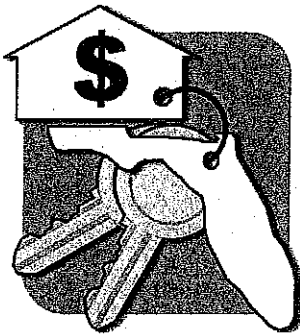


## **CHAPTER 7.**

### **YOUR LEGAL RIGHTS**



- **Fair Housing Act**
- **Fair Credit Reporting Act**
- **Equal Credit Opportunity Act**
- **Real Estate Settlement Procedures Act**
- **Truth-in-Lending Act**
- **TILA-RESPA Integrated Disclosure Rule**
- **Home Ownership and Equity Protections Act**



## Fair Housing Act

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The Fair Housing Act prohibits discrimination in sales and rentals of housing units and in mortgage lending based on the following seven characteristics:

- Race
- Color
- National origin
- Religion
- Sex
- Familial status (families with children under the age of 18, or who are expecting a child)
- Disability (physical or mental)

### Exemptions

The Fair Housing Act covers most housing, but there are some exemptions. Among those that are exempt is the sale or rental of any single-family house by an owner only under the following conditions:

- the owner does not own or have interest in more than three single-family houses at any one time.
- if the house is sold or rented without the use of a real estate broker, agent, or salesperson or the facilities of any person in the business of selling or renting homes that is sold or rented directly by the owner without using any type of broker.
- if the owner resides in the house at the time of the sale or rental or has resided in the house within 24 months before the sale or rental; and,
- owner-occupied building with no more than four units.

In addition, housing for older persons is exempt from the prohibition against familial status discrimination only.

### Summary of Prohibited Actions

#### In Sale or Rental of Housing

- Refusing of sales, rental, negotiation of housing, and dwelling
- Making housing unavailable or false denial of housing availability for inspection, sale, or rental
- Setting different terms, conditions, or privileges for sale or rental of a dwelling
- Providing different housing services or facilities



### **In Mortgage Lending**

- Refusing to make a mortgage loan, to provide information regarding loans, or to purchase a loan
- Imposing different terms or conditions (interest rates, points, or fees) on a loan or for purchasing a loan
- Discrimination in appraising property

### **Other**

- Refusal of permitting a person with a physical or mental disability, or with any history of such a disability, to make any reasonable modification to the person's dwelling or common use areas at the person's own expense.
- Refusal to make reasonable accommodations in rules, policies, practices, or services, if necessary, for the person with a disability to use the housing
- Advertising or making any statement that indicates a limitation or preference based on the protected characteristics
- Threaten, coerce, intimidate, or interfere with anyone exercising a fair housing right or assisting others who exercise that right

### **Report of Violations**

If you think your rights have been violated, you have one year to report the violation. There are three ways to report your claim:

#### **Report the Violation Online**

You can file your claim using the online form at

<https://portal.hud.gov/FHEO903/Form903/Form903Start.action>

#### **Report the Violation via Postal Mail**

You can file your claim by writing a letter regarding any violation to the U.S. Department of Housing and Urban Development (HUD) and by mailing it to:

Office of Fair Housing and Equal Opportunity  
Department of Housing and Urban Development  
Room 5204  
451 Seventh St. SW  
Washington, DC 20410-2000

Or you also can write a letter regarding any violation in Florida to the Atlanta Regional Office of FHEO (Fair Housing and Equal Opportunity):

Fair Housing Hub  
U.S. Dept. of Housing and Urban Development  
Five Points Plaza  
40 Marietta Street, 16th Floor  
Atlanta, GA 30303-2808



If you write a letter to file your claim, the following information should be included in your letter:

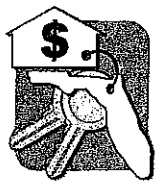
- Your name and postal address
- The name and address of the person your complaint is about
- The address of the house or apartment you were trying to rent or buy
- The date when this incident occurred
- A short description of what happened

### **Report the Violation via Phone**

For violations in Florida, you can file your claim by calling the Atlanta Regional Office of FHEO at a toll-free number 1-800-440-8091 or (404) 331-5140; TTY (404) 730-2654.

