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House Rules Committee ignores predatory mortgage reform bill

Two days left, legislators have yet to pass foreclosure reform amid the current crisis

ATLANTA – The House Rules committee met today to set the floor calendar for Wednesday, day 39 of the 40-day legislative session. Senate Bill 57, sponsored by Sen. Bill Hamrick (R-Carrollton), was not added to the calendar. The bill would be eligible for any supplemental calendars that the committee sets tomorrow, but House action on any bills on sine die is unlikely.

SB 57 is the only viable foreclosure reform bill of 2009. As a preventative measure, SB 57 would ban prepayment penalties and broker kickbacks, or “yield spread premiums,” which are major financial incentives for mortgage brokers to guide and trap borrowers into expensive and unsuitable loans.

“With the final days of the session upon us and another month of record-high foreclosures looming, legislators must pass predatory mortgage reform to avoid future housing crises of this magnitude,” said Georgia Watch Executive Director Allison Wall.

Georgia had 10,185 total foreclosure filings in February 2009, with Fulton and DeKalb counties leading the region.

After SB 57 sailed through the Senate, Rep. Mike Jacobs (R-Atlanta) expanded the bill to include measures that would not only mitigate subprime practices, but reform all types of home loans. The House Judiciary committee passed the bill last week, but this morning it was overlooked by the House Rules Committee.

“The Rules Committee needs to recognize that this legislation, which easily received the majority vote in the Senate and passed the House Judiciary, cannot be ignored,” said Wall. **“Georgia families can wait no longer for this protection – it needs to be heard on the House floor and signed into law this year.”**

Georgia Watch is not alone in its support of SB 57. AARP, the Georgia Family Council and the Center for Responsible Lending encourage representatives to pass these common-sense reforms to avoid a similar melt-down in the future.

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Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health care, insurance, identity theft and personal finance. Visit www.GeorgiaWatch.org for more information.

