
◆ Open House ◆

Newsletter of the Fair Housing Council of Montgomery County

Issue XXII

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OUR BATTLES THIS YEAR:

- ***Discrimination Against Families with Kids***
 - ***Predatory Lending Scams***
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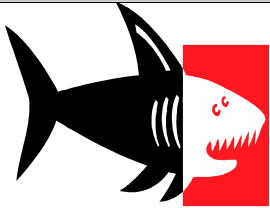
April's here—Fair Housing Month! Spring is the time of fresh beginnings, of renewal, of change, both of the earth and of the housing market too. As the weather warms, we see rentals and sales really “heating up” as people look to change their housing situation -to get a better apartment or perhaps to fulfill a dream and buy a home or to refinance or repair the house they have. *Yet it's also the season when the incidence of housing discrimination increases.* So we've launched two public education campaigns that focus on two at-risk populations—*elderly/minority/low income homeowners targeted in predatory lending scams and families with children denied rental housing.*

1) Predatory Lending and the “Don't Borrow Trouble Campaign”

Reacting to Pennsylvania's skyrocketing number of foreclosures triggered in part by predatory loans, the Council has joined forces with Freddie Mac and 60 other public, private and governmental agencies in four suburban counties to combat abusive lending practices via the “Don't Borrow Trouble” Campaign. Both a public-education and mortgage-foreclosure prevention initiative, the Campaign is fighting unscrupulous lenders who deceive inexperienced borrowers into signing loans riddled with exorbitant interest, hidden fees, unnecessary expenses, balloon payments, and deceptive charges which strip equity from the home and make it impossible to repay. To prevent this, a free help line has been set up to assist consumers with issues involving home purchase, refinancing, home equity loans, debt consolidation, foreclosure and to refer them to experts for further assistance.

2) Families Need a Place to Live Too! Familial Status Discrimination

Only 38% of Americans realize that it is illegal to refuse to rent to families with children or to treat them differently by charging higher security deposits, steering, etc. Ignorance of the law means that this 3rd most common form of housing discrimination often goes unchallenged, with devastating consequences. Compounded by a scarcity of affordable housing, familial status discrimination can result in homelessness for families! That's why we've undertaken a public relations “blitz” about the issue. Besides being a focus of our consumer and housing-provider trainings, we're also conducting outreach to churches & community groups and distributing thousands of flyers and posters to numerous childcare, human service, and county agencies, along with SEPTA bus ads throughout the Delaware Valley.



WHAT IS PREDATORY LENDING? WHY IS IT A "FAIR HOUSING" ISSUE?



Essentially, a predatory loan is a dishonest loan! Often based on deceptive marketing techniques, it's one that is loaded with excessive fees and insurance, higher-than-warranted interest rates, unnecessary charges, and all types of hidden fees which have the net effect of stripping equity from the home and making it very difficult to repay or refinance over time. Too often the borrower ends up in foreclosure or bankruptcy. Predatory loans may start out as "subprime" loans in which fees and interest are normally higher than conventional loans because the borrower represents a greater risk to the lender due to factors such as less than perfect credit. ***Subprime loans are not necessarily predatory loans.*** In a predatory subprime loan, however, the borrowers' expenses **cannot** be justified by the actual risks and costs to the lender.

It's called "**predatory**" because it describes a situation in which an unscrupulous lender or mortgage broker specifically "preys" on certain people who are vulnerable to being exploited by this kind of scam—people that don't have the necessary information to recognize a bad deal. Victims of predatory loans tend to be seniors, minorities, lower income people, first time homebuyers, and people who live in red-lined neighborhoods who are shut out of the prime lending market. Very often these people have less experience with the banking industry to see the hidden pitfalls of the loan.

