

Predatory Lending

Predatory lending is the practice of preying upon or taking advantage of an individual or group of people who may have a difficult time buying or refinancing a home.

Who is at risk?

- Low-income families
- Minorities
- Seniors
- Persons with disabilities
- All person in the seven protected classes based on: race, national origin, color, disability, gender, familial status, and religion

Predatory Lenders: What do they do?

- False appraisals
- Encourage false information
- Lend more than can be repaid
- Charge more interest based on race or national origin
- Charge for unneeded products and services
- Pressure borrowers to accept higher risk loans
- Target vulnerable borrowers
- Charge high fees
- Include pre-payment (early payment) penalties
- Include mandatory arbitration to limit right to sue
- Steering

Possible signs of Lending Abuses

- House costs more than similar ones in the neighborhood
- Sales contract or loan document has blanks or false information
- Cost or closing terms are different then agreed to or disclosed up front

Protect Yourself

- Educate yourself about homeownership
- Interview real estate professionals
- Have the property inspected
- Research market prices for similar/comparable homes
- Shop for a lender
- Read everything carefully and ask questions
- Watch that the cost does not increase
- Don't be persuaded to borrow more then you can afford
- Don't sign a blank document or a document containing blanks that are not filled in
- Don't make false statements about your intention to live in the home

FHA Loans Title I

This applies when the home is going to be used as the principal residence of the borrower and may be used to purchase or refinance a developed lot on which a manufactured home will be placed, a manufactured home, or a home and lot.

There are limits to the amounts available for borrowing based on whether the purchase is just for the home, just for the lot, or for both a lot and home. In some areas the maximums may be increased based on the area where the home is to be located.

Maximum Loan Terms:

- 20 years for a loan on a manufactured home or on a single-section manufactured home and lot
- 15 years for manufactured home lot loan
- 25 years for a loan on a multi-section manufactured home and lot

The manufactured home and borrowers must meet the minimum requirements. For more information please see the HUD website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/title/repair

FHA Loans Title II

To be eligible for FHA mortgage insurance, all manufactured homes must comply with the following:

- have a floor area of not less than 400 square feet;
- be constructed after June 15, 1976, in conformance with the federal Manufactured Home Construction and Safety Standards, as evidenced by an affixed certification label (manufactured homes produced prior to that date are ineligible for insured financing)
- be classified as real estate but need not for purposes of state taxation
- the mortgage must cover both the home and site and shall have a term of not more than 30 years from the date amortization begins
- built and remains on a permanent chassis
- designed to be used as a dwelling with a permanent foundation built to FHA criteria; and
- meet the requirements to avoid flooding

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfhp1-9a

Veterans Administration

Eligible:

- Veterans
- Active duty personnel
- Certain reservists and National Guard members
- Surviving spouses of persons who die on active duty or die as a result of service-connected disabilities
- Certain spouses of active duty personnel who are (a) missing in action, (b) captured in line of duty by a hostile force, or (c) forcibly detained by a foreign government or power

You get your loan from a private lender, and VA “stands behind” the loan with that lender. If something goes wrong and you can't make the payments anymore, the lending institution can come to the VA to cover any losses they might incur. The VA loan guaranty is this “insurance” that we provide the lender. Most loans are handled entirely by lenders. The VA rarely gets involved in the loan approval process. VA doesn't specify a maximum loan amount. But the law does set limits on the amount of liability we can assume. This usually affects the amount of money an institution will lend you. The lender may be able to increase the size of the loan if you can make a down payment.

<http://www.benefits.va.gov/homeloans/lp.asp>

Rural Housing Services

There are various types of loans and loan insurances available through RHS under the U.S. Department of Agriculture. For more information about specific opportunities visit their website:

<http://www.rurdev.usda.gov/rhs/>

For additional assistance, you may wish to contact HUD's Housing Counseling Clearinghouse. HUD approved housing counseling agencies provide housing counseling to renters, first-time buyers, and homeowners. Homeowners with problems that could result in default of their mortgage or foreclosure on their property need to contact a HUD approved housing counseling agency immediately. HUD's Housing Counseling Clearinghouse operates a toll-free 24-hour automated voice response system that provides referrals to local housing counseling agencies, at (800) 569-4287. Referrals are also available to Spanish-speaking consumers.

