

MOTION OF THE COUNCIL OF ALLEGHENY COUNTY

Motion expressing the sense of Council of Allegheny County condemning predatory lending practices and supporting Pennsylvania HB 967 which would provide Pennsylvania homeowners protection from various unfair practices in the business of residential mortgage lending and supporting SB 101 which would offer consumer protection against payday loans.

WHEREAS, the preservation of homeownership is a critical element in the stability of families and communities; and

WHEREAS, unscrupulous mortgage lenders often engage in predatory lending practices in which lenders use deceptive marketing and make unsuitable loans designed to exploit vulnerable, unsophisticated borrowers; and

WHEREAS, foreclosures in Pennsylvania and across the country have risen to levels beyond those traditionally associated with the effects of the business cycle; and

WHEREAS, "predatory loans" include loans that have one or more of the following features: charges more in interest and fees than is required to cover the added risk of lending to borrowers with credit imperfections, abusive terms and conditions that trap borrowers and lead to increased indebtedness, fails to take into account the borrower's ability to repay the loan, and violates fair lending laws by targeting women, senior citizens, minorities and communities of color; and

WHEREAS, payday lenders prey on poor and working class families, costing Pennsylvanians at least \$100 million in abusive fees every year, and destroying many families' hopes of building wealth and escaping economic insecurity; and

WHEREAS, the payday lending industry engages in predatory lending practices by trapping borrowers in loans at a typical annual interest rate of 400 percent, adversely affecting Pennsylvania's most vulnerable working families';

NOW THEREFORE, IT IS MOVED, AND IT IS THE SENSE OF THE COUNCIL OF ALLEGHENY COUNTY, that this Council endorses HB 967, currently in the Committee on Commerce, and urges the General Assembly of the Commonwealth of Pennsylvania to enact such legislation which would amend the Mortgage Bankers and Brokers and Consumer Equity Protection Act to include a chapter on home ownership protection. This Council supports a statewide approach to the problem that would prohibit the most egregious practices, increase consumer education and protection and better regulate mortgage brokers. This Council also supports SB 101, currently in the Banking and Insurance Committee, and urges the General Assembly of the Commonwealth of Pennsylvania to enact such legislation which would amend the Consumer Discount Company Act to ensure enforcement of the Commonwealth's existing small loan law, forcing payday lenders to comply with Pennsylvania's consumer protection regulations.

PRIMARY SPONSOR: COUNCIL MEMBER MACEY

**CO-SPONSORS: COUNCIL MEMBERS BURN, CLEARY, DEFAZIO, DROZD,
FINNERTY, FRAZIER, & COUNCIL PRESIDENT FITZGERALD**

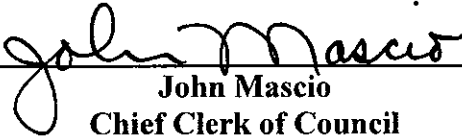
In Council September 12, 2006.

Read and Approved.



Rich Fitzgerald
President of Council

Attest:



John Mascio
Chief Clerk of Council

Mascio, John

From: Mascio, John
Sent: Friday, September 15, 2006 11:13 AM
To: Gerald J. Lavalle; J. Barry Stout; Jane Orie; Jay Costa; Jim Ferlo (jferlo@pasenate.com); John Perzel; John Pippy; Robert J. Mellow; Robert Jubelirer; Sean Logan; Wayne Fontana (wfontana@pasenate.com); Anthony DeLuca; Dan Frankel; David Levdansky; Don Walko; Frank Dermody; Frank Pistella; Harry Readshaw; Jake Wheatley; John Maher; Joseph F. Markosek; Joseph Preston, Jr.; Kenneth Ruffing; Marc Gergely; Mark Mustio; Michael Diven; Mike Turzai; Nick Kotik; Paul Costa; Sean M. Ramaley; Shawn Flaherty ; Thomas C. Petrone; Tom Stevenson; Victor John Lescovitz
Subject: Motion of Allegheny County Council - Bill No. 2755-06
Attachments: 2755-06 Predatory Lending Motion.doc

At the Regular Meeting of Allegheny County Council held on September 12, 2006, Council unanimously approved the attached Motion (Bill No. 2755-06) sponsored by Council Member Macey and co-sponsored by Council Members Burn, Cleary, DeFazio, Drozd, Finnerty, Frazier, and Council President Rich Fitzgerald.

The Motion expresses the sense of Council of Allegheny County condemning predatory lending practices and supporting Pennsylvania HB 967 which would provide Pennsylvania homeowners protection from various unfair practices in the business of residential mortgage lending and supporting SB 101 which would offer consumer protection against payday loans.

Your attention to this Motion is requested.

John Mascio
Clerk
Allegheny County Council