



Get the facts!

Fair Lending and Mortgage Scams

Fair lending laws are designed to make sure every homebuyer receives equal treatment in the lending process. Be sure to know your rights when applying for a loan.

Banks, lenders and insurance companies are not allowed to set different mortgage rates or terms or refuse to negotiate with you because you are a member of a protected class.

The U.S. Fair Housing Act prohibits discrimination on the basis of disability, race, color, national origin, religion, sex, or familial status. In addition, Illinois protects individuals from housing discrimination on the basis of age, marital status, sexual orientation, order of protection status, ancestry, or military discharge status. Cook County adds source of income and housing status as protected classes.

What types of properties are covered by fair lending laws?

These laws apply to all types of residential properties: houses or apartment buildings for sale, condominiums and cooperatives, assisted living and other senior care facilities, mobile homes or manufactured housing, and time shares.

Who is required to follow fair lending laws?

Everyone involved in providing housing loans or related services must comply with the law including Realtors, appraisers, brokers and bankers, property owners, landlords and housing managers, condo and homeowners associations, insurance companies, advertisers and media.

What does lending discrimination look like?

- A loan officer might offer preferential modification terms to white borrowers and more stringent terms to Latino borrowers with language difficulties.



- A lender may try to offer a credit card with a \$750 limit for applicants under age 30 and a \$1,500 limit for older applicants. Such a policy would violate the Equal Credit Opportunity Act’s prohibition against age discrimination.
- A lender may have a policy of offering higher interest rate loans to borrowers in certain geographic locations. If these locations have a majority population who are members of a protected class, such as African Americans, and negatively impact that group, the policy is said to cause a disparate fair housing impact.

What is predatory lending?

Some lenders—often referred to as “predatory lenders”— often use deception to get borrowers to accept their terms. The typical predatory loan: 1) is in excess of those available to similarly situated borrowers from other lenders; 2) has a higher interest rate than is justified by the creditworthiness of the borrower or the risk of loss; and 3) often tacks on excessive fees.

Don’t be a victim of loan scams!

As foreclosures rise, so do the numbers of loan modification scammers preying on homeowners in need. They will promise to modify your loan, then they will take your money, house, or both. Avoid their deceiving schemes by speaking to a trusted HUD-approved counselor such as the Open Communities today. And call 1-888-995-HOPE (4673) to report the scam or visit www.hud.gov/preventloanscams.

What should I do if I believe I have been discriminated against?

Contact us—we can help! We provide free and confidential counseling for people who believe they have been treated unfairly and are the victim of lending discrimination. If you believe you are the victim of housing discrimination, or would simply like to gain a better understanding of your fair housing rights and responsibilities, contact Open Communities at (847) 501-5760 or email info@open-communities.org. You may also file a fair housing complaint with the U.S. Department of Housing and Urban Development or other enforcement agency. However, don’t delay. There are time limits of either one year or six months, depending upon where you file.

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Open Communities is a leading voice for housing, economic and social justice in north suburban Chicago, working to promote inclusive communities that are welcoming to all.