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For Immediate Release
April 9, 2008

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FED MORTGAGE RULES WON'T PROTECT CONSUMERS; STRONGER PROTECTIONS ARE NEEDED, CONSUMER GROUPS SAY

During the greatest foreclosure crisis since the Great Depression, the Federal Reserve Board ("Board") is proposing rules that surrender key consumer protections in order to preserve market interests. The Federal Reserve Board's proposed rules regarding unfair and deceptive practices in the mortgage market will not stop future abuses, several consumer groups said yesterday in almost 100 pages of comments filed with the Board. The National Consumer Law Center filed the comments, on behalf of its low income clients, along with Consumer Action, Consumer Federation of America, Consumers Union, Leadership Conference on Civil Rights, National Association of Consumer, Advocates, National Fair Housing Alliance, and the Empire Justice Center.

"The stakes are high and the proposal does not measure up," said Alys Cohen, an attorney with NCLC. "The Fed is the only federal agency with authority to pass comprehensive rules to change the market, but the proposal falls short and leaves consumers without protections against powerful industry forces," she said. The comments point out that the Board's approach is based on the flawed concept that access to credit – even predatory, destructive credit – should be the guiding principle. The comments ask the Board to significantly strengthen the rules so they can change market practices and protect consumers from future abuses.

The Board issued the proposed rules in January and all comments were due yesterday.

A summary of the consumer groups' comments as well as the full comments are at http://www.NCLC.org.

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NCLC is a non-profit organization specializing in consumer issues on behalf of low-income people. NCLC works with thousands of legal services, government and private attorneys, as well as organizations, who represent low-income and elderly individuals on consumer issues. NCLC submitted comments to the IRS on behalf of its low-income clients.