The Fair Housing Act and Fair Lending Act apply to manufactured housing the same as they apply to apartments and more traditional homes. More information regarding these statutes is available at www.idaholegalaid.org.

Lenders can not discriminate on the types of loans available to help finance the purchase of a manufactured home based on any of the protected classes, including: race, color, religion, sex, national origin, familial status (the presence or number of children in a household) or disability.

Manufactured housing standards are created and enforced by HUD. HUD provides two types of consumer protection. The borrower must sign a HUD Placement Certificate agreeing that the home has been installed and set-up to their satisfaction by the retailer before the lender can give the loan proceeds to the retailer. After moving in, the borrower can call HUD at (800) 927-2891 to get assistance about the problems with construction of the home.

Financing Options

There are several alternatives to financing a manufactured home.

- The most common method is through a retail installment contract through the retailer.
- Government insured loans:
 - Fair Housing Administration (Title I & II)
 - Veterans Administration
 - Rural Housing Services under the U.S. Department of Agriculture
- Private lending institutions may also have loans available if the home does not qualify for other loans.

What can I do ?

The following are resources you may contact for questions and information regarding housing discrimination:

- Consumers, realtors, housing providers, and lenders may contact the Fair Lending/Fair Housing Legal Advice Line by calling Idaho Legal Aid Services, Monday through Friday, 9:00 a.m. to 12:00 p.m., M.T., (208) 345 0106 in Boise calling area, or statewide toll-free 1-866-345-0106, or (TTY) 1-800-245-7573.
- En Español llamada gratis estatal, 1-866-945-2591 o 454-2591 en el área local de llamadas en Caldwell.
- **Idaho Legal Aid Services Inc. (ILAS)**
310 N 5th St. Boise, ID 83702
208-345-0106 in Boise
1-866-345-0106 (toll-free)
TTY 1-800-245-7573
www.idaholegalaid.org
- Visit the Idaho Legal Aid Services website (above) for fair lending and fair housing information and materials.
- **Intermountain Fair Housing Council**
(208) 383-0695 in Boise –or–
1-800-717-0695 (toll-free)

- **U.S. Department of Housing and Urban Development (HUD)**
Seattle and Washington DC
1-800-669-9777
1-800-927-9275 (TDD) *or*

FHEO Hub Office

909 1st Ave, Ste 205, OAE
Seattle, WA 98104
(800) 877-0246 or (206) 220-5170
TDD: (206) 220-5185
FAX: (206) 220-5447

If you wish to file a complaint against a lender you may do so by calling HUD at the number above or by filling out an online form found at:

http://portal.hud.gov/hudportal/HUD?src=/topics/housing_discrimination



“The work that provided the basis for this publication was supported by funding under a grant with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations do not necessarily reflect the views of the federal government.”



Idaho Legal Aid Services, Inc.

**Fair Lending:
Manufactured
Housing**

What is a manufactured home?

A manufactured home is a structure formerly known as a mobile home. It is built to the Manufactured Home Construction and Safety standards set by HUD and displays a red certification label on the outside of each transportable section. The certification is available only to those homes manufactured after June 15, 1976, when the standards were implemented and cannot be received for any constructed prior to this date.

The structure is built in a manufacturing plant and transported in one or more sections on a permanent chassis.

In the State of Idaho, manufactured housing constitutes real property if the running gear is removed and (1) it becomes permanently attached to a foundation, and (2) the owner records, with the county recorder's office in the county where the home is located, a statement of intent to declare it as real property. (Idaho Code § 63-304.)

The structure must be transportable in one or more sections which, when in traveling mode, is at least 8 feet wide and at least 40 feet long, or when put together is at least 320 square feet and which is built on a permanent chassis and intended to be used as a dwelling with or without a foundation. (Idaho Code § 28-9-102 (53).)