



LENDING DISCRIMINATION WAS NOT WHAT I WAS EXPECTING

If you are qualified for a mortgage, but the lender denies the loan because you are on maternity leave—that's a violation of the Fair Housing Act.

If you suspect you are a victim of lending discrimination, please report it.

Contact us for more information:
(630) 690-6500 x.119
www.hopefair.org

HOPE FAIR HOUSING CENTER

NFHA
National Fair Housing Alliance

Fair Lending Is Required by Law!

The Equal Credit Opportunity Act prohibits lenders from discriminating against applicants in credit transactions based on race, color, religion, national origin, sex, marital status, age, income from a public assistance program, or whether the applicant has in good faith exercised a right under the Consumer Credit Protection Act. The federal Fair Housing Act offers protections for housing related loans based on race, color, religion, sex, national origin, familial status or disability.

Important Questions to Ask

- ✓ What are all of the fees?
- ✓ Are these the only fees I need to pay?
- ✓ Is there a balloon payment?
- ✓ What is my loan term?
- ✓ What is my monthly payment?
- ✓ What will my payment be in 18 months? 36 months?
- ✓ What is the interest rate? Will it ever change?
- ✓ What is the annual percentage rate?
- ✓ Am I eligible for a lower interest rate?
- ✓ Are my taxes and mortgage insurance payments included in the loan payment?
- ✓ Visit www.questionsprotect.org for additional resources and worksheets



HOPE Fair Housing Center

Phone: 630.690.6500
Email: info@hopefair.org
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What to Know When Getting a Home Loan

Know Your FAIR LENDING Rights



DID YOU KNOW...

- 61% of subprime loans made in 2006 went to people with credit scores high enough to qualify for a prime loan?
- African Americans are 5 times more likely to pay more for a loan?
- Senior homeowners on fixed incomes are the #1 target for deceptive mortgage and home equity loan practices



Fair Lending Guide



What to Know

Understand All Important Cost Information

Rates- the mortgage rate is the rate of interest charged on a mortgage.

- Ask each lender and broker for a list of its current mortgage interest rates and whether the rates being quoted are the lowest for that day or week.
- Know if the rate is fixed interest rate or adjustable rate mortgage (ARM).
 - If it's a fixed interest rate mortgage, the borrower will pay the same interest rate throughout the life of the loan.
 - Adjustable rate loans may go up, as may the monthly payments. If it's adjustable, ask how the rate and loan payment will vary including whether your loan payment will be reduced when rates go down.
- Ask about the loan's annual percentage rate (APR) which takes into account not only the interest rate but also points, broker fees, and certain other credit charges that you may be required to pay, expressed at a yearly rate.

Points- fees paid to the lender or broker for the loan and are often linked to the interest rate; usually the more points you pay, the lower the rate.

- Research information about rates and points currently being offered.
- Ask for points to be quoted to you as a dollar amount.



Choosing where you live is a right.



Down Payment

- Some lenders require 20% down payment. Others require as little as 3.5%. Ask about down payment requirements.
- Ask about any special programs the lender offers.
- If Private Mortgage Insurance is required:
 - Ask what the total cost of the insurance will be.
 - Ask how much your monthly payment will be when including the PMI premium.
 - Ask how long you will be required to carry PMI.

Closing Costs- different financial institutions may offer different closing fees. The Federal Reserve recommends that you compare closing costs, which can include points, origination costs, broker's fees, and settlement fees.

Fees- There are many fees associated with loans: loan origination or underwriting fees, broker fees, and transaction, settlement, and closing costs.

- Every lender should be able to give you an estimate of its fees. Many of these fees are negotiable.
- Ask what each fee includes - several items may be lumped into one fee.
 - Ask for an explanation of any fee you do not understand.

Things to Remember

Be Prepared!

- Know your Credit Score - review your credit report and your credit score. Make sure all of the information is accurate and up to date.
- Know if you qualify for a prime loan or subprime loan:
 - A prime loan carries a low interest rate and/or low points and is available to borrowers with a good credit rating.
 - A subprime loan is made to borrowers who may have a history of credit problems. These loans carry higher interest rates and points due to a greater risk that the borrower may default on the loan.

Shop Around!

Contact at least three lenders. Shop rates on the internet.

Several types of lenders offer home loans.

- Local banks, mortgage companies, credit unions, thrift institutions
- Mortgage brokers:
 - arrange transactions as opposed to making the loan directly
 - will contact several lenders regarding your application
 - are not obligated to find the best deal for you unless they have contracted with you to act as your agent
 - usually get a fee for their service that may be separate from, and in addition to, the lender's origination and other fees

Be sure to ask if you're dealing with a broker.