
◆ Open House ◆

Newsletter of the Fair Housing Council of Montgomery County

SPRING 2003

The Fair Housing Council of Montgomery County is committed to ensuring equal housing opportunities regardless of race, religion, gender, age, disability, familial status or national origin.

We carry out our mission through education & outreach, complaint reception & resolution, advocacy, monitoring of discriminatory housing practices & assistance in finding open & affordable housing.

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This Issue: HOMEBUYING & FAIR HOUSING

Buying a home is often the largest and most complicated financial transaction that a person will make in his or her lifetime. A potential homebuyer must consider all sorts of things when deciding to purchase a home—whether or not to use a realtor, how to choose a realtor, what you can afford, can you get a loan, how does the homebuying process work, etc. Homebuying can be difficult and overwhelming.

MOST IMPORTANTLY: DO YOUR HOMEWORK!!

Unfortunately, knowing how to go through the homebuying process may not be enough to protect yourself from being taken advantage of. Despite great strides our country has made towards combating discrimination, housing discrimination still occurs today. That is why the Fair Housing Council has dedicated this issue to *Homebuying and Fair Housing*. This issue contains a brief overview of areas where discrimination occurs in the homebuying process and highlights specific forms of discrimination—arming you with knowledge to protect yourself.

INSIDE YOU WILL FIND INFORMATION ON:

- Fair Housing Laws & Discriminatory Practices;
- Steering;
- Mortgages & Lending;
- Predatory Lending;
- Homeowner's Insurance; and
- Appraisals.

**BE SMART! ARM YOURSELF WITH INFORMATION!
GOOD LUCK WITH YOUR HOME PURCHASE AND ENJOY!**



**APRIL IS
FAIR HOUSING MONTH!!**



OVERVIEW OF FAIR HOUSING LAWS

Fair housing laws protect people against housing discrimination in rental, sales, lending or homeowner's insurance decisions. In those situations it is illegal to consider:

- RACE
- DISABILITY
- FAMILIAL STATUS (Having Children in the Home)
- COLOR
- SEX
- PREGNANCY OR
- RELIGION
- NATIONAL ORIGIN
- AGE (40 & over)
- ANCESTRY

Sexual harassment in housing also is prohibited under the fair housing laws. Tenants and homeseekers are protected against sexual harassment by landlords, property owners, and/or agents.

Hate crimes too are prohibited under the fair housing laws. It is illegal to coerce, intimidate, threaten, or interfere with any person in the exercise or enjoyment of their housing situation. The law prohibits all persons from harassing or interfering with other persons who are enjoying their fair housing rights—the right to live freely in the neighborhood of their choice without the fear of threats or violence.

EXAMPLES OF DISCRIMINATORY PRACTICES

Everyone must be treated the same and be offered the same information, opportunities and use of facilities. To not offer a person the same opportunities as everyone else because of their status as a member of one of the protected classes is discrimination. Under the fair housing laws, it is illegal.

In the sale or rental of housing, no one may take any of the following actions **based on a person being a member of a protected class**:

- refuse to sell or rent housing;
- set different terms, conditions or privileges for sale or rent of housing;
- falsely state that housing is not available for inspection, sale or rental;
- provide different housing services or facilities (ie. substandard realtor services);
- steer to or away from particular neighborhoods;
- in lending—deny a request for application, deny a loan, impose a higher interest rate or down-payment;
- in homeowner's insurance—deny coverage, charge higher rates, offer policies with inferior coverage;
- in appraisals—undervaluing home
- deny housing because of children or restrict families with children to certain buildings/floors;
- for person with disabilities—deny reasonable accommodations and/or modification;
- make or publish advertisements that indicate preferences or limitations based on ie. race; and
- for profit, persuade owners to sell (blockbusting).

There are specific exceptions for personal residences, boarding houses and religious organizations. Additionally, housing for older persons is exempt from the prohibition against familial status discrimination where certain criteria are met.

Homebuyer Info.: STEERING

What is "Steering?"

