



## **S.2452: Home Ownership Preservation and Protection Act of 2007**

***Dodd Mortgage Bill***

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CRL Policy Brief

December 17, 2007

In brief, the [Homeownership Preservation and Protection Act](#) sponsored by Senator Christopher Dodd and other leaders in the Senate will achieve these key goals:

***Establish new protections for all consumers.*** It will stop brokers from steering prime borrowers into more expensive subprime loans, create a duty for mortgage brokers to consider the best interests of their clients, and provide for a duty of good faith and fair dealing toward borrowers for all lenders.

***Establish new protections for families who get subprime loans or non-traditional mortgages.*** Lenders must return to responsible lending practices by conducting a meaningful analysis of the borrowers' ability to repay the loan. The bill prohibits prepayment penalties and "yield-spread premiums," which encourage mortgage brokers to place borrowers into excessively expensive loans. Home loans must provide a net tangible benefit to the borrower.

***Provide strong remedies to make these rules meaningful.*** It will allow state attorneys general enforce the provisions of the law, and does not override state laws.

***Provide for limited liability for those who buys loans that violate the law.*** Unlike current law, which puts the burden on the borrower to find the party responsible for causing the harm, the legislation allows the borrower to go directly to the current mortgage holder for a cure.