### **Further Information**

For further information on the Fair Housing Act, go to the Fair Housing and Equal Opportunity page on the HUD Web site ([https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp](https://www.hud.gov/program_offices/fair_housing_equal_opp)) or contact the Atlanta Regional Office of FHEO as listed above.



## Fair Credit Reporting Act (FCRA)

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The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies (CRAs).

### Summary of Your Rights

- To obtain one free credit report every 12 months upon your request from each nationwide credit bureau (Equifax, Experian, TransUnion) and from nationwide specialty CRAs
- To know what is included in your file
- To ask for your credit score
- To dispute incomplete or inaccurate information—CRAs must correct or delete inaccurate, incomplete, or unverifiable information within 30 days
- To be informed of any negative action using your credit report
- To give consent for your credit report to be provided to employers
- To limit “prescreened” offers of credit and insurance you receive based on information in your credit report
- To place a “security freeze” on your credit report
- To seek damages from violators
- Identify theft victims and active duty military personnel have additional rights.

For more information, visit <http://www.consumerfinance.gov/learnmore>

### Report of Violations

If you think your rights have been violated and you would like to file a complaint, visit the Federal Trade Commission’s web site at:

<https://www.ftccomplaintassistant.gov/Information#crnt>

### Further Information

For further information on the Fair Credit Reporting Act, contact the Federal Trade Commission (FTC) at 1-877-FTC-HELP (1-877-382-4358) or TTY 1-866-653-4261 or visit the FTC Web site at: <http://www.ftc.gov>.



## Equal Credit Opportunity Act (ECOA)

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The Equal Credit Opportunity Act (ECOA, or Title VII of Consumer Credit Protection Act) is a federal law that requires lenders to make credit available equally and prohibits creditors from discriminating based on the following characteristics:

- Race
- Color
- National origin
- Age
- Sex
- Marital status
- Religion
- Whether or not receiving public assistance income

### Summary of Prohibited Actions

Because of the consumer protections under ECOA, creditors are prohibited from:

- Discouraging your credit application based on the eight protected characteristics
- Considering the protected eight characteristics when making a decision to give you credit
- Asking if you are widowed or divorced
- Inquiring about your plans for having or raising children
- Refusing to consider reliable public assistance income the same way as other income
- Discounting your income because of your sex or marital status
- Refusing to consider regular alimony, child support, or separate maintenance payments

### Additional Rights

In addition to prohibition of the actions listed above, you also have the right:

- To have credit in your birth name, your first name and your spouse's last name, or your first name and a combined last name.
- To get credit without a cosigner if you meet the creditor's standard
- To have a cosigner other than your spouse when you need a cosigner
- To keep your own account after you change your name, marital status, reach a certain age, or retire, unless the creditor has evidence that you are not creditworthy



- To know whether your application was accepted or rejected within 30 days of filing your complete application
- To learn specific and reasonable reasons for the creditor's decision

### Report of Violations and Further Information

If you suspect your rights have been violated, complain to the creditor and make the creditor know that you are aware of the Equal Credit Opportunity Act. The creditor may find an error or change his/her decision.

If the creditor does not correct the decision and if you still think your rights have been violated, write to an appropriate government agency depending on characteristics of the creditors. For further information on the Equal Credit Opportunity Act, including where to report your complaint, contact the Federal Trade Commission (FTC) at 1-877-FTC-HELP (1-877-382-4357) or TTY 1-866-653-4261 or visit the FTC Web site at <http://www.ftc.gov>.



## **Real Estate Settlement Procedures Act (RESPA)**

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The Real Estate Settlement Procedures Act (RESPA) requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures of the nature and costs of the real estate settlement (or closing) process. RESPA also prohibits abusive practices that increase the cost of settlement services and provide kickbacks and places limitations upon the use of escrow accounts.

### **Summary of Protections**

#### **Loan Estimate**

RESPA requires that the lender or mortgage broker provide you with a document called a Loan Estimate within three business days of receiving your application. This document provides you with important information about the loan you have requested including the interest rate, monthly payment, taxes, insurance, and total closing costs. This form also has information on any other special features, such as prepayment penalties.

