

Rep. Luján is working hard to stand up for New Mexicans who are being hurt by predatory and unfair practices from mortgage and credit card companies, and irresponsibility from Wall Street. Rep. Luján fought for Wall Street Reform legislation, and he is a cosponsor of the Credit Cardholders' Bill of Rights. He also supported mortgage reform and anti-fraud legislation that will hold irresponsible corporations accountable.

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Reforming Wall Street

“For too long New Mexicans have been harmed by the irresponsible actions of Wall Street,” said Rep. Luján. “Under the Bush Administration, this lack of accountability led to a bailout of Wall Street and a near collapse of our financial system. Today, we are taking important steps to reform our system and hold Wall Street accountable. It’s time to fix the problems that got us here and protect taxpayers.”

Rep. Luján voted to reform Wall Street by ending predatory lending practices, preventing costly taxpayer bailouts, creating tough new rules on the riskiest financial practices, and improving oversight and enforcement. The legislation was signed into law in July 2010.

“I [voted against the bailout](#) in January, and I’ve fought to make sure that consumers are protected from the irresponsibility of Wall Street and predatory lenders,” said Rep. Luján. “I was a strong supporter of [credit card](#) and [mortgage reform](#) . And now with the Wall Street Reform and Consumer Protection Act, we are one step closer to making sure that we fix the problems behind our current economic crisis and put New Mexico families first.”

The Wall Street Reform bill:

- Creates a new independent consumer protection watchdog to ensure that consumers purchasing mortgages and using credit cards get accurate information. It also will protect consumers from hidden fees and terms as well as abusive practices.
- Helps ends too-big-to-fail bailouts by establishing an orderly process for winding down failed banks and financial firms, preventing too-big-to-fail banks from being created and extending rigorous oversight of the activities of more financial firms.
- Improves transparency and accountability by providing new rules for credit rating agencies, eliminating loopholes used to hide abusive practices, and preventing hidden risky transactions associated with dangerous financial products.

The legislation also accomplishes the goals of the Luján Amendment to the House bill by preventing banks from merging with nonbank entities to become a too-big-to-fail company. Under current law, a bank cannot merge with another bank if the combined deposits equal or exceed 10 percent of all US deposits. There is currently a loophole that allows a bank to buy a nonbank entity, such as a thrift, and exceed this threshold. For example, Bank of America’s purchase of Countrywide Mortgage in 2008 exploited this loophole to become the largest bank holding company in the country.

Rep. Luján's amendment, which was originally added to the House legislation in the manager's amendment, would close this loophole and prevent banks from merging with thrifts if the combined deposits equal or exceed 10 percent of all US deposits. This ensures that no bank can grow beyond 10 percent of all US deposits through a merger, preventing the creation of "too big to fail" entities that could threaten the stability of the financial system.

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A Credit Cardholders' Bill of Rights

"I'm glad that this important piece of legislation will soon begin to help New Mexicans," said Rep. Luján. "As I have traveled the district, I have talked to families who have worked hard and followed the rules only to be taken advantage of by unfair and predatory credit card practices. At a time when it is difficult for many New Mexicans to make ends meet, this is unacceptable. The Credit Cardholders' Bill of Rights is an important step toward ending these practices by credit card companies. This bill takes common sense steps to protect families from unfair credit practices--safeguarding families from retroactive charges, excessive fees, arbitrary rate increases and misleading terms."

Families throughout New Mexico are struggling to make ends meet and predatory and unfair credit practices are making it harder for them, and Rep. Lujan is working hard to stand up for them in Congress. Rep. Lujan co-sponsored the Credit Cardholders' Bill of Rights, which recently passed by Congress and signed into law by President Barack Obama. The comprehensive credit card reform legislation will protect New Mexican families by leveling the playing field between credit card companies and consumers and increasing protections against unfair and misleading credit card practices.

In May, President Obama visited Rio Rancho, New Mexico to discuss credit card reform and to urge Congress to pass the Credit Cardholders' Bill of Rights. He thanked Rep. Luján for supporting the legislation in the House of Representatives.

