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Predatory lending foes to regroup for next year

Legislation lives for another session; local group will work to build support

**By David Flaum**  
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Disappointed but not defeated.

That's how members of the Memphis and Shelby County Predatory Lending Coalition felt about Tennessee bills to curb some lending practices that stalled in the General Assembly.

But those proposed laws won't have to be refiled to come up in the legislature next year, members said.

"We've made good progress," said Webb Brewer, general counsel and director of advocacy for Memphis Area Legal Services.

Among bills sent to the general subcommittee are two comprehensive efforts to outlaw predatory practices and a proposal to revive the transfer of some real estate transfer and mortgage tax money to the Tennessee Housing Development Agency.

"The good news is it (the THDA bill) wasn't defeated," said Tim Bolding, executive director of United Housing Inc.

Nor were the others.

Coalition members plan to map out a strategy to muster support for those bills before lawmakers convene in January.

The state's center of predatory lending -- hard to define, but generally characterized by high- interest rate, high-fee loans with other hard-to-meet conditions -- seems to be the Memphis area.

"If anything meaningful is going to happen, it's going to have to start in Shelby County," Brewer said.

He recommended members start a letter-writing campaign to legislators and persuade Memphis and Shelby County government officials to join a lobbying campaign.

To counter the idea that predatory lending is primarily a Shelby County problem, "We have to make legislators aware this is a statewide problem," said Johnnie Turner, executive director of the Memphis branch of the NAACP.

And, Brewer said, the committee needs to try to "turn around the (state) administration.

"The governor (Phil Bredesen) has not been supportive of predatory lending reform," Brewer said.

Kevin Lavender, Tennessee commissioner of financial institutions and the governor's point man on such issues, took exception to the comments.

"The administration has not been soft on predatory lending," he said.

It hasn't pressed for state laws because of the pre-emption of state action by federal regulators of banks and thrifts and other agencies.

A 30 percent boost in his department's budget is aimed at examining the businesses most talked about as predatory lenders -- mortgage companies and brokers, check cashers and payday lenders, Lavender said.

The state law effort may be trumped by Congress.

The Responsible Lending Act, sponsored by U.S. Reps. Bob Ney, R-Ohio, and Paul Kanjorski, R-Pa., has backing of members of both political parties, said Sherman Green, aide to U.S. Rep. Harold Ford Jr., D-Memphis, who sponsored the Borrower's Bill of Rights.

The Prohibit Predatory Lending Act comes from U.S. Reps. Brad Miller and Mel Watt, both D-N.C., which Greer said is aimed mostly at payday lending.

Greer expects a version of the Responsible Lending Act to pass, including provisions from the two other bills.

If that happens, it would pre-empt any state laws, he said.

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