Although predatory lending is a serious "consumer fraud" problem, it is ALSO very much a fair housing issue because of the types of people usually targeted by predatory lenders - **seniors and minorities**. Senior homeowners on fixed income who may need a major home repair are the #1 target for predatory lenders who promise low interest rates, cash back, and low monthly payments. Fraudulent lenders then pack the loan with refinancing costs, junk fees, and huge balloon payments. As a result, thousands of seniors have lost the home they worked their whole life to pay off. Minorities, who may live in redlined neighborhoods not served by conventional lenders, are also regularly targeted. Hispanics, for example, are **FOUR TIMES** more likely to pay more for a home loan than other groups. Among numerous deceptive lending practices two of the most common are: 1) **BALLOON PAYMENTS** -loans that require a large or "balloon" payment at the end of the loan that could amount to nearly the total loan amount- i.e. a final payment of \$80,000 on a \$90,000 mortgage; and 2) **LOAN FLIPPING** - the practice of repeatedly refinancing or flipping a mortgage loan without benefit to the borrower in order to profit from high origination fees, closing costs, points, prepayment penalties and other charges. These additional costs reduce the borrower's equity in their home. Although the lower interest rate results in a loan with a slightly smaller payment, the additional points and fees make the total transaction more costly to the borrower than the original loan.

The good news: Expert help is now available to help at-risk borrowers sort through the dangerous waters of home lending—it's the FREE HOTLINE of the Don't Borrow Trouble Campaign of Suburban Philadelphia. Call 888 275-8843. Hotline hours: Monday - Thursday 9:00 AM -1:00 PM.



Unfortunately, predatory lenders do not have sharp teeth and fins. They will seem like nice, friendly, helpful people. They are trained to gain your trust. So, how will you know?

HOW TO SPOT A PREDATORY LENDER

- None of your questions get answered. Or their answers don't really make sense. **A good lender explains your loan in everyday language**
- They pressure you to sign things before you're ready or rush you through the paperwork. **A good lender won't pressure you.**
- They don't explain or tell you about all the costs for getting the loan. **A good lender will explain the costs and the services you're getting.**
- Things change at the closing. You're not getting the loan you were promised. **A good lender honors their commitments.**
- They want you to borrow more money than you need. **A good lender will let you decide how much money you borrow.**
- They make you feel like you don't have any other choices, as if no one else will give you a loan. **A good lender will let you know your options.**
- They give you a quick "yes" but it may not be the best loan for you. **A good lender will give you time to explore your options.**
- You have the feeling something's just not right. Listen to your instincts. **A good lender makes you feel informed and confident.**

Don't let a predatory lender pressure you into a costly loan. If you have questions about your loan, call 888.275.8843 or visit www.dontborrowtroublesepa.org for free advice. As a public education campaign, we will provide you with information to help you understand your options.

- from Don't Borrow Trouble Of Suburban Philadelphia www.dontborrowtroublesepa.org



IMPORTANT NEW RESEARCH:

Research on Foreclosures

April 2005, the Center for Community Capitalism at The University of North Carolina at Chapel Hill (UNC) released a study linking predatory loan terms to increased foreclosures. Specifically, the inclusion of prepayment penalties and balloon payments in refinanced sub prime mortgages dramatically increase the risk of foreclosure, even after controlling for credit scores, loan terms, and economic factors. The foreclosure rate in the sub prime mortgage market is over 10 times higher than in the prime market. Almost 21% of first-lien sub prime refinance loans from 1999 had entered foreclosure by December 2003. It represents the first of its kind to establish that abusive loan terms are directly related to foreclosure.



Mortgage Foreclosures in Pennsylvania. Report by The Reinvestment Fund

Pennsylvania has some of the highest foreclosure rates in the nation. It ranks 9th in the nation for prime loan foreclosures and with subprime loan foreclosures, it ranks even higher at 4th. The study reveals that there are some factors that are particular to Pennsylvania. These include ineffective regulations to protect homeowners, the rising costs of owning as well as maintaining homes and abusive lending practices in segments of the mortgage market. Go to www.trfund.org for the full report.

