

Opening Statement
Senator Debbie Stabenow
Banking, Housing, and Urban Affairs Committee
Predatory Lending Hearing
July 26, 2001

Mr. Chairman, thank you for calling this series of hearings on predatory lending. It is so important that we examine this issue. And, it is time for this Committee and this Congress to seek a solution to this problem.

I know that there are literally thousands of horror stories around the country, and I personally have heard from numerous constituents about the sorts of problems caused by unscrupulous lenders in the subprime market. In fact, one of the witnesses on our first panel today is a constituent of mine, Carol Mackey.

I first learned of her tragic experience when she attended a predatory lending forum I held in Detroit in May. I am glad that Carol

Mackey is able to join us to share her experience with the Committee. Thank you Ms. Mackey for being here.

I would also like to recognize a very special guest of mine who has come to attend today's hearing: Reverend Wendell Anthony.

Reverend Anthony is the head of the Detroit NAACP chapter – the largest NAACP chapter in the country. Under his leadership, the Detroit NAACP has been working to raise awareness and combat this problem back in Detroit. I was fortunate to have the opportunity to speak at a very successful NAACP predatory lending conference that was held on June 9, where community leaders, lenders and victims of predatory lending discussed the problem and possible solutions.

Thank you, Reverend Anthony for being here. I appreciate your leadership on this important issue.

Mr. Chairman, as this hearing gets underway, I would like to underscore something that I have said every time I speak about predatory lending. That is: subprime lending is not predatory lending. In fact, subprime lending serves a legitimate purpose in providing credit to consumers with risky credit histories. A thriving subprime market can serve higher credit risk communities well.

At the same time, however, there are a number of bad actors and they are giving the entire industry a bad name. One of the challenges before us is going to be: how do we stop predatory lenders without drying up capital in the subprime market?

I hope that these hearings will be a way to begin to sort out these issues.

It is clear to me that there is a lot of work to be done. First of all, we must increase educational outreach. Back in Michigan, I

have been working on the educational front, meeting with housing groups, consumer advocates, and the two G.S.E.s, Freddie Mac and Fannie Mae. Education is so important because when consumers have the right information, it makes it more difficult for predatory lenders to deceive them.

Second, we are going to need to ensure that existing laws are being enforced. The F.T.C. and other government enforcement agencies appear to be working hard on this front, but their resources only go so far.

And finally, there is a clear need to pass new legislation that will get at legal, yet unethical lending practices.

It is not enough to promote education or enforcement without new legislation. We must do all three if we are truly going to stop predatory lending.

Let's be honest about what predatory lending is: it is a form of deception -- a sophisticated form of deception that not only steals thousands of dollars from hardworking Americans, but also steals people's dreams. Their dreams for homeownership and the opportunity to build a secure future for themselves and their families. And that is why this practice is so absolutely outrageous.

Again, Mr. Chairman, thank you for your leadership in calling this series of hearings. I look forward to working closely with you on this critical issue.

And, again let me thank Ms. Mackey and all of our other witnesses who have come today to share their difficult stories. I know this is not easy for you. I'm glad you have come forward to educate our Committee about what's going on around the country.