

# The Opening Statement of Ranking Member Spencer Bachus, House Financial Services Committee, Full Committee Markup

November 6, 2007

Mr. Chairman, thank you for convening this markup of a number of very important legislative measures, including your mortgage reform bill and related legislation introduced by the gentleman from Pennsylvania, Mr. Kanjorski.

This Committee has a long tradition of coming together to address serious issues in national financial services markets as they arise. That spirit of cooperation has been much in evidence during the past ten days. During that time, Chairman Frank and I, along with other members of this Committee and our staffs, have engaged in constructive negotiations aimed at producing a consensus on subprime lending legislation. These conversations have resulted in a Manager's Amendment that I and several other Republican Members of the Committee have agreed to cosponsor, and which I hope many of my other colleagues on this side of the aisle will be able to support.

Mr. Chairman, today's markup brings us near the end of a very long road. As you recall, our conversations regarding this issue began in March 2006, and nearly produced legislation about a year ago. In July of this year, several Committee Republicans and I introduced our own subprime bill. While there has long been strong bipartisan interest in fixing perceived problems in the subprime lending market, neither party has had a monopoly on solutions. It is unfortunate we weren't able to get this done sooner, because I believe - as I know you do - that the legislation we discussed last Congress could have headed off much of the turmoil we have seen in the mortgage market over the past year.

The Manager's Amendment that the Chairman will offer later today ensures that this legislation will better meet several important objectives. It addresses those abuses that have given subprime lending a bad name, without jeopardizing the availability of mortgage credit for those who need it, including those hundreds of thousands of Americans seeking to refinance adjustable rate mortgages before their monthly payments reset at much higher levels. Importantly, it helps homeowners without subsidizing or rewarding reckless speculation.

Let me also point out that the Manager's Amendment incorporates, in large measure, the licensing and registration provisions from the bill I introduced last summer. We have heard numerous reports of mortgage originators engaging in unethical or illegal practices in one state, only to pack up and move to another once they are exposed. The licensing and registration provisions will encourage greater professionalism and accountability within the industry, while making it easier for prospective homebuyers to access information about the employment history and professional background of those who seek to represent them in a mortgage transaction.

The Manager's Amendment also includes important provisions authored by the Ranking Member of the Financial Institutions Subcommittee, Mrs. Biggert, to improve housing counseling for consumers, for whom the purchase of a home is often the most important financial transaction they will ever enter into.

The Committee will also mark up H. R. 3837, the "Escrow, Appraisal, and Mortgage Servicing Improvements Act." Sponsored by the gentleman from Pennsylvania, Mr. Kanjorski, this bill will improve the integrity of the appraisal process, and requires that subprime mortgages have escrow accounts for taxes and insurance at the time the loan is consummated. These are issues that the gentleman from Pennsylvania has worked on for many years, and he deserves credit for producing legislation that will improve many key aspects of the mortgage origination and servicing process.

Chairman Frank, let me thank you again for your willingness to work with Republicans to achieve a legislative product that honors this Committee's best traditions. While H.R. 3915 is not a perfect bill, it has been significantly improved through our negotiations, and the result is a Manager's amendment that I am pleased to support. I look forward to continuing to work with the Chairman and other Members of the Committee to make further improvements to the bill as this process moves forward.

In closing, let me say that it has always been my view that when faced with serious issues like this one, Congress has both the privilege and the responsibility of rising above partisanship and acting in the public's interest. With this legislation today, I believe we have done just that.

Thank you again, Mr. Chairman, for convening this markup, and I look forward to the debate on these and the other bills before us today.