AND IN CASE YOU THOUGHT THAT DISCRIMINATION AGAINST AFRICAN- AMERICANS WAS BECOMING A THING OF THE PAST

The nation is experiencing a crisis of housing segregation, proclaims a report by the National Fair Housing Alliance (NFHA). The [2005 Fair Housing Trends Report](#) is based on 2004 housing discrimination complaint data compiled from NFHA member agencies nationwide, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Justice (DOJ) and state and local government agencies. Concurrent with the release of this report, NFHA is filing the first of what will be several complaints against real estate firms throughout the nation. Over the past two years, NFHA conducted extensive testing of real estate companies located in twelve metropolitan areas. **NFHA's testing revealed discriminatory behavior and comments that are both striking and pervasive.**

Given these widespread findings of discrimination in real estate practices, the [2005 Trends Report](#) also addresses the nature and extent of racial segregation in this nation. It highlights what amounts to a **crisis of racial segregation** at a time when funding for and commitment to the enforcement of fair housing laws is in a precipitous decline.

NFHA's report contains information about the nature and costs of racial segregation in the United States. Segregation not only normalized and reinforces racial differences, it also correlates with many other social and economic ills: an erosion of the municipal tax base in many communities, school segregation, and significant gaps in personal wealth between African American and White households. NFHA estimates that more than 3.7 million fair housing violations are committed annually against minority home seekers.

Complete report at www.nationalfairhousing.org.

Fair Housing Highlights of 2004

Education and Outreach Activities

In 2004 the FHCMC conducted over 88 Fair Housing presentations or training's in a variety of locations and venues throughout the region. Over 1,170 people received fair housing information during these sessions and more than 15,000 pieces of fair housing material were distributed in the County at events and through the mail during the year.

The FHCMC's compliance training—Best Practices-How to Get Caught Complying with the Law, was offered to realtors, apartment managers, and landlords. This annual training featured speakers from: the Pennsylvania Human Relations Commission; Paul Brant, a Realtor who also helps us with our school program in the Souderton area; and attorney Arthur Haywood. The FHCMC presented fair housing compliance training to 78 members of the Apartment Association of Greater Philadelphia in the fall of 2004. The feedback from the audience of managers and leasing agents was outstanding, including comments such as "The best fair housing training I ever received". This training has recently been presented for several large management companies upon request— and demand continues to grow!

Community Linkages

The Council realizes the importance of networking and communicating with other community groups and advocacy organizations. In 2004 Council staff participated with the Fair Housing Partnership, the Pennsylvania Human Relations Commission Montgomery County Advisory Committee, the Montgomery County Housing Coalition, the Montgomery County Partners for Homeownership, Norristown Weed and Seed Housing Subcommittee, the Inclusive Communities Workgroup of the PA. Housing Alliance, Liberty Resources Housing Group, HUD's Fair Housing Task Force and the Quad County Anti- Predatory Lending group (now called the Don't Borrow Trouble Of Suburban Philadelphia). Furthermore, the Council is a supporting member of the Anti-Defamation League's - *No Place for Hate* Campaign and Abington Township's No Place for Hate Rapid Response Team.

Enforcement Activities

For those who allege that they have been illegally denied housing or treated in a discriminatory manner, the FHCMC provides referrals, investigation, advocacy and complaint resolution. The FHCMC informs clients of their rights under state and federal fair housing laws, counsels complainants on their option to file complaints, and makes referrals to administrative enforcement agencies and attorneys. The FHCMC maintains a pool of trained testers who assist in investigations. In 2004 the FHCMC received 102 complaints of discrimination.

