



MEDIA RELEASE

For Immediate Release

For More Information:

Danny Orrock (404)580-1536

Beth Malone (404)525-1085

ATLANTA – Today Georgia Watch hosted a rally with clergy leaders and concerned citizens from across the Metro area to advocate for responsible mortgage reform in Georgia. The state currently ranks 7th in the nation for foreclosure, a direct consequence of high-interest home loans with careless and abusive provisions.

“We hope legislators will take notice that this is not a partisan issue, it’s an economic and human one,” **Georgia Watch Deputy Director Danny Orrock said.** “Side by side with religious leaders in our community, Georgia Watch is taking a stand today demanding common sense underwriting practices to protect all of us from future housing crises.”

“Georgia has been hit hard by foreclosure,” **said Reverend Timothy MacDonald, Pastor at First Iconium Baptist Church in Atlanta.** “By enacting mortgage lending standards our policymakers will be protecting our communities and helping to prevent a future crisis.”

In 2010 lawmakers will have the chance to pass valuable mortgage reform. Senate Bill 57 addresses irresponsible practices and financial incentives that mortgage brokers and others use to guide borrowers into unsuitable loans. The bill helps prevent factors that contributed to meltdown in the subprime market. Specific provisions of SB 57 include:

- Banning prepayment penalties on subprime loans.
- Banning broker “yield spread premiums” (aka broker kickbacks) on subprime loans.
- Designating mortgage brokers as agents of borrowers.
- Requiring that lenders determine that the borrower has the ability to repay for subprime loans.

In 2009, SB 57 passed the State Senate but requires House approval in order to move to the Governor’s desk. In addition to helping borrowers, the bill protects communities and local governments from the destabilizing effects of foreclosure. County and city revenue is severely impacted by vacant homes, leading to service cuts or property tax hikes. The bill also protects lenders who suffer losses from foreclosure - Georgia has seen 21 bank failures in 2009 alone.

“Irresponsible mortgage lending wreaks havoc on families that continue to lose their homes and properties in numbers unheard of,” **said Rev. Douglas Demetrius Prather, Noted Civil Rights/Social Justice Activist.** “The best way to protect our communities from this point forward is implement preventative measures and to stop careless and abusive lending practices, which occur in many communities across throughout our state and country.”

“By putting common sense lending standards into law SB 57 will reduce foreclosures and ensure that the housing market in Georgia is stable,” **Orrock said.**

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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, consumer energy issues and personal finance. Visit www.GeorgiaWatch.org for more information.