

Predatory Lending



City of Lawrence, Kansas Legal Department Human Relations Division and Human Relations Commission

Suite 200A
947 New Hampshire
Lawrence, KS 66044
785-832-3310
785-832-3315 FAX
Office Hours:
8:00 a.m. to 5:00 p.m.
Monday—Friday

The Human Relations Division and Human Relations Commission is a civil rights enforcement agency.

It investigates complaints from persons alleging they have been discriminated against in housing because of race, sex, religion, color, national origin, age, ancestry, sexual orientation or disability, in addition to familial status in housing.

Chapter X, Article 1 of the Code of the City of Lawrence, Kansas as amended, authorizes the agency to receive, investigate, decide, and attempt to conciliate a complaint or complaints alleging discrimination, segregation, or separation in housing inside the city limits and to hold public hearings.

**City of Lawrence
Human Relations Commission and
Human Relations Division
947 New Hampshire, Suite 200A
Lawrence, Kansas 66044
(785) 832-3310**

If you have questions about your rights or responsibilities under fair housing laws, contact the specialists in the Human Relations Division for a consultation.

They can also provide you with copies of Chapter X, Article 1 of the Code of the City of Lawrence, Kansas, the Kansas Residential Landlord and Tenant Act, the Mobile Home Parks Landlord and Tenant Act, as well as informational brochures and posters.

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City of Lawrence



Most mortgage lenders and brokers have their customers' best interests in mind but there are some who may try to take advantage of consumers by using "abusive" or "predatory" lending practices. This usually involves practices that strip equity away from a homeowner. Predatory or abusive lending practices can include:

Asset-Based Lending

Loans made in reliance on the value of the borrower's home, without a proper evaluation of the borrower's ability to repay without resort to foreclosure on the collateral, with the possible or even intended result of foreclosure or the need to refinance under duress.

Price Gouging

Pricing terms that far exceed the lender's true risks, costs and reasonable return on the loan.

Packing

"Packing" into the loan unearned, or otherwise unwarranted fees or services which can include prepaid single premium credit life insurance when the consumer does not receive a net tangible benefit.

Targeting

Targeting persons that are less financially sophisticated or otherwise vulnerable, or believed to be vulnerable, to abusive practices, or who have less access to mainstream lenders, such as the elderly and minorities, persons living in low or moderate-income areas.

Failure to Disclose True Terms

Inadequate disclosure of the true costs and risks of the transaction that misleads the borrower into believing that it is more favorable to the borrower than it is.

The Hard Sell

Aggressive marketing tactics that mount to deceptive or coercive conduct. Unfair and Deceptive Trade Practices. Practices that are fraudulent, coercive, unfair or deceptive, or otherwise illegal.

A loan product or lending practice may not seem predatory until you compare it to similar loan products offered by other lenders. The situation you are in may not seem abusive until you get to the closing table. If any fees or charges differ from what was previously disclosed, delay the closing until you understand all terms of the loan.

Avoiding borrowing pitfalls:

Shop around. Talk to several lenders to find the best loan for which you qualify. Understand the best loan terms available in the marketplace and compare the APR (annual percentage rate) of loans from different lenders. The APR takes into account both the interest rate and the points and fees of the loan.

Understand the loan terms. Compare loan terms from different lenders. If you're confused, ask a nonprofit housing counselor or a lawyer to review the information with you.

Find out about Prepayment Penalties. Know if the loan you are offered has a prepayment penalty. Prepayment penalty should be a choice, not a requirement. For more information on prepayment penalty mortgages see our fact sheet.

Say NO to "easy money." Beware if someone tells you "your credit problems won't affect your interest rate."

Make sure documents are correct. Be cautious of someone that offers to falsify income information so you can qualify for a loan. Do not falsify information or sign documents that you know to be false.

Make sure documents are complete. Don't sign documents that have incorrect dates or blank fields. Be wary of promises that a lender will "fix it later" or "fill it in later."

Ask about additional fees. Question any items you didn't ask for. Beware if you are told that single premium credit insurance is required get a loan, or that purchasing it will help loan approval. Review every fee and compare different lenders' fees to ensure the most competitive loan terms.

Work with credit counselors. Get all the facts before you decide to combine your credit card or other debts into a home loan. Talk to a consumer credit counseling agency or nonprofit housing counselor before signing the loan documents.

Protect your home equity. If you are taking equity out of your property, take out the minimum amount that you need. The equity in your home is a source of wealth, which builds up slowly over time.

If you're not sure, don't sign. Talk to a consumer credit counseling agency or nonprofit housing counselor.



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