The following is a breakdown of complaints by protected class:

Race/Color	21
Disability	52 (* 33 reasonable accommodation issues)
Familial Status	19
Gender/Sex	2
National Origin	5
Religion	2
Other	17

**Some complaints received in 2004 were based upon more than one protected class.

One family's story:
WHEN FINDING HOUSING BECOMES A NIGHTMARE

Chris W. was recently separated when her landlord told her that her rental home was being sold and she would have to find other housing for herself and her two kids. She immediately started scouring the ads for a new place - "nothing fancy, just decent and affordable." Rents were high but she worked as a school bus driver and received child support- surely she would find something quickly. After weeks of searching the classifieds, calling landlords, and visiting apartments after work and on Saturday mornings, she finally got her new housing - *a homeless shelter*. How did it happen?

Chris had been told repeatedly by landlords that they would not rent to her in spite of the fact that she had adequate income, good credit, and an excellent rental history. She was denied housing because she had "baggage" that many landlords find unacceptable. And what was this huge obstacle to finding a place to live? ***She had children under the age of 18 living with her.***

Denying housing or setting different conditions because there are children in the household has been illegal since 1988. Although ***familial status discrimination*** is expressly outlawed by the Federal Fair Housing Act, it is still one of the most persistent forms of housing discrimination in America..

Common illegal activities range from a landlord's outright refusal to rent to families with children, to charging higher rents or security deposits when kids are involved, or insisting that a boy and a girl cannot share a bedroom, thereby forcing the family to pay even more for rent. The Council has made education on familial status discrimination a priority because it occurs so frequently and is one of the most misunderstood type of housing discrimination. Our Director, Beth Albert, notes: *"While most people know that refusing to rent to someone because of their race or national origin is illegal, the majority of people still think that it's perfectly legal to deny housing to a family with children."*

When this practice is compounded by a market where affordable rentals for low-income households are already scarce, the consequences can be devastating. Too few affordable apartments *together with* discrimination against families with kids can leave a family with NO housing options at all!

And what happened to Chris and the children? It took her a full four months of living at the shelter and then two years at a transitional housing program to finally find permanent housing. After her ordeal she filed a complaint with the Fair Housing Council against the landlord who refused to rent to her and her children. The case was settled at HUD. Chris used her portion of the settlement as a down payment on a house and is now a homeowner.

The Council's Enforcement Program is aimed at resolving charges of discrimination through intervention, investigations of discriminatory activity, and the filing of administrative complaints or lawsuits. The Council also offers workshops to the general public, landlords, property managers, realtors, housing advocates, social service agencies, and governmental staff to promote a better understanding of federal and state fair housing laws and to expand equal housing opportunities.

*If you don't
want to fight
housing
discrimination
for yourself,
do it for your
kids.*



FAMILIES WITH CHILDREN ARE BEING DENIED HOUSING

If you have children and a landlord refuses to rent to you, requires a higher security deposit, limits the use of facilities...that could be discrimination. And housing discrimination based on your having children is against the law.

Housing providers **MAY NOT**:

- mandate that boys and girls have separate bedrooms
- relegate families with children to specific buildings of an apartment complex, to specific sections of a building, or to the first floor of a building
- inquire about pregnancy and/or childcare arrangements
- deny housing based on their own beliefs that the housing being offered is not suitable or safe for children (but OK for adults)
- force a tenant to move because of a pregnancy