Steering is the illegal practice (by real estate agents) of attempting to influence a person's choice of a housing location on the basis of one's color, race, national origin, religion, sex, familial status, disability, or age (over 40).

STEERING IS A FORM OF ILLEGAL HOUSING DISCRIMINATION!!

BEWARE OF:

- An agent failing to show you homes that meet your stated criteria throughout the region.
- An agent assuming what type of neighborhood you might desire, beyond the criteria you give.

REMEMBER:

- There are homes available in almost all price ranges throughout an area. If a specific location or neighborhood is not critical to you, a good agent should be willing to show you everything that is available that meets your criteria in **any** neighborhood.

FYI:

Be aware of the illegal practice of **blockbusting**. This is when a real estate representative induces, or attempts to induce a homeowner to sell a dwelling by saying, or implying, that other people of a protected class are moving into an area.

Choosing a Neighborhood

While a real estate representative may not limit what homes he/she shows you based on a protected class status, you, as the buyer/renter, may limit your search to a specific neighborhood or type of housing.

As important as the size and style of the house is the location of the property. Before settling on purchasing a specific home, a buyer should research the neighborhood where the house is located. The best method of picking a neighborhood is to spend time in a neighborhood. Simply parking on a street for an hour or two can be enlightening. Other ways of checking out a neighborhood include calling the local Planning Department or Police Department to see if there is a community group that plans activities such as block parties or crime watches. The local recreation department can inform you of opportunities for sports teams, street fairs, or other community events.

If you feel you have been steered to a certain neighborhood due to your status in a protected class, please call the FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY at 215.576.7711

Homebuyer Info.: MORTGAGES & LENDING

When people apply for mortgages, an additional federal law offers protection against discrimination – the **Equal Credit Opportunity Act** (along with the **Fair Housing Act**). On the state level, there is also the **PA Human Relations Act** (PHRA).

These three laws cover some of the same practices, but do have some differences.

The **ECOA** prohibits discrimination in any aspect of a credit transaction based on:

- Race or color
- Religion
- National origin
- Sex
- Marital status
- Age
- The applicant's receipt of income derived from any public assistance program
- The applicant's exercise of any right under the **Consumer Credit Protection Act**, the umbrella statute that includes ECOA.

Open House

Lenders may not discriminate in mortgage lending based on any of the prohibited factors listed above. For examples, lenders cannot:

- Discourage a prospective applicant from applying or deny a mortgage because of their protected class status.
- Impose different terms and conditions (such as a higher interest rate or a larger downpayment) on a loan for reasons relating the applicant's protected class status.
- Consider the race of the people living in the neighborhood where an applicant is interested in buying a house.
- Ask about the applicants plans for having or raising children, (but may ask about dependent related expenses)
- Refuse to consider reliable public assistance income in the same way as other income.
- Refuse to consider reliable income from part-time employment, social security, pensions, and annuities.
- Refuse to consider reliable alimony, child support, or separate maintenance payments, if you choose to disclose this information. A lender may ask you for proof that this income is received consistently.
- Require an applicant to have a co-signer if he/she alone meet the lender's requirements.
- Refuse to purchase a loan or set different terms or conditions for the loan purchase based on discriminatory factors.
- Refuse to accept as a co-signer someone other than the applicant's spouse. (If the property is owned with the applicant's spouse, he/she may be asked to sign documents permitting the applicant to mortgage the property).

How to Strengthen A Mortgage Application

Not everyone who applies for a mortgage will get one. Lenders will use factors such as income, expenses, debts, and credit history to judge applicants.

However, there are steps an applicant can take to ensure that his/her application gets full consideration. Make sure to show the lender all information that may support the application. For example, stable employment is very important to many lenders. Perhaps an applicant has changed jobs recently, but has been employed steadily in the same field for several years. If so, one should provide that information on the mortgage application.

A prospective applicant should obtain a copy of his/her credit report BEFORE applying for a mortgage. Reports sometimes contain inaccurate information. Errors should be reported/disputed with the credit bureau and the lender should be informed of the dispute.

