

**EXTENSIONS OF REMARKS**

**INTRODUCTION OF THE PREDATORY LENDING CONSUMER PROTECTION ACT OF 2000, H.R. 4250**

**HON. JOHN J. LaFALCE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. LaFALCE. Mr. Speaker, I am pleased to be joined this morning by my friend and Senate colleague, Senator PAUL SARBANES of Maryland, in introducing legislation to address the problem of abusive practices in high-cost mortgage refinancings, home equity loans and home repair loans.

I would also like to take this opportunity to introduce a number of the representatives of national consumer, senior citizen, community and civil rights organizations that are with us today. Many have worked with us since we completed work on Financial Modernization last Fall to develop this legislation.

The problem of so-called "predatory" lending has reached near epidemic proportions in recent years, robbing millions of American households of the equity in their homes and undermining the economic vitality of our neighborhoods.

Our legislation, the "Predatory Lending Consumer Protection Act," responds to widespread evidence that so-called "subprime"—or high cost—lenders are systematically targeting homeowners with low incomes or damaged credit histories (subprime borrowers). These offers seek to trap borrowers in unaffordable debt, strip the equity from their home and, too often, put the home in foreclosure. "Predatory" loans tend to have a number of abusive practices in common: interest rates far above conventional loan rates; excessive fees and points, often hidden in the mortgage financing; up-front payment of credit insurance; balloon payments; frequent refinancings; huge prepayment penalties; arbitrary call provisions, and other practices.

Predatory lending is somewhat akin to Justice Brennan's definition of "pornography": it might be difficult to define, but you certainly know it when you see it. In my own district, for example, there is Florence McKnight, a 84-year-old Rochester widow who, while heavily sedated in a hospital bed, signed a \$50,000 loan secured by her home for only \$10,000 in new widows and other home repairs. Under the loan she would have to pay over \$72,000 over 15 years, and still face a balloon payment of \$40,000. Mrs. McKnight's home is now in foreclosure.

There are many more examples. These include, for example—

The West Virginia widow who had her mortgage refinanced seven times within 15 months, only to lose it in foreclosure.

The disabled Portland, Oregon woman who was charged more than 30 percent of the amount of her mortgage financing in fees and credit life insurance.

The 68-year-old Chicago woman whose mortgage was refinanced three times in 5 years and ended up with monthly payments that exceed her income.

These are not isolated examples. The problem of predatory lending has been the focus of recent statements by all the federal financial regulators. Comptroller of the Currency, Gerry Hawke; Director of the Office of Thrift Supervision, Ellen Seidman and the Chair of the Federal Deposit Insurance Corporation, Donna Tanoue, have all denounced these practices.

Two weeks ago, Federal Reserve Board Alan Greenspan announce a task force to address predatory lending. Last week, HUD Secretary Cuomo organized working groups to come up with recommendations. Yesterday, Fannie Mae announced its own guidelines to exclude purchases of predatory loans, with Fannie's Chairman and CEO, Frank Rains, issuing a statement today supporting the need for legislation. Also today, Treasury Secretary Summers has issued a statement indicating his concerns about this problem and supporting our efforts.

What exactly does our legislation do? Very briefly, the bill expands and fills the gaps in the 1994 Home Ownership and Equity Protection Act (HOEPA) that Congress enacted in response to the initial wave of abusive home equity loans ten years ago. HOEPA established an important framework for combating predatory practices, but it did not go far enough. The legislation strengthens and expands HOEPA protections in a number of ways:

It lowers HOEPA's interest rate and total fee "triggers" to extend needed protections to greater numbers of high cost mortgage refinancings, home equity loans and home improvement loans.

It expands HOEPA to restrict practices that facilitate mortgage "flipping" and equity "stripping"—restricting the financing of fees and points, prepayment penalties, single-premium credit insurance, balloon payments and call provisions.

It prevents lenders from making loans without regard to the borrower's ability to repay the debt, encourages credit and debt counseling and requires new consumer warnings on the risks of high-cost secured borrowing.

It encourages stronger enforcement of consumer protections by strengthening civil remedies and rescission rights and increasing statutory penalties for violations.

The bill deals directly, and I believe effectively, with the primary abuses that encourage and facilitate such predatory practices as loan "flipping" and equity "stripping." By restricting the tools that make these practices profitable, and by enhancing private remedies and civil penalties to deter violations, we can prevent the American dream of home ownership from becoming a nightmare at the hands of predatory lenders.

