

Legislation Text

File #: 000715-A, **Version:** 2

Enacting a new Chapter 9-2400 of The Philadelphia Code, entitled “Prohibition Against Predatory Lending,” and amending Section 19-201 entitled “City Depositories,” Section 19-2602 entitled “Licenses” and Section 22-1001 entitled “Investments,” to prohibit all business entities and their affiliates from making, issuing or arranging any subprime or high-cost loan, or assisting others in doing so, in any manner which has been determined to be abusive, unscrupulous and misleading, providing penalties for non-compliance, establishing a Predatory Lending Review Committee to investigate alleged predatory loans and to make enforcement recommendations against business entities who have made, assisted with, issued or arranged a loan determined to be predatory, and granting remedies to aggrieved parties and community organizations; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. A new Chapter 9-2400 of The Philadelphia Code entitled “Prohibition Against Predatory Lending”, is hereby enacted, to read as follows:

CHAPTER 9-2400. PROHIBITION AGAINST PREDATORY LENDING PRACTICES.

§ 9-2401. Legislative Findings.

(1) *The City Council of the City of Philadelphia finds:*

- (a) *that citizens from many lower and moderate income neighborhoods in Philadelphia have been unable to access legitimate financing for home purchases and renovations, allowing predatory lenders to thrive; and*
- (b) *that these predatory lenders are charging exorbitant fees and interest rates and are persuading citizens to incur mortgage debt in excess of their needs or ability to pay, often through fraudulent means; and*
- (c) *these predatory lending practices appear to be targeting elderly and vulnerable borrowers; and*
- (d) *that to protect the citizens of Philadelphia and its neighborhoods from lending practices which strip hard earned equity from city residents and contribute to the problem of vacant and abandoned houses by making loans that families cannot afford to repay.*

(2) *It is the intent and purpose of this Chapter:*

- (a) *to collect and make available to the public information necessary for city residents to protect themselves against predatory lending practices; and*
- (b) *to prevent the lenders engaged in predatory lending and those persons providing referrals and services to those lenders from enjoying the privilege of doing business with our City; and*
- (c) *to prevent predatory lenders and those persons providing referrals and services to those lenders from taking advantage of city programs designed to encourage home ownership and home repair.*

§ 9-2402. Definitions.

The following definitions shall apply throughout this Chapter:

(1) *“Affiliate”. Any entity that controls, is controlled by, or is under common control with, another entity, including any successors in interest or alter egos.*

(2) *“Annual percentage rate” means the annual percentage rate for the loan calculated according to the provisions of the federal Truth in Lending Act (15 U.S.C. §1601 et. seq.), and the regulations promulgated thereunder by the Federal Reserve Board (as said Act and regulations are amended from time to time).*

(3) *“Business Entity”. Any individual, domestic corporation, foreign corporation, association, syndicate, joint stock company, partnership, joint venture, or unincorporated association, including any parent company, subsidiary, exclusive distributor or company affiliated therewith, engaged in a business or commercial enterprise;*

(4) *“City”. The City of Philadelphia;*

(5) *“City Agency”. The City of Philadelphia, its departments, boards and commissions;*

(6) *“City-related Agency”. All authorities and quasi-public corporations which either:*

(a) receive appropriations from the City; or

(b) have entered into continuing contractual or cooperative relationships with the City; or

(c) operate under legal authority granted to them by City ordinance.