

ADOPTED SENATE

1 Senators Scott of the 36th, Thompson of the 33rd, Cheeks of the 23rd and Fort of the 39th
2 offered the following amendment:

3 Amend the Senate Banking and Finance Committee substitute to HB 1361 by inserting on
4 line 7 of page 1, following the word and symbol "intent;", the following:

5 "to enact the 'Prevention of Predatory Lending Through Education Act'; to define certain
6 terms; to create within the Governor's Office of Consumer Affairs the Council for the
7 Prevention of Predatory Lending Through Education; to provide for membership, terms,
8 and officers; to provide that the council shall investigate the circumstances surrounding
9 questionable home loans and to refer complaining consumers to appropriate governmental
10 agencies or consumer protection organizations for assistance; to provide that the council
11 shall design, approve, and implement education programs that inform and educate
12 consumers, particularly those most vulnerable to being taken advantage of by predatory and
13 unscrupulous lenders, as to the dangers and pitfalls of entering into a home loan through
14 cooperation and contracting with community based organizations to accomplish such
15 directive; to provide that the council shall refer individual cases in which there is evidence
16 of an apparent violation of federal or state laws or regulations to the appropriate
17 governmental agency for further investigation and action; to provide that the council shall
18 conduct an extensive state-wide study of the root cause of home loans which go into default
19 and foreclosure, using as much empirical data as are available, and recommend to the
20 Governor proposed consumer protection legislation;"

21 By striking the quotation marks at the end of line 23 of page 14 and inserting immediately
22 following such line the following:

23 "7-6A-12.

24 (a) This Code section shall be known and may be cited as the 'Prevention of Predatory
25 Lending Through Education Act.'

26 (b) As used in this Code section, the term:

27 (1) 'Council' means the Council for the Prevention of Predatory Lending Through
28 Education created by this Code section.

29 (2) 'Home loan' means a loan or agreement to extend credit made to a natural person,
30 which loan is secured by a deed to secure debt, security deed, mortgage, security
31 instrument, deed of trust, or other document representing a security interest or lien upon
32 any interest in one-to-four family residential property or a manufactured home located
33 in Georgia, regardless of where made, including the renewal or refinancing of any such

1 loan. Without limiting the generality of the foregoing, the term specifically includes a
2 home equity line of credit or other similar agreement.

3 (3) 'Predatory or unscrupulous lending practices' includes, without limitation, making
4 unaffordable loans based on the borrower's home equity without regard to the borrower's
5 ability to repay the obligation; inducing a borrower to refinance a loan repeatedly and
6 charging additional points and fees, even though refinancing may not be in the borrower's
7 interest; and engaging in fraud or deception to conceal the true nature of the loan
8 obligation from an unsuspecting or unsophisticated borrower.

9 (c) There is created within the Governor's Office of Consumer Affairs the Council for the
10 Prevention of Predatory Lending Through Education to be composed of four members
11 appointed by the Governor, four members appointed by the President of the Senate, and
12 four members appointed by the Speaker of the House of Representatives. The members
13 appointed should represent every area of the state and should come from a diversity of
14 economic and consumer advocacy backgrounds. The members shall serve without
15 compensation but shall receive the same per diem and mileage allowance as authorized for
16 members of the General Assembly. The administrator or his or her designee shall serve as
17 chairperson. The members of the council shall elect such other officers as the council
18 deems necessary. Of the initial four members appointed by each appointing authority, two
19 shall serve terms of one year and two shall serve terms of two years. Thereafter, members
20 shall serve terms of two years and may be reappointed in the same manner as the initial
21 appointment.

22 (d) The council shall meet upon the call of the chairperson; provided, however, that the
23 council shall meet no less often than once a month. The council shall have the authority,
24 when a majority of the members deem necessary, to hold public hearings throughout the
25 state and to receive input from citizens and organizations concerning local problems
26 involving predatory lending.

27 (e) The council shall have the following powers and duties:

28 (1) To design and approve education programs that inform and educate consumers,
29 particularly those most vulnerable to being taken advantage of by predatory or
30 unscrupulous lending practices, as to the dangers and pitfalls of entering into a home
31 loan;

32 (2) To cooperate with community based organizations to accomplish such directive. The
33 council may accept and review proposals from community based nonprofit organizations
34 to conduct such educational programs and enter into contracts with such organizations
35 for the provision of such services;

36 (3) To operate and publish a state-wide toll-free number to receive consumer complaints
37 relating to predatory or unscrupulous lending practices in relation to home loans. The

1 council shall also maintain a list of nonprofit consumer counselor organizations. Upon
2 the written complaint of a consumer, to investigate the circumstances surrounding a home
3 loan and, if appropriate, to refer the complaining consumer to appropriate governmental
4 agencies, consumer protection, or consumer counselor organizations for assistance;
5 (4) To refer individual allegations of predatory or unscrupulous lending practices in
6 which there is evidence of an apparent violation of federal or state laws or regulations to
7 the appropriate governmental agency for further investigation and action;
8 (5) To cooperate with legitimate lending institutions to assist the industry in identifying
9 and eliminating unscrupulous predatory lenders within the industry;
10 (6) To conduct an extensive state-wide study of the root cause of home loans which go
11 into default and foreclosure, using as much empirical data as are available, and to develop
12 and recommend to the Governor and the General Assembly proposed consumer
13 protection legislation; and
14 (7) To perform such other functions as necessary to carry out the intention of this Code
15 section."