



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
202.466.1885

November 19, 2012

United States Senate  
Washington DC 20515

Dear Senator:

We are writing on behalf of Americans for Financial Reform (AFR) and the undersigned organizations to ask that you vote against any possible amendment that would provide a “safe harbor” for banks and other mortgage lenders and undermine the Consumer Financial Protection Bureau’s (CFPB) ability to finish its rulemaking on the Qualified Mortgage and Ability-to-Repay provisions in Dodd-Frank.

The Qualified Mortgage definition is crucial to making the mortgage markets safer and more sustainable, and Congress should not weaken the borrower protections included in this part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The mortgage provisions in Title XIV of Dodd-Frank were put in place as a direct response to the deceptive and unsound mortgage lending practices and products that put borrowers into risky, high-cost loans they could not understand or afford. This reckless lending ultimately led to the greatest financial crisis this country has seen since the Great Depression. The Qualified Mortgage and Ability-to-Repay provisions in Title XIV create common sense mortgage standards that 1) require lenders to reasonably determine a borrower’s ability to repay their mortgage and 2) provide lenders with a streamlined way of indicating compliance with this requirement through the Qualified Mortgage definition. We believe the QM/ATR provisions currently in Dodd-Frank will create better clarity and stability for all participants in the mortgage market and reduce the likelihood of unaffordable and predatory mortgage lending.

As provided for in the statutory language of Dodd-Frank, a core component of Qualified Mortgage and Ability-to-Repay sections is enabling the borrower to challenge a loan – in limited situations – where a lender should have reasonably known at the time it was made that it would be unaffordable for the borrower. For mortgages that meet the Qualified Mortgage definition, the statutory language only allows borrowers to raise such a challenge if they can overcome a rebuttable presumption that the lender complied with the law. This structure is a fair balance between protecting lenders from litigation and providing borrowers with rights in the instance of an unaffordable loan at the time the mortgage was made.

We understand that there is a possible legislative threat to undermine this important borrower protection through an amendment that would provide lenders with absolute legal immunity – also called a “safe harbor” – even if they make an unaffordable loan that the borrower was never able to afford. We are aware that some are making claims that this legislative amendment is

critical because allowing borrowers to challenge predictably unaffordable loans will allegedly restrict access to credit. Unfortunately, we've heard this faulty rhetoric before in the years before the foreclosure crisis when subprime lending was at its peak. Many in the industry have consistently opposed consumer protections for reckless subprime and exotic mortgages. Those claims were wrong in 2005 and 2006, and they are wrong now. Listening to them had terrible consequences for borrowers and for our whole economy. Legislators should not make the same mistake again.

The blanket legal immunity some lenders are asking for would be a huge step backwards, leaving borrowers with the same lack of legal recourse that existed during the subprime lending boom and the resulting foreclosure crisis. Weakening Dodd-Frank with a safe harbor provision is an invitation to return to reckless lending, and it should not be allowed to happen.

As families and communities across the country continue to struggle with the impacts of the foreclosure crisis, we strongly urge you to oppose an amendment that would ease the way for reckless unaffordable lending to resume in the future. We must not go back to a time when destructive mortgage lending practices went unregulated with no balanced remedy for injured homeowners.

Sincerely,

National:

AFL-CIO

Alliance for a Just Society

Americans for Financial Reform

Campaign for a Fair Settlement

Center for Responsible Lending

Consumer Action

Consumer Federation of America

Consumers Union

Cuban American National Council

Home Defenders League

Leadership Center for the Common Good

Main Street Alliance

National Association of Consumer Advocates

National Coalition for Asian Pacific American Community Development

National Consumer Law Center (on behalf of its low-income clients)

National Council of La Raza

National Fair Housing Alliance

National People's Action

National Urban League

Public Citizen

The Greenlining Institute

U.S. PIRG

State and Local:

Action NC  
ACTION United  
Atlanta Housing Association of Non-Profit Developers  
California Reinvestment Coalition  
Colorado Progressive Coalition  
Communities United for Action (OH)  
Community Housing Improvement Program  
Comunidades Latinas Unidas En Servicio  
Connecticut Fair Housing Center  
CoPIRG  
Dalton-Whitfield Community Development Corporation  
Empire Justice Center  
Empowering and Strengthening Ohio's People  
Fair Housing Council of the San Fernando Valley  
Fair Housing of Marin  
Georgia State Trade Association of Nonprofit Developers  
Grass Roots Organizing (MO)  
Idaho Community Action Network  
Illinois People's Action  
Iowa Citizens for Community Improvement  
IIRON (Illinois Indiana Regional Organizing Network)  
La Fuerza Unida, Inc  
Law Foundation of Silicon Valley  
Mahonig Valley Organizing Collaborative  
Maine People's Alliance  
Missourians Organizing for Reform and Empowerment  
Montebello Housing Development Corporation  
Neighborhood Economic Development Advocacy Project  
New Jersey Communities United  
Northside P.O.W.E.R. (IL)  
Northwest Side Housing Center  
Philadelphia Unemployment Project  
Progressive Leadership Alliance of Nevada  
POWER (People Organized for West Side Renewal)  
PUSH Buffalo  
SOUL (Southsiders Organized for Unity and Liberation)  
Sunflower Community Action  
United Congregations of Metro East  
Visionary Home Builders of California  
Voices Of Community Activists & Leaders (VOCAL-NY)

## **Following are the partners of Americans for Financial Reform.**

*All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.*

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions
- Housing Counseling Services

- Home Defender's League
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group

- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

*List of State and Local Affiliates*

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY

- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG

- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

***Small Businesses***

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET



