



# Montgomery County Council

*From the Offices of Councilmember Tom Perez and Mike Subin*

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**For Immediate Release**

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## **Perez and Subin Push to End Predatory Lending** *Councilmembers Support Expanding County's Fair Housing Law*

Joined by a diverse group of civil rights leaders, community activists and fair housing experts, Council Vice President Tom Perez and Councilmember Mike Subin today called for an end to predatory lending and other discriminatory housing practices in Montgomery County by expanding and strengthening the County's fair housing and civil rights laws.

Perez and Subin announced they will introduce legislation that would put banks, brokers and borrowers on notice that discriminatory lending based on race, color, national origin, age, sex and other protected categories will not be tolerated. Their proposed legislation prohibiting discrimination will, for the first time, apply to individuals as well as lending institutions. This change will enable the County's Commission on Human Rights to investigate loan brokers and other third parties that engage in predatory lending practices. Currently, the County's law on illegal housing practices applies only to lending institutions.

Studies show that predatory lending continues to be a significant problem for the elderly, African Americans, Latinos, and low-income people in Montgomery County. They are often the victims of subtle forms of misinformation, unfair pricing and steering. The predatory lending industry often preys on their hopes

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and dreams of owning a home by engaging in abusive practices that can cause great hardship for borrowers seeking to purchase or refinance a home.

For example, they are often the targets of predatory lending abuses such as: 1) repeated refinancing of a loan over a short-time period, resulting in higher fees that ultimately reduce the borrower's equity in his or her home; (2) tacking on additional fees that raise the cost of the loan and disguise the true cost to the borrower; and 3) lending without regard to the borrower's ability to repay, especially troubling for the elderly who live on fixed incomes and whose loans could quickly end in default and foreclosure.

"Predatory lending is often discrimination with a smile, because victims do not realize they are being victimized," Perez said. "Instead, they are offered a deal that appears to be too good to be true, and they take it, not realizing the adverse consequences that will follow."

The legislation proposed by Perez and Subin will expand the categories of lending activities that constitute discriminatory housing practices. The bill will also increase the amount of compensatory damages that the County's Commission on Human Rights may award, and require the Commission to provide the Executive and Council with an annual report on discriminatory lending practices in the County.

Finally, the bill will institute a reporting requirement to identify overall lending patterns in the County for prime and subprime loans based on age, gender and race categories to track the types of predatory lending practices that are occurring in the County.

"For so many Montgomery County residents, the American dream of home ownership is elusive because of the high cost of housing," Subin said. "For Latinos and African Americans, the dream is often even more elusive because of unscrupulous predatory lending practices. We must raise public awareness

of this problem and ensure that our investigators have every tool necessary to combat the problem.”

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