Last year, families faced \$19 billion in penalty fees imposed by credit card companies. This year, credit card companies will break all records for late fees, over-limit charges, and other penalties—which could total more than \$20.5 billion.

The Credit Cardholders' Bill of Rights will help New Mexican families during these difficult economic times by:

- Preventing Unfair Increases in Interest Rates and Changes in Terms
- Prohibiting Exorbitant and Unnecessary Fees
- Requiring Fairness in Application and Timing of Card Payments
- Protecting the Rights of Financially Responsible Credit Card Users
- Providing Greater Disclosure of Card Terms and Conditions
- Strengthening Oversight and Penalties Credit Card Industry Practices
- Ensuring Adequate Safeguards for Young People

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Reforming the Mortgage Industry

"New Mexico's families should not be at risk of predatory or irresponsible lending practices. Responsible families deserve protection from unsavory practices, and this legislation will protect homeowners and renters from unfair and predatory lending and mortgage practices." – Rep. Ben Ray Luján

Rep. Lujan supported the Mortgage Reform and Anti-Predatory Lending Act of 2009 that passed the House of Representatives by a vote of 300 to 114. The legislation will end the type of unfair and irresponsible mortgage and lending practices that played a major role in the current housing crisis while also preventing borrowers from purposefully misstating their incomes to qualify for a loan.

The Mortgage Reform and Anti-Predatory Lending Act of 2009 aims to crack down on irresponsible practices by:

- Making it illegal to grant a loan to someone who can't afford to pay it back
- Requiring all loans provide a net tangible benefit to the consumer
- Encourage the market to move back toward making fixed-rate, fully documented loans
- For the first time ever, putting responsibility on mortgage originators, banks and Wall Street firms that buy loans and turn them into securities
- Protecting tenants who rent homes that go into foreclosure
- Ensuring lenders make full disclosure of the terms of the loan at the time of signing

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Demanding Accountability for Mortgage and Corporate Fraud

“Too many New Mexican families are struggling because of corporate and mortgage fraud and irresponsibility. People have lost their savings and their homes, and we have to take steps to protect the people of New Mexico from fraud. The Fraud Enforcement and Recovery Act protects taxpayers by providing law enforcement with the resources to investigate and prosecute fraud and by establishing a commission to investigate the causes of our current financial crisis. The legislation increases accountability and improves protections against fraud that can compromise our financial system and hurt families in New Mexico.” – Rep. Ben Ray Luján

Rep. Lujan joined his colleagues in Congress to demand accountability for mortgage and corporate fraud by voting for the Fraud Enforcement and Recovery Act, which takes common sense steps to address and fix the causes of our current economic crisis. The legislation provides resources for law enforcement to investigate and prosecute fraud that may be a cause of larger financial problems. The legislation will also establish a bipartisan commission to investigate the causes of the collapse of our financial system and the ensuing recession. The Fraud Enforcement and Recovery Act has passed the House and the Senate.

Specifically, the Fraud Enforcement and Recovery Act will provide law enforcement with funding and resources to investigate and prosecute cases of mortgage and corporate fraud. The legislation will protect families from mortgage fraud by extending current fraud laws to apply to the mortgage lending business. It will also provide additional accountability for Troubled Asset Relief Program (TARP) funding and the Recovery Act by making it a federal crime for government contractors to defraud the government of funds received through TARP and the Recovery Act.

The legislation also creates a financial markets inquiry commission to investigate what led to the current economic crisis. The commission is designed to create a detailed examination of the problems in the financial systems and the steps that we should take to increase accountability, stop rewarding irresponsible practices, and begin to develop long-term reforms to prevent future crises. The efforts to investigate the causes of the current economic crisis are similar to those undertaken by the Pecora congressional committee that conducted an investigation after the Stock Market Crash of 1929. The Pecora commission found cases of fraud and dishonest Wall Street practices that compromised the financial system.

“We cannot allow for the same type of fraud and irresponsibility that led to this current economic crisis. The regulations we have in place are not working and the commission established by the Fraud Enforcement and Recovery Act will help us to understand the weaknesses in our system that led us to our current economic crisis. This is an important step toward reform that can help prevent future crises.” - Rep. Ben Ray Luján

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