Amendment to Wall Street reform bill will shine light on loan modification process, help working families get straight answers, and prohibit egregious delay tactics or non-disclosure

WASHINGTON—Today, Congressman Mike Quigley (D-IL) offered an amendment to provide greater fairness and transparency to homeowners who may have been improperly denied a loan modification on their mortgage without any explanation. The measure, an amendment to H.R. 4173 – the Wall Street Reform and Consumer Protection Act of 2009, was in direct response to horror stories shared by constituents and taxpayers across the country. Quigley's amendment has the strong support of a broad coalition of consumer advocates, including the NAACP, AFL-CIO, and National Fair Housing Alliance.

"Several constituents told me recently that when they applied for mortgage modifications, they were either denied without explanation or given the run-around by their lender," said Congressman Quigley**. "It is unacceptable to keep families in the dark about decisions that threaten their homes and long-term financial stability, especially now. Simple questions deserve simple answers, and my amendment provides for that."**

Quigley's amendment specifically targets the opaque practices of loan modification by ensuring that those seeking to adjust their loans are offered a transparent process, the tools to confirm or challenge their application data (income, credit score, etc), and an avenue for recourse if they suspect they were wrongly denied. Under current law, homeowners are dependent upon their loan servicer to obtain information about their own request. These companies are not currently required by law to provide complete information and are notorious for making errors and using egregious delay tactics, *such as telling a borrower the fax machine was out of paper*.*

"My lender denied me twice for reasons they wouldn't explain," said Maribel Ayala of Chicago, one of Quigley's constituents.
"I was struggling to make ends meet, and Congressman Quigley not only personally listened to my story and offered help, but took it a step further and wrote legislation to prevent this from happening to anyone else."

Quigley's amendment requires participating loan servicers to provide loan modification-denied homeowners with the personal information that was used in the "net present value" (NPV) analysis to determine their approval. It also requires Treasury to make its NPV methodology and eligibility calculator available online, so homeowners can ensure their personal information was submitted correctly and be able to do their own preliminary analysis.

The amendment has been endorsed by a wide array of consumer, civil rights, and community groups including the National Fair Housing Alliance, AFL-CIO, NAACP, La Raza, Center for American Progress Action Fund, Consumer Federation of America, Americans for Financial Reform, and the National Consumer Law Center.

"On behalf of the nearly 200 national, state and local consumer, employee, investor, community and civil rights organizations of Americans for Financial Reform…we write to convey our strong support for your amendment to H.R. 4173," the organizations said in a letter to Rep. Quigley earlier this week.
"We commend you for introducing this important amendment, which would greatly expand transparency in the Administration's Making Home Affordable program."

Quigley also offered an amendment that gives regulators the ability to take a bird's-eye view of Wall Street—from investors to derivative trading to hedge fund management—and allow regulators to identify systemic problems and broadly enforce stricter standards to protect families' savings from unnecessary risks taken by executives, lenders and speculators.

Both of Quigley's provisions strengthen the overall goals of H.R. 4173, a large-scale regulatory reform bill aimed at preventing the irresponsible behaviors that contributed to last year's financial crisis. H.R. 4173 puts in place rules to ensure that big banks can't jeopardize our economy or small businesses ever again by ensuring that loans, mortgages, and credit cards are fair and transparent. It also protects consumers from predatory lending abuses and unfair practices often hidden in the fine print. Ultimately, the bill's common-sense reforms will ensure Washington closes regulatory loopholes and demand accountability so that Main Street never again has to bail out Wall Street.

Both of Quigley's amendments were offered as part of a Manager's Amendment introduced by Committee Chairman Barney Frank. The Amendment and the full bill will be voted on later today and and are expected to pass.

***Other Housing Horror Stories:**

- One constituent has been waiting for over a year to hear back on his loan modification application. After several delays, he was told he earned too much money. Then, he was told he didn't earn enough. Then, he was told to call back in a few months, at which point he was told he had to start over and a new application was in the mail. *He is still waiting*.

- Another constituent was told by a lender that they had lost his application and supporting documents. He was asked to fax everything to their office again. When he called to follow-up after not hearing back, he was finally told that they still didn't have his file. When he asked why, he was told that the fax machine had been out of paper for some time. In the meantime, the deadline had passed. *He was out of luck.*

- One couple received a loan modification, read all the documentation, met with their lender, and made all of their payments on time. At no point did the bank advise them that trying to save their house could put their credit at serious risk. *They modified their loan, but unknowingly destroyed their credit in the process.*

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