

GARY G. MILLER  
42ND DISTRICT, CALIFORNIA

ASSISTANT WHIP AT LARGE

COMMITTEE ON FINANCIAL SERVICES

COMMITTEE ON TRANSPORTATION  
AND INFRASTRUCTURE

BUILDING A BETTER AMERICA CAUCUS,  
CHAIRMAN



UNITED STATES  
HOUSE OF REPRESENTATIVES

1037 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
TEL: (202) 225-3201  
FAX: (202) 226-6962

1800 EAST LAMBERT ROAD, SUITE 150  
BREA, CA 92821  
TEL: (714) 257-1142  
FAX: (714) 257-9242

200 CIVIC CENTER  
MISSION VIEJO, CA 92691  
TEL: (949) 470-8484

**Statement of Representative Gary Miller**

**Hearing on Promoting Homeownership by Ensuring Liquidity in the  
Subprime Mortgage Market**

**June 23, 2004**

I thank Housing Subcommittee Chairman Ney and Financial Institutions Subcommittee Chairman Bachus for convening this important hearing on liquidity in the subprime mortgage market. This is a very important issue, particularly with the passage of state and local predatory lending laws, which have assigned liability to the secondary market.

As many of you have heard me discuss before, there is a housing affordability crisis in this country, particularly in my state of California. The California homeownership rate, at 56.9 percent in 2000, lags the rate for the rest of the nation by more than 10 percentage points. In fact, California has the highest home prices in the nation.

Housing finance is a vital component of homeownership. To foster homeownership in this country, we must eliminate abusive lending practices while preserving and promoting access to affordable mortgage credit. The best public policy to achieve this goal is for Congress to ensure that we have a fair, workable uniform national lending standard.

There is no question that some non-prime borrowers are subjected to abusive practices. This should be prevented. However, there also is no question that vast numbers of borrowers who are not victims of such practices can become victimized by poorly crafted "protective" legislation that restricts non-prime credit availability.

State and local anti-predatory lending laws are inconsistent, sometimes ineffective, and often arbitrary and unduly burdensome. This has the effect of limiting non-prime credit availability. These laws have forced the mortgage industry to restrict access to credit or exit entire market areas.

Congress needs to pass a balanced bill to provide uniform national standards for non-prime mortgage lending. This will ensure that all borrowers in all states receive the same adequate protections.

Purchasers of subprime mortgages on the secondary market must be liable for violations committed ONLY IF they knowingly purchase such loans. I believe H.R. 833, the Responsible Lending Act, which was introduced by Chairman Ney, and of which I am an original cosponsor, strikes this important balance and I look forward to the Committee acting soon on this important legislation.

I welcome the witnesses to the Committee and look forward to their testimony to help us better understand the role of the secondary market in the mortgage process.