Furthermore, if an applicant has had past bill-paying problems, such as a lost job or high medical expenses, a letter can be sent to the lender explaining the situation. Lenders must consider this information at the applicant's request.

Try for the Best Loan Terms – SHOP AROUND

Some mortgage lenders may attempt to charge some borrowers more than others for the same loan product. This may include higher interest rates or origination fees, or more points. Ask the lender if the quoted rate is the lowest offered that day. The lender will most likely be basing the loan offer on the list of mortgage rates frequently issued by that institution to its loan officers. A borrower should ask to see the list. If the lender refuses and the borrower suspects he/she are not being offered the lowest rates or points available, the borrower may want to negotiate for better terms or shop for another lender. Even if the borrower decides to accept terms that are not the lowest available, he/she should ask the lender why they did not qualify for better terms. The answer may help in correcting errors and becoming more creditworthy.

If Your Application Is Rejected

If your mortgage application is denied, the lender must give you specific reasons why, or tell you of your right to ask for them. **An applicant has the right to:**

- Know within 30 days of completing the application whether the mortgage loan is approved. If the application is rejected, the lender must tell the applicant in writing.
- Know specifically why the application was rejected, provided the applicant ask within 60 days.
- Know what is in his/her credit report, and dispute inaccurate credit bureau information. The credit bureau is required to investigate disputed information.
- Get a copy of the property appraisal from the lender. Mortgage applications can be turned down due to poor appraisals. Review the appraisal.. Check that it contains accurate information, try to determine whether the appraiser considered illegal factors, such as the racial composition of a neighborhood.

**Sources used: www.ftc.gov

If you feel you have been discriminated against in lending due to your status in a protected class, please call the FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY at 215.576.7711

Homebuyer Info.: PREDATORY LENDING

What is Predatory Lending?

Predatory lending takes many forms. It is very difficult to define but is characterized by abusive lending practices. Predatory lending typically affects the elderly, minorities and groups with lower incomes and less sophistication with loan terms. It is very critical to be able to identify predatory lending – failure to understand could ultimately lead to loss of a person's home. Don't get taken advantage of – learn the warning signs of predatory lending!!

What are the warning signs of Predatory Lending?

Before buying a house:

- Aggressive solicitations by lenders to targeted neighborhoods
- Kickbacks to mortgage brokers
- Steering to high rate lenders
- Targeting first time homebuyers
- Unsolicited sales pitch to consolidate loans or repair your home, with guarantee of “instant approval” , “no cash down” and “Bad credit -no problem”.

During the Sales or Application Process:

- Giving loans with payments the borrower can not afford
- Falsifying loan applications (particularly regarding income)
- Failure to give Truth In Lending Documents
- Forging Signatures on loan documents
- Consolidating loans (car loans and home equity loans)
- Loans in excess of 100% LTV (Loan amount exceeds 100% of value of home)
- Home Improvement Scams

Condition or terms of loans:

- High Annual Interest Rates – look in the paper for current rates
- High points or padded closing costs
- Balloon payments
- Inflated appraisal costs
- Padded recording fees
- Bogus fees
- Required Credit Insurance
- Single premium life insurance policies
- Repeated refinancing or “flipping”
- Excessive prepayment penalties

Where to turn to for help? Numerous laws cover predatory lending – Fair Housing laws, banking laws, consumer protection laws. It is confusing – but there are several places to start to get **free** help – HUD, PHRC, Community Legal Services, The State Attorney Generals Office, housing counseling agencies or credit counseling agencies, Freddie Mac. The Fair Housing Council has a list of available resources.

**Sources used: [Predatory Lending: Why you need to read the small print.](#) PHRC 2001

If you feel you are a victim of predatory lending due to your status in a protected class, please call the
FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY at 215.576.7711

Homebuyer Info.: HOMEOWNER'S INSURANCE

What is Homeowner's Insurance?

