



## MEDIA RELEASE

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### **Georgia Watch Reports:** *Georgia Foreclosure Crisis: The Road to Reform*

ATLANTA – Georgia Watch today released *The Road to Reform*, the second installment of a two-part report series on Georgia's current foreclosure crisis. As a follow-up to *The Rippling Effects of Foreclosure* released in January 2010, the report details previously enacted reforms in our state; amended fair lending acts in New York and North Carolina; and Senate Bill 57, pending legislation that would implement common-sense underwriting standards in Georgia and combat hazardous lending.

By the end of 2009, 13 percent, or one in eight, of the state's mortgage-holders was at least 30 days behind on their loan. By 2012, another 350,000 homes will be lost to foreclosure and, collectively, Georgia families will lose \$13 billion in home equity as the result of neighboring foreclosures. As detailed in *The Road to Reform*, experts nationwide, including the Center for Responsible Lending, Harvard Center for Housing Studies and the Department of Housing and Urban Development, agree that a major catalyst of the housing market crash was irresponsible mortgage lending.

"In order to prevent future financial catastrophes, state legislators must enact standards on how the riskiest home loans are written," **Georgia Watch Deputy Director Danny Orrock said.** "Right now, Georgia lawmakers have the chance to pass much-needed underwriting standards that will make a difference."

As explained in the report, in 2009, a coalition of organizations helped craft and support a common sense foreclosure and loan origination reform based largely on reforms in other states. Sponsored by Senator Bill Hamrick (R-Carrollton), Senate Bill 57 would:

- Ban prepayment penalties on subprime loans.
- Ban broker "yield spread premiums" or kickbacks on subprime loans and FHA loans.
- Designate brokers as agents of borrowers, with fiduciary responsibilities.
- Require lenders to verify borrower's ability to repay subprime loans, including income verification.

*The Road to Reform* illustrates the lifeline of SB 57 and how it landed where it is today: pending passage in the House Judiciary Committee. Additionally, the report details enacted foreclosure and mortgage reform in Georgia -- SB 531 and SB 141-- and compiles calls for action from various community leaders and organizations.

"Georgians are asking for renewed, protective policies for the mortgage industry." **Orrock continued.** "This report details the positive impact SB 57 would have by addressing the riskiest home loans. We encourage legislators to look at the facts presented here and protect Georgia families from hazardous lending by passing SB 57."

A House Judiciary Subcommittee held hearings today and last week on mortgage and foreclosure bills, including SB 57. Among the organizations supporting the measure were Georgia Watch, AARP of Georgia, the Greater Atlanta Presbytery, and the Center for Responsible Lending. The Subcommittee, chaired by Rep. Mike Jacobs (R-Atlanta), will continue meeting over the next few weeks to prepare SB 57 for a floor vote.

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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](http://www.GeorgiaWatch.org) for more information.*