



Comparison of U.S. House Predatory Lending Bills

March 16, 2005

<i>Provision</i>	<i>Miller-Watt-Frank (H.R. 1182)</i>	<i>Ney-Kanjorski (H.R. 1295)</i>
Points and Fees Definition For purposes of triggering protections for “high-cost” loans	5%, includes prepayment penalties and yield spread premiums in addition to other origination fees.	5%, but fails to cover most prepayment penalties and appears to exclude yield spread premiums.
Flipping	Requires reasonable tangible net benefit on <u>all</u> home loans.	Requires reasonable tangible benefit only on high-cost loans. Allows numerous exceptions and only applies if refinance is within two years of original loan.
Protections against High-Cost Abuses	Prohibits financing any fees on a high-cost loan. Requires counseling prior to obtaining a high-cost loan.	Allows lenders to finance up to 5% of a high-cost loan (loans with upfront fees above 5% or high interest rates). Does not require any counseling prior to obtaining a high-cost loan.
Prepayment Penalties	Includes prepayment penalties in points and fees. Prepayment penalties in excess of 2% of the loan amount, or longer than 2 ½ years trigger high-cost loan protections. Bans prepayment penalties for high-cost loans whose size is beneath Federal Housing Authority mortgage limits.	Does not include prepayment penalties in points and fees, unless the lender is refinancing its own loan. Bans prepayment penalties on all home loans that would extend beyond 3 years from origination. Permits large prepayment penalties (e.g. 4%-5% of loan amount) by allowing lenders to calculate penalty based on monthly interest payments rather than on the amount prepaid. Such calculation penalizes borrowers with higher interest rates.

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Provision	Miller-Watt-Frank (H.R. 1182)	Ney-Kanjorski (H.R. 1295)
Mandatory Arbitration	Bans mandatory arbitration on all home loans.	Bans mandatory arbitration only on high-cost loans. Falls short of industry best practices.
Assignee Liability	Maintains existing protections under the Home Ownership and Equity Protection Act of 1994 (HOEPA).	Rolls back current federal law protections for borrowers whose loan has been sold on the secondary market. Limits ability of borrowers with predatory loans to defend home from foreclosure.
Preemption of State Laws	Sets a floor for minimum standards. Retains right of states to address mortgage lending abuses.	Wipes out effective state protections for homeowners.