With fate of lending law on hold, Montgomery pols aim to modify

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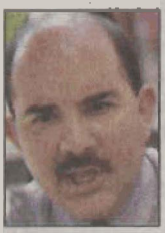
A decision on repealing a controversial Montgomery County law aimed at preventing lenders from discriminating against some homebuyers is unlikely to come before July.

In the meantime, the County Council is moving forward on modifying the law, which led to more than 30 lenders pulling out of the county.

Council President George L. Leventhal said a vote on the repeal would come after July 6, when a judge is expected to lift a preliminary injunction of the law, abolish it or take other action.



Leventhal
Council tired of fighting

"I'm tired of fighting about this. All of [the council members] are tired of fighting about this," said Leventhal (D-At large) of Takoma Park, after a public hearing before council this week. "The repeal bill serves as a vehicle to figure this out. Outright repeal is not a likely outcome. I don't think that was the suggestion of any of the council."

As a result of the industry backlash, Councilmen Michael J. Knapp (D-Dist. 2) of Germantown and Howard A. Denis (R-Dist. 1) of Chevy Chase introduced a bill to repeal the law last month, a week after a judge blocked it from taking effect.

On Tuesday night, the council heard from more than 30 speakers on both sides of the issue.

In the end, lending industry representatives, fair housing advocates and council members agreed to another meeting to consider changes to the original law. Modifications could include a review of individual sections, or even a move toward a law similar to the one used by Fairfax County, Va.

Fairfax's fair housing law, enacted in 2002, patterned its legislation after federal laws, said Michael T. Cash, executive director of Fairfax's Human Rights Commission, who spoke at Tuesday's hearing.

Cash's office investigates housing complaints in Fairfax. But unlike Montgomery's Office of Human Rights, which can assess damages under the contested law, the Fairfax commission cannot. That's left to a trial court.

Who makes the damage assessments has been a point of contention with Montgomery County lenders.

"It depends on how the council wants to do it," Cash said in a telephone interview. "It's almost better to have trained folks do this like Montgomery would, instead of an untrained jury like we have."

Councilman Thomas E. Perez, who proposed the housing legislation two years ago, said Fairfax's law is more stringent than Montgomery's, but has not hurt the lending industry there.

"I'm still trying to get a handle on how some of the banks that said they couldn't do business here managed to do business in Fairfax with a bill that has more teeth," said Perez (D-Dist. 5) of Takoma Park.

Perez asked lenders at Tuesday's hearing whether they knew about Fairfax's law and if their companies had pulled out of business in that county. None had.

"My guess is that the credit industry is upset because [the Montgomery County law] smacks of being a predatory lending law, but it's not. It's an anti-discrimination law," Cash said. "I think it is a case of misinformation that is unfortunately being stirred up by the lending industry."

Montgomery County's housing legislation is aimed at subprime lenders, companies that secure loans for people with poor or no credit, often African Americans and Latinos. Subprime lenders accounted for about 24 percent of county loans in 2004, Robert Enten, spokesman for the

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Maryland Bankers Association, said at Tuesday's hearing.

Unlike a predatory lending ordinance, the fair housing ordinance does not specify the type of loans a company may issue, but it does prohibit discrimination on the basis of race, national origin and other protected classes. The law also increases damages per discriminatory incident from $5,000 to $500,000.

Opponents questioned the need for the law, which they likened to predatory lending legislation, saying that state and federal laws already prohibit that type of lending.

Lenders called the county's law "vague" and opposed the increase in damages, saying that the law posed too many risks for litigation.

Fair housing consultant Calvin Bradford completed three separate Montgomery County studies that concluded that discriminatory lending practices do exist.

"The law is actually an ally to lenders because you help in controlling the brokers since it's difficult for the industry to control their own," Bradford said at the hearing.

"It's now time that businesses take a second look at their actions to see how we can move forward," said Richard Allen, vice president of the state's Southern Christian Leadership Conference. "In addition to this law, don't forget about other types of housing discrimination, give the Office of Human Rights the enforcement teeth it needs to get the job done."