

Predatory Lending & Fair Housing

FAIR HOUSING HIGHLIGHT #1

What is predatory lending?

Predatory lending is characterized by lending practices that have unfair and abusive terms and are aimed to take advantage of certain individuals, such as the elderly, minorities, people with low incomes and less education. Homeowners need to be careful when borrowing money based upon their home equity.

What are some examples of ‘unfair and abusive terms and conditions’?

High interest rates, repeated refinancing of your loan, prepayment penalties, excessive fees on settlement sheet, balloon payments, fraudulent signatures on loan documents and monthly payments you cannot afford are some possible indicators of a predatory loan.

Are there ways to prevent entering into a loan that is predatory?

In order to avoid encountering predatory lenders:

- Beware of mail advertising for home improvement loans
- Be sure of the interest rates on your loans
- Don't give in to high pressure tactics
- Don't trust ads that say "No Credit? No Problem!"

What should I do before signing a loan agreement?

- Ask for a copy of the settlement documents and get advice from a housing counselor, consumer credit counselor or attorney BEFORE signing any documents
- Don't ever sign blank documents
- Look for red light characteristics to stay away from such as high interest rates and excessive fees
- Even people with less than perfect credit may be able to get a conventional bank loan through special programs. Try to get a loan from a bank or other reputable source rather than from a predatory lender!

What do I do if I think I may be a victim of predatory lending?

There are laws to protect you from predatory lending practices such as the Fair Housing Act and the Equal Credit Opportunity Act. If you or someone you know may be a victim of predatory lending, REPORT IT immediately. Complaints may be filed with the Department of Housing and Urban Development (HUD), the Department of Justice or the Attorney General's Office. The FHRC can assist you making a referral and help in filing a complaint.

**Questions? Call the Fair Housing Rights Center in Southeastern Pennsylvania at 215 576-7711
or visit us online at www.fairhousingrights.org.**