**IF YOU FEEL YOU HAVE BEEN DISCRIMINATED AGAINST OR WANT TO
KNOW MORE INFORMATION, PLEASE CONTACT:**

FAIR HOUSING COUNCIL OF MONTGOMERY COUNTY

105 E. Glenside Avenue Suite E

Glenside, PA 19038

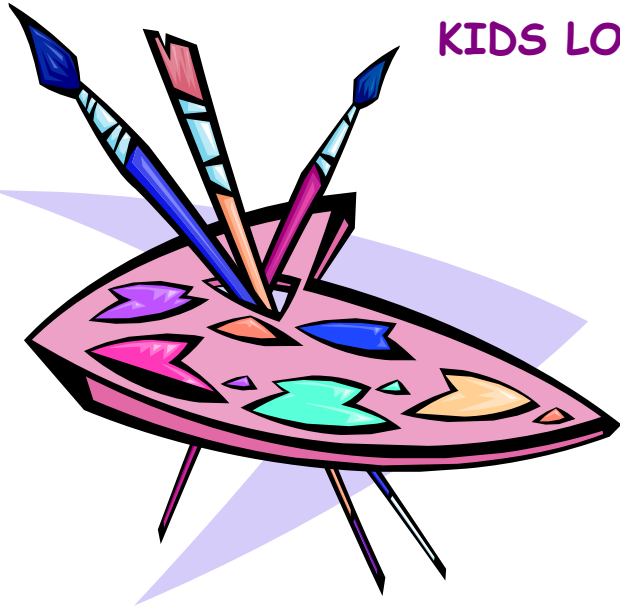
(215) 576-7711

www.fairhousingmontco.org

Fair Housing School Program and Poster Contest

"....And the winners are....."

KIDS LOVE FAIR HOUSING MONTH!!!



We are pleased to announce that our ANNUAL SCHOOL PROGRAM AND POSTER CONTEST was a huge success! Beginning in February and forming a big part of the "April is Fair Housing Month" activities, this popular program teaches kids about housing discrimination and the value of fair and open neighborhoods. For the past 8 years the Council has been offering this program in participating elementary and middle schools in Montgomery County. The program features a simple interactive format that the kids love.

It starts with a classroom presentation by the Council's Education and Outreach Coordinator, followed by a short video showing several examples of housing discrimination. Kids are encouraged to talk about their own concepts of fairness and the impact that discrimination has on people and communities (this part of the discussion can sometimes be humorous—but always fascinating!). Then they're invited to create their own FAIR HOUSING POSTERS—expressing themes of diversity, tolerance, fairness, combating housing discrimination and open neighborhoods. Of all the posters entered, nine finalists are chosen and entered into a county-wide contest to compete for the honor of having their poster selected as the "2005 Fair Housing T-Shirt" Three individual winners from each school will be honored during a ceremony at the district's monthly school board meeting during May.

Thanks to the following participating schools:

- **Norristown Borough**- After school programs at Hancock, Gotwals, and Marshall Street Elementary Schools, and Eisenhower, and Stewart Middle Schools
- **Cheltenham Township**—Elkins Park Middle School: 6 classes
- **Salford Township**. Salford Hills Elementary

We offer a very special thanks to all of the teachers and site coordinators who so enthusiastically participated in the program and also a special thanks to Mr. Paul Barndt, who conducts the lecture and poster contest in the Salford Hill School District. Also thanks to Montgomery Association of Realtors who have supported this event for the past 8 years. If you want your school to participate next year, contact Rita Fitzgerald at the FHCMC.

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

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

MEMBERSHIP RATES:

- Individual (\$25)
- Nonprofit Org. (\$35)
- Corporate (\$50)



FAIR HOUSING T-SHIRT

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.

**TO PLACE YOUR ORDER CALL THE COUNCIL
OR MAIL A CHECK TO:**

**Fair Housing Council of
Montgomery Co.**
105 E. Glenside Ave., Suite E,
Glenside, PA 19038

**THANK YOU FOR SUPPORTING THE FIGHT AGAINST
HOUSING DISCRIMINATION!**



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

www.fairhousingmontco.org

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In This Issue...

National Update and Local Issues



UPCOMING CONFERENCE

How to be a Local Hero

Development Decisions for Stronger Communities

A New Seminar for Local Officials and Developers

At the Scanticon Valley Forge Hotel and Convention Center .

Thursday, April 28, 3:00 - 8:00pm Framing Decisions-New thinking to help local leaders and developers tackle tough development decisions - and come out winning. Reception.

Friday, April 29, 9:00-2:30 Room for Me in the Neighborhood? Making a home for people with disabilities. Best practices and technical training for architects, developers and decision-makers. Lunch Included.

Register for one or both days.

Registration forms at www.fairhousingmontco.org or call the FHCMC at 215-576-7711.