Homeowner's insurance protects against losses for damage to the physical structure of one's home. In most cases, it also covers the contents of one's home, and protects against liability for personal injuries that might occur on one's property.

Discrimination in the homeowners insurance industry occurs when an insurer unlawfully treats a current or prospective homeowners' differently because of their race, color, gender, national origin, religion, familial status, disability, or age (over 40).

These differences in treatment may include such things as:

- charging higher rates
- offering policies with inferior coverage
- not returning calls for information
- Denying coverage altogether

Furthermore, some insurance companies either resist writing any insurance in predominantly minority and low income neighborhoods, or provide only over-priced, inferior insurance policies in such areas. This illegal practice is referred to as **Insurance Redlining**.

Because of redlining, residents of urban communities, particularly residents of low-income and minority neighborhoods, face greater difficulty in obtaining high-quality homeowners insurance than residents of other areas.

Availability and affordability problems for these communities contributes to and furthers urban decay and disinvestment. The lack of affordable insurance is a material deterrent to homeownership and economic development in low income and minority communities. Without insurance, people simply cannot buy homes. And without high quality insurance, homeowners in these areas are forced to cover much of their loss out of their own pockets—losses they had hoped insurance could cover!

DO YOUR RESEARCH!!

When shopping for homeowners insurance, remember to do some research. You will find that both prices and products vary from company to company. This will take some time, but it will increase your choice of products and could save you money. Ask your friends, check your local yellow pages, call the agency you have car insurance with, call a housing counseling agency, check consumer guides, utilize online insurance quote services, or contact the Pennsylvania Insurance Department at www.insurance.state.pa.us, or 717-787-3289.

**Sources used: www.fhcsp.com

If you feel as if you may have been denied insurance for discriminatory reasons, please contact the FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY at 215-576-7711.

Homebuyer Info.: APPRAISALS

WHAT IS AN APPRAISER/APPRAISAL?

An **appraisal** is an estimate of the value of a specific residential property. An appraiser is a professional person who can tell you what your home is worth. Before you qualify for a mortgage, an appraiser will come to your home and list the features of your home, including the number and size of the rooms and such features as a fireplace, porch, pool, or garage. The appraiser will then compare your home and property to other similar homes that have recently sold in your area. This is called an **appraisal**. It is an estimate of the value of a property by comparing similar homes in your area and taking into account other factors that affect market value of homes. It is very different from a home inspection. A home inspection warns a homebuyer about anything in a home that may need to be fixed.

WHY DO YOU NEED AN APPRAISAL?

When you are financing or refinancing your home the lender will require an appraisal. The appraisal will give the lender an idea of the value of your home. Mortgages are determined based upon the appraised value of the home. The cost of having an appraisal conducted is most often the burden of the homebuyer or person who is refinancing. According to current information, the average cost of an appraisal for a new home purchase is \$200 to \$300.

CAN I SEE A COPY OF THE APPRAISAL?

If you suspect that an appraisal is inaccurate, ask for a copy of the appraisal. Review it for accuracy and then speak to your lender. If you feel your home has been under appraised because of illegal considerations you can report your concerns and file a complaint.

HOW CAN APPRAISALS BE DISCRIMINATORY?

Banks and lending institutions will generally not approve a home loan unless the amount of the loan is under a certain percentage of the appraised value of the property. Discriminatory appraisals typically arise from situations where a home is appraised too low to qualify for a particular mortgage and the appraisal was based on racial or other prohibited consideration, such as ethnic composition of a neighborhood.

It is illegal for an appraisal to be tied to race or any other protected class.



If you feel your appraisal is inaccurate because of discriminatory reasons, please contact the FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY at 215-576-7711.



APRIL EVENTS—FAIR HOUSING MONTH!!!

