitated a surge of home loans to low-income and minority households.

Despite these positive gains, significant financial problems continue to exist in low- and moderate-income communities.

When you look at a map of Cleveland, a pattern begins to emerge that is not unlike that being experienced by other communities. The pattern is this: In geographical areas where the number of subprime mortgage loans is the highest, the number of foreclosures for the same geographical area will also be high, while the number of prime loans made by depository banks will be relatively few.

Looking at the same geographical area, we find that neighborhoods experiencing these trends are predominantly African American neighborhoods. Lack of access to prime loans, a high frequency of subprime loans and a high rate of foreclosures are by no means specific to any racial group, but the pattern certainly carries an overtone of America's historic denial of equal rights based on race.

A recently published report entitled ''Paying More for the American Dream'' found that Citigroup, Countrywide, GMAC, HSBC, JP Morgan Chase, Washington Mutual and Wells Fargo all originated a substantial volume of both higher-cost subprime and lower-cost prime loans.

Mr. Speaker, this is an issue that I am proud to join my colleagues, including my friend and colleague from Cleveland, Mrs. TUBBS JONES, and I thank her for the work she has done on this issue.

American families are hard-working, good people who deserve financial security. American families do not deserve to have their physical, emotional and financial security compromised by predatory lending practices engaged in by the subprime mortgage industry.

Subprime mortgage lending includes a wide range of loan products; what these loans have in common is that they are marketed to hardworking people made vulnerable by credit scores that disqualifies them from traditional loans or who have a limited credit history thereby limiting their borrowing power.

Subprime lending is associated with significantly higher levels of foreclosure than prime lending.

Subprime lenders make accessible mortgage loans of up to $1 million and often the borrower will be able to obtain "cash out" refinancing. Additionally, subprime lenders offer 100 percent financing to those who have poor or limited credit.

Subprime lenders are known for their forceful marketing techniques which include "stated income" loans in which the barrower is not required to provide documentation supporting claims of income.

This places American families in danger of borrowing a substantially greater amount than what is reasonably affordable and places them in danger of being unable to meet their mortgage payments.

These predatory lending practices are forcing large numbers of American families into foreclosure. Said another way—American families are loosing their homes; homes that they have worked hard for. They are enduring undue stress and emotional instability when confronted with this prospect.

As 2006 came to an end, approximately 2.2 million American families who had borrowed money from a subprime lender had either lost their home to foreclosure or are thought to be in danger of foreclosure at some point in the near future.

The Center for Responsible Lending conducted a study in which they found that "millions of American households will lose their homes and as much as $164 billion due to foreclosures in the subprime mortgage market."

My home state of Ohio leads the nation in the rate of foreclosure. Ohio's foreclosure rate (3.3 percent) is roughly three times the national rate, according to the Mortgage Bankers Association.

Cuyahoga County, which includes Cleveland, my home town, had 11,000 foreclosures in 2005, more than triple the number a decade earlier.

In Cleveland in 1995, local depositories held about 60 percent of the market share of mortgages. By 2005, that number had dropped to 20 percent.

What has happened to my city in the past decade is a story that is reflected nationwide.

Furthermore, foreclosure has a detrimental effect on the greater community. Neighborhoods with foreclosed properties are likely to experience declining property values. These lower property values and the corresponding decline in owner equity can contribute to additional incidents of foreclosure in our communities.

Foreclosed homes are often left vacant for extended periods of time and can subsequently attract crime to our neighborhoods which further hurts our communities and threatens our families.

I began my political career as a representative of Slavic Village in the Cleveland City Council. Later I became the mayor of Cleveland and during my tenure, Cleveland became the first city to sign a Community Reinvestment Act Agreement pursuant to the newly enacted Community Reinvestment Act of 1977.

The Community Reinvestment Act, or CRA, was passed to prevent lending institutions from withholding home loans or insurance from communities labeled as economically risky.

Additionally the Act was intended to expand credit and depository services to low and middle income communities.

The Community Reinvestment Act both extends and clarifies the long standing expectation by hardworking Americans that financial institutions will serve the convenience and needs of their local communities.

