

AMENDMENT TO COMMITTEE OVERSIGHT PLAN**OFFERED BY Mr. ~~Mc Henry~~***Backus*

Strike the provision under the heading "Subprime lending" and insert the following new provision:

1 *Mortgage Lending*
~~SUBPRIME LENDING.~~—Subprime lending has pro-
2 vided historically underserved populations with greater ac-
3 cess to credit, resulting in more low and moderate income
4 families having the ability to own homes and contributing
5 to record homeownership rates – particularly in minority
6 communities. Overall, this is a positive development – un-
7 fortunately, there have also been abuses. The Committee
8 will study the complex problem of, and potential solutions
9 to, abusive and deceptive lending in the mortgage indus-
10 try, particularly among those households with imperfect
11 credit. In targeting abusive practices, the Committee will
12 be cognizant of the need to avoid policy prescriptions that
13 result in shutting off credit to these higher-risk borrowers.
14 The 2005 Home Mortgage Disclosure Act (HMDA) data,
15 like the 2004 HMDA data, continued to show substantial
16 disparities in the incidence of higher-priced lending across
17 racial and ethnic lines, with Black and Hispanic borrowers
18 more likely to obtain loans with prices above the pricing
19 thresholds than non-Hispanic white borrowers. The Com-

1 mittee will continue to examine HMDA data to help assess
2 patterns of home mortgage lending to minority popu-
3 lations, while also recognizing the inherent limitations of
4 the data because it does not include factors that lenders
5 routinely consider in underwriting loans, such as credit
6 scores and loan-to-value ratios.