

## Ranking Member Spencer Bachus, A Statement Regarding H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act of 2007

November 6, 2007

Some have asked me why a conservative Republican would support increased regulation of subprime lending practices.

The answer is that we have a choice between curing problems after they have caused severe damage to our economy, our families, and our reputation in the world or taking preventive action in advance to ensure the problems do not occur. Benjamin Franklin told us, "an ounce of prevention is worth a pound of cure," and that is as true today as it was when our country was being founded and as applicable to economic matters as it is to medicine.

Two years ago, I foresaw the looming crisis in the subprime market, and proposed an outline for reform. At that time, others did not share my sense of urgency and I could not gather the support necessary to have my proposal considered. Had we done the right thing two years ago when I was seeking support for my subprime legislation, our economy and our citizens could have been spared at least some of the cost of the current crisis. I saw the current problems coming, but when I put forward a reasonable solution designed to head it off, I was criticized by those who said my bill went too far and by others who said it did not go far enough.

Today few deny there is a problem. Reality has become inescapable. The housing sector is in deep decline and the consequences of inaction are abundantly clear. But we still hear claims we should not act. Some say the people who offered and accepted loans with no reasonable expectation of repayment should be left to suffer the consequences of their bad decisions.

The difficulty is that it is not only those who suffer. The fallout from the current problems in the mortgage market has been widespread and has claimed many victims, including those who faithfully paid their mortgages and now see their home values declining; those in the construction industry and other housing-related industries who have lost their jobs; investors (including those saving for retirement through their pension funds) who have seen the value of their portfolios decline; anyone trying to sell a home; those living in neighborhoods dotted with boarded up or abandoned homes on properties that have been foreclosed; and small business owners whose borrowing costs have increased as lenders tighten their belts. This broad imposition of costs on innocent victims and on our economy as a whole could have been avoided had we put into place reasonable preventive standards like those contained in the legislative approach I put forward two years ago.

By failing on the front end to create reasonable standards to combat abusive practices and require accountability for mortgage professionals through a licensing and regulation regime, we created a situation where - on the back end - all of us are paying the price for the market excesses of the past five years.

We cannot go back and revisit those missed opportunities, but we can do the right thing now. And the right thing to do is to vote for this Manager's Amendment and administer this ounce of prevention to avoid the necessity of an even greater cost of cure in the future.