

**The Honorable Emanuel Cleaver, II**  
**Subcommittee on Housing and Urban Development**  
**Hearing: Licensing and Registration in the Mortgage Industry**  
**Opening Statement**  
**September 29, 2005**

First, let me thank the Chairman and the Ranking Member for convening this hearing on the important subject of licensing and regulation in the mortgage industry. Today's hearing is especially timely and relevant as our nation's housing markets continue to grow. The number of homeowners in the United States has surpassed 70 million, and the U.S. homeownership rate has reached record levels.

Homeownership is, no doubt, an important component of the American dream. As a nation, we should take steps to encourage homeownership and expand homeownership opportunities for underserved populations, such as minorities and the economically disadvantaged. But if we are to make a commitment to expanding homeownership and homeownership in general, we must ensure that American consumers have the tools they need to make well-informed choices regarding mortgages and lenders in an increasingly complex market. Mortgage brokers can play an important and useful role helping consumers navigate this market.

That said, I am very concerned with the preponderance of predatory and abusive mortgages, especially to the economically vulnerable, minorities, and the elderly. It is estimated that predatory mortgage lending costs Americans more than \$9.1 billion each year. I am concerned that uneven regulation and oversight of mortgage brokers leave consumers vulnerable to unethical practices.

Congress should explore ways to protect borrowers from wrongful broker activities and curb predatory lending practices. Providing for the national licensing and registration of mortgage brokers may be a viable first step towards these ends, but I remained concerned that we not pre-empt those states that have enacted strong state lending laws, and inadvertently weaken consumer protections.

I hope that today's discussion will delve into these matters and look forward to the panel's testimony.