The CRA established a regulatory regime to monitor the lending, investment and services offered by banks in low and moderate income neighborhoods and has resulted in significant benefits.

Lenders and community organizations have signed 428 CRA agreements totaling more than $4.1 trillion in reinvestment dollars between the CRA's enactment in 1977 and the beginning of 2005.

The CRA has also facilitated a surge of home loans to low-income and minority households.

Despite these positive gains, significant financial problems continue to exist in low and moderate income communities.

When you look at a map of Cleveland, my home town, a pattern begins to emerge that is not unlike what is being experienced by cities around the country.

The pattern is this: In geographical areas where the number of subprime mortgage loans is the highest, the number of foreclosures for the same geographical area will also be high, while the number of prime loans made by depository banks will be relatively few.

Looking at this same geographical area we find that the neighborhoods experiencing these trends are predominately African-American neighborhoods.

Lack of access to prime loans, a high frequency of subprime loans and a high rate of foreclosures are by no means specific to any racial group, but the pattern certainly carries an overtone of America's historic denial of equal rights based on race.

A recently published report entitled Paying More for the American Dream found that Citigroup, Countrywide, GMAC, HSBC, JP Morgan Chase, Washington Mutual and Wells Fargo all originated a substantial volume of both higher cost subprime and lower cost prime loans.

The report also found that for these seven lenders, the percentage of total home purchase loans to African Americans that were higher-cost was six times greater than the percentage of higher cost home purchase loans to whites. (41.1 percents vs. 6.9 percent).

Loans to Latinos that were higher-cost loans were 4.8 times greater than the percentage of higher cost home purchase loans to whites (32.8 percents vs. 6.9 percent).

In each of the cities examined, the seven lenders combined showed larger African American/white and Latino/white disparities than those exhibited in the overall lending market.

Foreclosure and discrimination in lending practices are serious problems for America's cities. We are now on the brink of a massive wave of foreclosures in this country.

Although there are a significant number of individuals and organizations working to reverse existing problems in the lending system and create viable alternatives to foreclosure and subprime mortgages, the tide will not be turned because the magnitude of the problem outstrips even the best of their abilities and efforts.

To turn the tide of foreclosure in America's cities, leadership at the federal government level is necessary as well. We must examine the problem and the steps that can be taken before it becomes bigger and beyond us all.

PREDATORY LENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Mrs. JONES) is recognized for 5 minutes.

Mrs. JONES of Ohio. Mr. Speaker, I am glad to join my colleague, Mr. CUMMINGS, as he organizes this hour around predatory lending.

I rise today to speak out against the issue of predatory lending within the subprime lending industry.

I came to Congress in 1999, served on the Committee on Financial Services, and started instantly raising the issue of predatory lending practices. One of the things that we have learned is that all subprime lenders are not predatory lenders, but all predatory lenders are subprime lenders.

Let me say it again. All subprime lenders are not predatory lenders, but all predatory lenders are subprime lenders. In fact, subprime lending has been a way in which many people who have been locked out of and left out of the credit area, or having an opportunity to have credit, have been able to come in. But what has come in with that practice are these predators who prey on our communities.

I have heard from countless constituents in my district regarding this issue. As you know, as the gentleman from Ohio (Mr. KUCINICH) said, Ohio has one of the highest rates of foreclosure in the country. Members of my community who have owned homes for years are being forced with foreclosure, after owning a home for more than 40 years in some cases.

Seniors are being affected at a disproportionate rate. Lenders prey on seniors who have been in their homes all of their lives and have a substantial amount of equity in their home. They get them on the phone and say: ''Oh, Ms. Jones, do you need a new kitchen? Oh, I can help you get a new kitchen and it won't cost you any money. But, Ms. Jones, you might need a driveway also. Let me help you out.''

And it goes on. So they enter into this agreement. They enter into these balloon and adjustable rate mortgages that look attractive and are affordable in their initial stages. However, after 2 years or more, these loans readjust to much higher payments with higher interest rates.