**CONGRATULATIONS TO THE LAKE OF THE OZARKS SERVICE CORPS OF RETIRED EXECUTIVES (SCORE) CHAPTER FOR HAVING BEEN NAMED THE NATIONAL SCORE CHAPTER OF THE YEAR, 2000**

**HON. IKE SKELTON**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. SKELTON. Mr. Speaker, I was recently informed by the Administrator of the Small Business Administration that the Lake of the Ozarks SCORE Chapter has been selected the National SCORE Chapter of the Year.

As you know, SCORE is a nonprofit association dedicated to entrepreneur education and the formation, growth, and success of small businesses throughout this country. SCORE, which is a resource partner with the Small Business Administration, has thousands of volunteers in 389 chapters who serve as "Counselors to America's Small Business." Working and retired executives and business owners in local SCORE chapters, like the one at the Lake of the Ozarks, donate their time and expertise as volunteer business counselors and provide confidential counseling and mentoring free of charge. SCORE, which was founded in 1964, assists approximately 300,000 entrepreneurs annually.

Each year, the SCORE Chapter of the Year is honored during Small Business Week, which this year is May 21–26, 2000. I know that my colleagues in the House will be pleased to join me in recognizing the outstanding work of the men and women who volunteer their time to this year's SCORE Chapter of the Year—the Lake of the Ozarks Service Corps of Retired Executives.

**CARL SITTER**

**HON. SCOTT McINNIS**

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. McINNIS. Mr. Speaker, I wanted to ask that we all pause a moment to remember a true American hero, Mr. Carl Sitter. Though he is gone, he will live on in the hearts of all who knew him and be remembered for long years by many who didn't.

During the Koren War, Sitter fought for our country while he served in the Marine Corps. His relentless effort and valiant leadership led to a succesful defeat of the Korean Army. Mr. Sitter's bravery as a Captain in the Korean War led to him becoming the first of Pueblo's four Medal of Honor recipients. Despite grenade burns to his face, arms and chest, Mr. Sitter kept his position during the two day battle at Hagaru-Ki, in November 1950.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

As you can see, Mr. Speaker, Mr. Sitter was a model American, embodying patriotism, strength, gentleness and service throughout his lifetime. Carl will be missed by all of us. Hopefully, we can learn from the example that Carl Sitter has set.

CONGRATULATING ASSEMBLYMAN  
JOHN ROONEY

**HON. MARGE ROUKEMA**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mrs. ROUKEMA. Mr. Speaker, today I congratulate New Jersey State Assemblyman John E. Rooney on receiving the New Jersey Conference of Mayors' prestigious Legislator Award. Assemblyman Rooney is one of the most outstanding and respected members of our State Legislature. He is a trusted friend and advisor whose counsel I value greatly. This award recognizes the landmark work he has done in the New Jersey Assembly, particularly initiatives he has sponsored that have helped hold down municipal property taxes.

Assemblyman Rooney's dedicated career in public service began in 1976, when he was elected councilman in his hometown of Northvale. In 1979 he became the borough's first Republican mayor in a quarter century—serving and subsequently brought about the first Republican majority on the Borough Council in more than a decade. He was elected to the State Assembly in 1983 and has been re-elected every two years since then.

As an assemblyman, he has authored a number of landmark bills, including the legislation that established the Division of Developmental Disabilities and the law giving firefighters the right to know the location of toxic materials at industrial sites. He also sponsored the constitutional amendment eliminating expensive special elections, instead allowing county political committees to fill legislative vacancies. His work in challenging the state's authority over solid waste disposal has saved municipalities millions of dollars and, in turn, helped control property taxes.

Born in Brooklyn, New York, Assemblyman Rooney first came to New Jersey to attend Rutgers University, where he graduated magna cum laude with a degree in business management. He also holds a master's degree in marketing from Rutgers, masters in political science and history from the University of Maryland, and a degree in language from Syracuse University. He served in the Air Force as a Russian linguist, where he won commendations from the National Security Agency for outstanding intelligence work. He has made his professional career as a sales executive in the electrical motor and control industry.

Active in government, professional and civic organizations, Assemblyman Rooney has been a member of the New Jersey Conference of Mayors, the American Legion, Vietnam Veterans for America, Elks, the Water Pollution Control Federation and the American Management Association. He is a former chairman of the Northern Valley Community Development Program, a former president of

the Northern Valley Mayors' Association, and a commissioner of the Bergen County Utilities Authority.

