

Letter to the Editor:

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Strict laws needed as tools to fight predators

Today, more Americans own their homes than ever before. But with more people on the cusp of home ownership for the first time, unscrupulous lenders have found new ways to take advantage of them.

Loan flipping, balloon payments and credit insurance packing are among the schemes used to rip off home buyers to the tune of \$9 billion every year. With home equity representing 60 percent of the net worth of minority and low-income Americans, predatory lending has become a trap that too many families fall into on the path to the middle class.

Congress must move faster to correct these problems with stricter laws and better enforcement. One proposal would create national standards to outlaw some of the most deceptive practices and improve disclosures to consumers. I hope the Republican congressional leadership will allow us to act on this issue next year.

Another idea worth exploring is expanding the tax credit for Individual Development Accounts, personal savings accounts that can be used to buy a first home. Institutions that offer IDAs, such as the RISE Foundation in Memphis, often combine them with financial literacy programs that build skills as well as assets.

We should also encourage banks to offer low-cost checking and savings accounts to those who do not now do business with traditional banks.

By bringing more people into the financial mainstream, we can help them build good credit and the skills they need to protect themselves against predators in the market – at the same time we crack down on the wrongdoers.