For instance, one of my constituents is currently in an adjustable rate mortgage which locked in a payment of $1,088 for 2 years. After 2 years, the mortgage payment increased to $1,488. And 3 months later, the payment increased to $1,715. This payment increase has had a significant impact on this individual's budget, and because they are not in a position to refinance, they are currently facing foreclosure. And that was one of the deals made in the early predatory lending situations.

''Oh, get it now. The interest rate is going to go down, and you will be able to refinance or purchase your house.'' The thing they don't say is often the appraisal far exceeds the value of the home, and if it exceeds the value of the home, by the time they get ready to refinance, they owe more on the home than the home is worth.

Creating wealth is the most fundamental goal of minorities that seek economic equity. One of the first steps towards creating wealth is home ownership. The equity from owning a home is often the only means to secure funding for a new business, college tuition or retirement. I know my girlfriend, Barbara Lee, talked about her home was the way in which she started her first business.

Predatory lending targets low-income and minority communities. It compromises the opportunity to own a home, and hinders economic stability, creating greater disparities in wealth.

Mr. KUCINICH went through a lot of the statistics with regard to predatory lending and issues that came through the Nonprofit Center for Responsible Lending, so I won't try and go after that again. But what I will say, predatory lending has expanded its reach beyond mortgage lending. Predatory practices are becoming increasingly prevalent in refund anticipation, auto and payday loans. There were over 12 million refund anticipation loan borrowers in 2003. That is where you go into the place and they say, ''Oh, you are going to file your taxes. Let me give you a loan on your taxes and you can get your money right now,'' and the interest rate is outrageous.

Tax preparers and lenders strip about $1.57 billion in fees each year from the earned income tax credit paid to working families, according to a 2005 study.

It is also estimated that predatory payday lending practices cost American families $4.2 billion annually. Understand that the reason that the payday loan people have been able to come into our community is because often some of the traditional lending institutions have left the community and people have nowhere to operate. There are people who never get a checking or credit account. They pay their bills in cash. How can that be in the United States of America, but it is true. They walk up and want to pay the phone bill and the light bill and gas bill.

Anyway, I have been hollering, screaming, dancing about this issue since 1999. It is unfortunate that the only way we come to pay attention to this issue is when it begins to have an impact or threat to corporations and financial mortgage security industries in our country.

The nonprofit Center for Responsible Lending projects that as this year ends, 2.2 million households in the subprime market will either have lost their homes to foreclosure or hold subprime mortgages that will fail over the next several years. These foreclosures will cost homeowners as much as $164 billion, primarily in lost home equity.

It is also projected that one out of five (19 percent) subprime mortgages originated during the past two years will end in foreclosure. This rate is nearly double the projected rate of subprime loans made in 2002, and it exceeds the worst foreclosure experience in the modern mortgage market, which occurred during the "Oil Patch" disaster of the 1980s.

The nonprofit Center for Responsible Lending analyzed 15.1 million subprime loans from 1998 through 2006 and found that only about 1.4 million were for first-time home buyers. Most were for refinancing. To date, more than 500,000 of those subprime borrowers have lost their homes to foreclosures. An additional 1.8 million are likely to follow as the market deteriorates. That's nearly 2.4 million lost homes.

In Ohio the foreclosure epidemic went from bad to much worse last year as the number of new cases grew by nearly 24% from 2005. Cuyahoga county led the state in new cases with 13,610 new filings last year. This ranking has attracted national attention with Ohio's foreclosure rate currently at 18% which is higher than the national average of 17%. The problem has gone from bad to worse and from worse to regress in Ohio, with $7,479 filings in February 2007 alone.

Predatory lending has expanded its reach beyond mortgage lending. Predatory practices are becoming increasingly prevalent in refund anticipation, auto, and payday loans.

There were over 12 million Refund Anticipation Loan borrowers in 2003. Tax preparers and lenders strip about $1.57 billion in fees each year from the earned-income tax credits paid to working parents, according to a 2005 study by the National Consumer Law Center.

It is also estimated that Predatory payday lending practices cost American families $4.2 billion annually. In addition, research indicates that minorities pay on average $2,000 more