INTERCULTURAL FAMILY SERVICES

When: APRIL 1st

Where: 4225 Chestnut Street, Philadelphia

- staff training conducted by Beth Albert, FHC Executive Director

FREE HOMEBUYERS WORKSHOPS

When: APRIL 2nd, APRIL 9th, & APRIL 15th

7:00 pm to 8:30 pm

Where: 4/2—Norristown (Norristown Library—1001 Powell Street, Norristown)
 4/9—Willow Grove (Coldwell Banker Diamond—705 N. Easton Road, Willow Grove)
 4/15—Pottstown (YWCA—315 King Street, Pottstown)

**Sponsored by the Montgomery County Partners for Home Ownership*

**For more info. call: (610) 275-4357 or (610) 278-3540*

FREE WORKSHOP—CULTURAL PROFICIENCY: THE NEXT WAVE

When: APRIL 4th

9:30 to 4:30

Where: Human Services Building
 1430 DeKalb Street, Conference Room E, Norristown, PA

- a one day training for individuals, housing providers, and nonprofits offered by Project Equality
- speaker: Kirk Perucca

**Sponsored by Fair Housing Council of Montgomery County*

**For more info. contact FHC of MontCo. at: (215) 576-7711 or email: fairhous@libertynet.org*

FAIR HOUSING ISSUES IN OUR COMMUNITY: PREDATORY LENDING

When: APRIL 11th

8:30 am to 12:00 pm

Where: Greater Plymouth Community Center, Plymouth Meeting, PA
 (SEE BACK OF NEWSLETTER FOR DETAILS)

PUERTO RICAN PANORAMA

- WPVI—TV Channel 6 (ABC); Saturdays @ 1:00 pm
- Discussion about fair housing discrimination in the Hispanic Community with: Elizabeth Albert, FHCMC; Arthur Haywood, Attorney—Lord & Haywood; & Rev. Luis Cortes, Nueva Esperanza

FAIR HOUSING SCHOOL POSTER CONTEST

- MARCH & APRIL—An educational program designed to promote awareness & intolerance of discrimination—in our neighborhoods & in finding housing—held in local MontCo. schools.
- AWARDS CEREMONY—MAY 20th at 6:30, FHC office

24TH CONNECTICUT ANNUAL FAIR HOUSING CONFERENCE

When: APRIL 25th

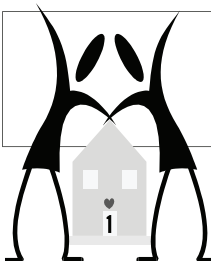
Where: Bridgeport Connecticut

- Elizabeth Albert, Executive Director, and Attorney Arthur Haywood to discuss a recent FHC of MontCo. case based upon voice identification/racial discrimination

Fair Housing Bus Poster

- posted on SEPTA buses in MontCo. throughout March, April and May

Please come and join us in our April activities and
 celebrate Fair Housing Month!!!!



DELAWARE VALLEY FAIR HOUSING PARTNERSHIP

The Delaware Valley Fair Housing Partnership is a collaboration of area agencies and individuals that work in the area of fair housing. The Partnership formed in 1996 to coordinate efforts to enforce fair housing in the Delaware Valley Region. Current members are: Fair Housing Council of MontCo.; Fair Housing Action Center at TAG; Public Interest Law Center of Phila.; Lord and Haywood; Housing Consortium for Disabled Individuals; Congresso; and Intercultural Family Services. In previous years, the Partnership has received HUD FHIP funds for joint enforcement and testing. These funds allowed members of the Partnership to investigate fair housing complaints that lead to enforcement of fair housing laws and ultimately is a deterrent to discriminators.

In 2002, the HUD FHIP did not fund any private fair housing agencies in the region for enforcement of fair housing. Despite the lack of funding, the Partners are committed to continue their fight against housing discrimination in the region.

STAFF CHANGES

Elizabeth Stamm

The Fair Housing Council welcomes aboard Elizabeth Stamm. Elizabeth is the Education & Outreach Project Coordinator for our new FHIP EOI grant. Elizabeth, a Temple Graduate, comes to the Council from the Center for Strategic and International Studies, in Washington, D.C. She is bilingual in Spanish and is working hard to establish connections and provide fair housing information to groups and agencies in the area, with special emphasis on working with immigrants and people with disabilities.

