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Vote NO on HR 650, 685

April 13, 2015

Dear Representative,

On behalf of more than 350,000 members and supporters of Public Citizen, we urge you to Vote NO on the package of banking-related bills scheduled for votes in the U.S. House of Representatives this week.

With the nation still recovering from the 2008 financial crash, Congress should be looking for ways to strengthen protections for consumers from those who chisel them with hidden fees, onerous loan rates and misleading information. Instead, these bills generally enable the chiselers to further gouge consumers.

H.R. 650, the Preserving Access to Manufactured Housing Act of 2015, exposes buyers of manufactured housing to even more predatory practices than they already endure. A recent report from the Seattle Times and the Center for Public Integrity about Clayton Homes, the nation's largest manufactured housing firm, showed widespread abuse.¹ "Clayton relies on predatory sales practices, exorbitant fees, and interest rates that can exceed 15 percent, trapping many buyers in loans they can't afford and in homes that are almost impossible to sell or refinance." Instead of addressing this, H.R. 650 makes matters worse. It raises the interest rate, points and fees trigger for protections under the Home Ownership and Equity Protection Act (HOEPA). HOEPA protects borrowers from high rates and deceptive marketing. Congress should not permit deception to be central to any business model.

H.R. 685, the Mortgage Choice Act of 2015, allows purveyors of title insurance to escape the limits provided under the Qualified Mortgage rules. Title insurance is a dubious product. It hardly exists outside the United States and is an unnecessary legacy of a period in American history with poor property records. Today, title insurance is akin to the mandatory automobile

¹ "Warren Buffett's Mobile Home Empire Preys on the Poor," available at: <http://www.publicintegrity.org/2015/04/03/17024/warren-buffetts-mobile-home-empire-preys-poor>

undercoating that dealers label as “optional” in an attempt to charge extra for a vehicle. Total title insurance claims are generally less than 10 percent of premiums paid by consumers, which demonstrates that there is little need for the insurance and that the industry isn’t responsive to market forces.² Congress should address this market malfunction instead of allowing a parasitical and unnecessary business to flourish.

We also oppose the Bureau of Consumer Financial Protection Advisory Boards Act (H.R. 1195); the Helping Expand Lending Practices in Rural Communities Act (H.R. 1259); the Bureau Advisory Commission Transparency Act (H.R. 1265); the Mortgage Servicing Asset Capital Requirements Act of 2015 (H.R. 1408); the Community Institution Mortgage Relief Act of 2015 (H.R. 1529); and the Eliminate Privacy Notice Confusion Act (H.R. 601). Collectively, these bills signal that Congress is little concerned with American consumers and taxpayers since they do not provide additional protections for average citizens and instead collectively chisel away at existing financial safeguards.

For questions, please contact Bartlett Naylor at bnaylor@citizen.org

Sincerely,

Public Citizen

² <http://commonwealthmagazine.org/economy/001-title-insurance/>