

## Voter's Guide to the 2008 Presidential Election

Americans for Fairness in Lending is happy to provide this Voter's Guide to the 2008 Presidential Election. We list the positions of Senators McCain and Obama on credit cards, mortgages and foreclosures, bankruptcy, and other issues. We encourage undecided voters to consider these positions in light of [AFFIL's Principles of Fairness in Lending](#).

AFFIL supports the re-regulation of the lending industry to protect Americans' financial assets from predators. We believe that lenders have the responsibility to offer appropriate and fairly priced credit, to disclose all loan terms fully and understandably, to end abusive and discriminatory practices, and to allow injured borrowers to have their day in court. And, we believe that governments must establish and enforce laws and regulations to ensure that lenders meet these responsibilities.

For more information, voters should visit the candidates' websites: <http://www.johnmccain.com>, and <http://www.barackobama.com>.

### Endorses AFFIL's Principles of Fairness in Lending?



**Barack Obama**

Yes - Read his [Statement of Support](#)



**John McCain**

No - [Ask Senator McCain to Endorse the Principles](#)

### Credit Cards

#### Barack Obama

- Co-sponsor of the [Credit CARD Act](#) introduced by Senator Dodd. This legislation is strongly supported by AFFIL Partners. The bill targets the most abusive practices of credit card issuers by eliminating unjustified interest rate hikes and unfair "any-time/any-reason" contract clauses; requiring honest, fair penalty rates; limiting excessive and growing penalty fees; and prohibiting late fees for on time payments.
- Proposes a [Credit Card Bill of Rights](#), which would ban unilateral changes, apply interest rate increases only to future debt, prohibit interest on fees, prohibit "universal defaults," and require prompt and fair crediting of cardholder payments.

#### John McCain

- No mention of credit cards on Senator McCain's [campaign website](#).

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### Credit Cards, Continued

■ Also proposes a [Five Star Rating System of Credit Cards](#). The rating would be prominently displayed on promotional materials and contracts, “enabling consumers to quickly understand all of the major provisions of a credit card without having to rely exclusively on fine print in lengthy documents.”

### Mortgages and Foreclosure

#### Barack Obama

■ Would “enact a 90-day moratorium on most home foreclosures, requiring financial institutions that take government help to agree not to act against homeowners who are trying to make payments, even if not the full amounts.” (Source: [New York Times Election 2008 web page](#))

■ Introduced the [STOP FRAUD Act](#) in the U.S. Senate, which would define and criminalize mortgage fraud, as well as fine mortgage professionals found guilty of fraud. The money collected from the fines would be used to help people avoid foreclosure.

■ Proposes to change the law that prevents bankruptcy judges from modifying primary mortgages (the law allows mortgages on vacation homes and investor-owned homes to be modified). The [Center for Responsible Lending](#) estimates that this change could prevent over 600,000 foreclosures.

#### John McCain

■ The [McCain Resurgence Plan](#) would purchase troubled mortgages directly from financial institutions at face value, replacing them with fixed-rate, government-guaranteed mortgages at the current value of the home. This plan would reduce the loan amount to reflect decreases in homes values, and would eliminate variable rate mortgages. Homeowners would be required to demonstrate creditworthiness at the time of the home's purchase to qualify.

■ Would form a “mortgage abuse task force at the Justice Department to investigate abusive lending practices.” (Source: [New York Times Election 2008 web page](#))

■ Has stated that “strict standards should apply in the [mortgage] lending process,” and that “homeowners should be able to understand the terms and obligations of a mortgage. Borrowers “have an obligation to provide truthful financial information and should be subject to a penalty if they do not,” and they should “provide a responsible down payment...at the purchase of a home.” (Source: [John McCain address to the Orange County \(CA\) Hispanic Small Business Roundtable, March 2008](#))

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### Bankruptcy

#### Barack Obama

- Voted against the [Bankruptcy Abuse Prevention and Consumer Protection Act of 2005](#). AFFIL Partners strongly opposed this law, enacted in 2005, saying it favors creditors at the expense of Americans who have suffered genuine financial misfortune.
- As mentioned above, Sen. Obama has been highly critical of the law that prevents bankruptcy judges from modifying mortgages.
- States that he would amend bankruptcy laws to make them more favorable to individuals who can prove they filed because of medical debt, by creating “a process that forgives the debt and lets the individuals get back on their feet.” (Source: [Obama website](#))

### More Issues

#### Barack Obama

- Supports a federal 36% interest rate cap on consumer loans, which would eliminate [payday](#) and [car title loans](#).
- Has encouraged banks and credit unions to provide affordable small loans to replace the need for [payday](#) and [car title loans](#).
- States that, in order to eliminate lender subsidies, he would mandate that all federal [student loans](#) be provided through the direct loan program rather than the Federal Family Education Loan program (FFEL). States that under the FFEL program, “the federal government makes costly subsidy payments to banks that ultimately cost the taxpayers billions of dollars every year and over \$15 million per day in subsidy payments.” (Source: [Obama Press Release, May 2007](#))

#### John McCain

- Voted for the [Bankruptcy Abuse Prevention and Consumer Protection Act of 2005](#). AFFIL Partners strongly opposed this law, enacted in 2005, saying it favors creditors at the expense of Americans who have suffered genuine financial misfortune.
- Supported a Senate amendment proposed by Senator Sessions (R-Ala.), which would have protected veterans from being denied bankruptcy claims if they incurred their debts while on active duty. Opposed a similar amendment proposed by a Sen. Richard Durbin (D-Ill.). (Source: [Seattle Debt Law Blog](#))

#### John McCain

- Told the Wall Street Journal that he is “fundamentally a deregulator.” (Source: [New York Times](#))
- On [student loans](#), proposes a [Student Loan Continuity Plan](#) wherein the federal government and the 50 governors should “anticipate loan problems and expand the lender-of-last-resort capabilities for each state's guarantee agency.”