Lily Park

Lily Park, Testing Coordinator, recently left the Council to work with one of our partners, the Fair Housing Action Center (FHAC) at TAG (Tenant's Action Group) of Philadelphia. Lily's position at FHAC is Program Manager. Lily had been with the Council since 1999 working most recently as test coordinator and previously as Assistant Director. We wish Lily the best in her new position!

"NO PLACE FOR HATE" Campaign in Abington Township

"No Place for Hate" (Anti-Defamation League Campaign) is a program currently being developed in the Abington Community under the leadership of Joanne Weaver-Stroh. Key people have been invited to join a broad-based committee whose purpose is to develop an awareness of the need for a program of prejudice prevention. Strategies are being planned within the community organizations, houses of worship and the school district to promote respect for individual and group differences and to prevent hate crimes. As well Abington's Board of Commissioners has endorsed the Anti-Defamation League's "No Place for Hate" proclamation.

The proclamation states that Abington and its citizens:

- **will maintain a policy of zero tolerance for hate crimes;**
- **will do their best to interrupt prejudice and stop those who, because of hate, would hurt, harass, or violate the civil rights of anyone; and**
- **will undertake a serious year-round program to mobilize key leadership segments in the community to creatively address any issue that will help promote a recognition and encouragement of diversity.**

The "No Place for Hate" group meets monthly. On March 19, 2003, the Council was invited to offer a housing perspective in a panel presentation on "The State of Hate in Abington". For future meetings or for more information contact David Rondinelli, Community Division of the Abington Police Department at 267-536-1074.



FAIR HOUSING SCHOOL PROGRAM

Since 1997 we have held our annual Fair Housing children's program on combating housing discrimination. T-shirts have been made of the winning posters every year. All the t-shirts are available for \$10 and come in various sizes. Call for details & orders.

The 2003 design will be available in this summer!!!

TO PLACE YOUR ORDER, Mail a \$10 check to:

Fair Housing Council of MontCo.
105 E. Glenside Ave., Suite E, Glenside, PA 19038

Help us fight against discrimination... BECOME A MEMBER!!!

The Fair Housing Council of Montgomery County invites you to become a member. The Council is a private, non-profit organization dedicated to fighting housing discrimination in Montgomery County. As the only local agency whose sole mission is to ensure equal housing opportunities in Montgomery County, the Council has been working hard for you! By becoming a member, you can help guarantee that fair housing remains a part of your community.

With your support, the Council will continue providing educational programs to consumers and real estate professionals, advocacy for victims of housing discrimination and access to information on open and affordable housing in Montgomery County.

YES, I'D LIKE TO BE A MEMBER OF THE FAIR HOUSING COUNCIL!

Name or Organization _____

Address _____

Phone _____ Fax _____

Choose One— T-shirt

SIZE: ___ Small ___ Large ___ X-Large

MEMBERSHIP RATES:

r Individual (\$25)

r Nonprofit Org. (\$35)

r Corporate (\$50)

MAKE CHECK PAYABLE TO: FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY
MAIL TO: 105 E. Glenside Ave., Suite E
Glenside, PA 19038

Questions? Call us at (215)576-7711

**Thank you for supporting the fight against
housing discrimination!**



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In This Issue...

HOME BUYING AND FAIR HOUSING ————— APRIL IS FAIR HOUSING MONTH!!!

Save the Date!

Friday, April 11, 2003

8:30 AM to 12 PM

**FAIR HOUSING ISSUES
IN OUR COMMUNITY:
PREDATORY LENDING**

**A Workshop for Government, Nonprofits, Housing
Agencies, and the Public**

- How to Identify and Understand Predatory Lending
- How It Affects Our Communities
- Remedies for Victims

Location:

Greater Plymouth
Community Center
2910 Jolly Road
Plymouth Meeting, PA

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