
By: **Delegates Carter, C. Davis, Haynes, Montgomery, Paige, Ross, and
V. Turner**

Rules suspended
Introduced and read first time: March 11, 2004
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Task Force to Study Subprime Lending**

3 FOR the purpose of establishing a Task Force to Study Subprime Lending; providing
4 for the membership of the Task Force; requiring the Governor to designate the
5 chairman of the Task Force; providing that members of the Task Force may not
6 receive compensation but are entitled to a certain reimbursement; requiring the
7 Task Force to study certain issues and make certain recommendations;
8 requiring the Task Force to report its findings and recommendations to the
9 Governor and the General Assembly on or before a certain date; providing for
10 the termination of this Act; and generally relating to the Task Force to Study
11 Subprime Lending.

12 **Preamble**

13 WHEREAS, "Subprime lending" refers to credit programs that target consumers
14 with blemished or weakened credit histories, including consumers with payment
15 delinquencies, bankruptcies, judgments, and low credit scores; and

16 WHEREAS, Subprime loans have higher rates of interest than prime loans
17 because of the higher risk to lenders; and

18 WHEREAS, The United States Department of Housing and Urban Development
19 has released a study that shows a significantly high increase in the number of
20 subprime home loans in predominantly African American and low-income
21 neighborhoods; and

22 WHEREAS, While expanded access to credit is crucial, evidence demonstrates
23 that some lenders engage in predatory lending practices that target African American
24 and low-income families and provide loans to these communities with less favorable
25 terms and at a higher cost than loans provided to predominantly white and middle
26 class neighborhoods; now, therefore,

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That:

- 1 (a) There is a Task Force to Study Subprime Lending.
- 2 (b) The Task Force consists of the following members:
- 3 (1) one member of the Senate Finance Committee, appointed by the
4 President of the Senate;
- 5 (2) one member of the House Economic Matters Committee, appointed
6 by the Speaker of the House of Delegates; and
- 7 (3) the following members, appointed by the Governor:
- 8 (i) one representative of the Maryland Association of Appraisers;
- 9 (ii) one representative of the Maryland Land Title Association;
- 10 (iii) one representative of the Maryland Board of Realtors;
- 11 (iv) one representative of the Maryland Association of Mortgage
12 Brokers;
- 13 (v) one representative of the St. Ambrose Housing Aid Center;
- 14 (vi) one representative of the Maryland Center for Community
15 Development;
- 16 (vii) one representative of the Maryland AARP;
- 17 (viii) one representative of the Community Law Center;
- 18 (ix) one representative of the Association of Community
19 Organizations for Reform Now; and
- 20 (x) one representative of the Baltimore City Department of
21 Housing and Community Development.
- 22 (c) The Governor shall designate the chairman of the Task Force.
- 23 (d) The Department of Housing and Community Development shall provide
24 staff for the Task Force.
- 25 (e) A member of the Task Force:
- 26 (1) may not receive compensation; but
- 27 (2) is entitled to reimbursement for expenses under the Standard State
28 Travel Regulations, as provided in the State budget.
- 29 (f) The Task Force shall:
- 30 (1) study the subprime lending market in the State;

1 (2) determine the extent of abuse to borrowers, particularly in
2 predominantly African American and low-income neighborhoods, that results from
3 predatory subprime lending practices, including excessive points and fees,
4 prepayment penalties, and collusion between lenders, brokers, and appraisers; and

5 (3) make recommendations regarding solutions to stop the abuse to
6 borrowers that results from predatory subprime lending practices.

7 (g) The Task Force shall report its findings and recommendations to the
8 Governor and, subject to § 2-1246 of the State Government Article, the General
9 Assembly, on or before June 30, 2005.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2004. It shall remain effective for a period of 1 year and, at the end of June 30,
12 2005, with no further action required by the General Assembly, this Act shall be
13 abrogated and of no further force and effect.