Assemblyman Rooney and his wife, Martha, have two adult children, Beth and Patrick. His family has always been supportive, and made it possible for Assemblyman Rooney to serve in this distinguished way.

I ask my colleagues in the House of Representatives to join me in congratulating this outstanding public servant, who has helped improve the lives not only of his hometown as Councilman and Mayor but the entire State of New Jersey as a leading legislator. He most certainly has made his community and the State of New Jersey a better place to work, own a home and raise a family.

HONORING THE ITALIAN AMERICAN WAR VETERANS POST #26

**HON. RON KLINK**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. KLINK. Mr. Speaker, today I recognize the Italian American War Veterans Post #26 of western Pennsylvania and its past commanders for their efforts in honoring our war heroes. Through picnics and other social functions, these distinguished individuals have helped many veterans remain connected to their colleagues in the New Castle area. They honor our fallen veterans by placing flags on their graves on Memorial Day, and they help our veterans by donating their time and resources to the Hospice of New Castle Hospital. By serving as department commanders and in state and national offices, the Italian American War Veterans have proven their commitment to improving the lives of their fellow veterans.

I would especially like to recognize the past commanders of the Italian American War Veterans Post #26. Without their hard work and leadership, many of these accomplishments would not have been possible: Ben Rizzo, Fred Mancini, Frank Minice, P.D.C., Carl Cialella, John Russo, Jr., Frank Bonfield, P.D.C., Richard Veri, and Anthony Toscano.

Once again, I ask my colleagues to join me in recognizing the members of the Italian American War Veterans Post #26 for their dedication to our nation's veterans. Because of their efforts, these great Americans will never be forgotten.

TRIBUTE TO RETIRING COACH  
DELBERT BEST

**HON. IKE SKELTON**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. SKELTON. Mr. Speaker, it has come to my attention that Delbert Best will retire as the athletic director and track coach on June 30, 2000, after 25 years of coaching and teaching at Wellington-Napoleon High School in Missouri.

Delbert grew up in my hometown of Lexington, Missouri, and graduated from high

school in 1966. Shortly after graduation, he joined the Marines and served a tour in Vietnam during his three years on active duty. In 1969 he returned to civilian life and enrolled at Central Missouri State University at Warrensburg where he also was a member of the track team. He graduated in 1974 with a bachelor's degree in education. After completing his student teaching at Odessa High School, Delbert worked for the local water company in Lexington while waiting for a permanent teaching position to become available.

In January 1975, Delbert took a job teaching science in the Wellington-Napoleon School District. That spring, he began his association with the varsity high school track team as their assistant coach. He was named head coach the next year and the school won its first I-70 Conference boys track meet and the school's first district track championship the year after that. He coached the boy's track team to the state championships in 1985, 1987 and 1991. They took second place in 1986 and 1987, and third place in 1993 and 1996. The girls' track teams took second at the state championships in 1992 and third in 1993.

Delbert has been honored for his commitment to coaching many times. He was named the State 1A Boys Track Coach of the Year eight times and the State 1A Girls Track Coach of the Year three times. In 1994, he was recognized as the Region 5 National Boys Track Coach of the Year, which included not only Missouri, but six other midwestern states. In 1998, Delbert was inducted into the Missouri Track and Cross Country Coaches Association Hall of Fame during ceremonies at Columbia.

Mr. Speaker, Delbert Best has dedicated 25 years to teaching and motivating talented young people. I wish him and his family all the best in the days ahead, and I am certain that the Members of the House will join me in paying tribute to this fine Missourian.

JOE CARPENTER

**HON. SCOTT McINNIS**

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 12, 2000*

Mr. McINNIS. Mr. Speaker, I would like to take a moment to recognize a great man, Mr. Joe Carpenter. On April 13, 2000, Mr. Carpenter will be retiring from his position as the Garfield/Pitkin County Veteran. He has been an asset to both Colorado and our great nation.

In 1942, Mr. Carpenter was drafted into the military. After the completion of basic training his company was sent to the South Pacific, however, due to bad vision, Joe was not able to fulfill his dream of coming face to face with the enemy, and had to stay behind. He was then assigned to ordnance and with special training became an Ordnance NCO. There, Joe handled tons of ammunition and explosives and loaded weaponry on aircraft.

In 1999, on the anniversary of Pearl Harbor Day, at the Normandy celebration that I held, he was instrumental in locating those Normandy Veterans who received recognition. He is a model American that embodies patriotism,