#### **Servicing Disclosure Statement**

RESPA requires the lender or mortgage broker to tell you in writing whether it expects that someone else will be collecting your payments within three business days of your loan application. This is known as transferring the mortgage servicing.

#### **Affiliated Business Arrangement Disclosure**

When a lender, real estate broker, or other participant in your settlement refers you to an affiliate for a settlement service, RESPA requires the referring party to give you an Affiliated Business Arrangement (or AfBA) Disclosure. RESPA also prohibits sellers from requiring borrowers to purchase title insurance from specific companies.

#### **Inspection of Closing Disclosure**

RESPA protects your right to inspect the Closing Disclosure no less than three business days before actual closing, which itemizes all charges imposed on borrowers and sellers in connection with the settlement (closing). The fully completed Closing Disclosure generally must be delivered or mailed to you at or before the settlement. You must acknowledge to the lender you received the Closing Disclosure, or the closing may be delayed.

#### **Escrow Account Operation and Disclosures**

When you establish an escrow account, RESPA limits the reserve amount for property taxes and insurance that the lender can keep in escrow to a maximum of two months of escrow payments. At the closing or within the next 45 days, the person servicing your loan must give you an initial escrow account statement. Your lender or servicer will review the escrow account annually and





send you a disclosure each year that shows the prior year's activity and any adjustments necessary in the escrow payments that you will make in the forthcoming year.

## Report of Violations

If you think your rights have been violated, you can file your complaint by writing:

Director, Office of RESPA and Interstate Land Sales  
US Department of Housing and Urban Development  
Room 9154  
451 7th Street, SW  
Washington, DC 20410

Your complaint letter should include:

- Your name and phone number
- Violator's name, address, and phone number
- Description of violation

You also may contact them by phone: 1-800-225-5342; TTY: (202) 708-1455  
E-mail: [hsg-respa@hud.gov](mailto:hsg-respa@hud.gov)

## Further Information

For further information on the Real Estate Settlement Procedure Act, go to the RESPA – Real Estate Settlement Procedure Act page at the U.S. Department of Housing and Urban Development (HUD) Web site, <https://www.hud.gov/hudprograms/respa>.



## Truth-in-Lending Act (TILA)

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The Truth-in-Lending Act (TILA, or Title I of the Consumer Credit Protection Act) requires all creditors to make written, standardized disclosures about their terms and costs to borrowers before they are legally bound to pay the loan so they can comparison shop.

Terms include:

- Annual percentage rate – the cost of credit expressed as a percentage rate per year
- Finance charge – cost of credit expressed as a dollar amount; interest and fees that will be paid over the life of the loan
- Amount financed – the dollar amount you are borrowing
- Total of payments – the sum of all the payments (principal and finance charges) that you will have made by the end of the loan

TILA will also include information on:

- Number of payments
- Monthly payment
- Late fees
- Prepayment penalties (if there are any)

TILA also protects consumers' rights to cancel certain transactions that involve the establishment of a security interest in the consumer's residence, regulates certain credit card practices, and provides a means for fair and timely resolution of credit billing disputes.

### Further Information

For further information on the Truth in Lending Act, contact the Federal Trade Commission (FTC) at 1-877-FTC-HELP (1-877-382-4357) or TTY 1-866-653-4261 or visit FTC Web site at <http://www.ftc.gov>.



## TILA-RESPA Integrated Disclosure Rule

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TILA-RESPA Integrated Disclosure Rule, or TRID, is also called the Know Before You Owe rule and requires lenders to provide easy to use and understand mortgage disclosure forms that clearly outline the mortgage terms to the borrower and provide detailed explanations on how the forms should be completed and used.

This rule combines and condenses four past disclosures down to two easier to understand disclosures: Loan Estimate and Closing Disclosure.

### Loan Estimate

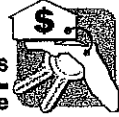
This three-page form is designed to help consumers understand the features, estimated costs, and risks of the mortgage for which they are applying. The Loan Estimate must be provided to the consumer no later than three business days after submitting a mortgage application. Key features:

- Loan terms including:
  - Loan amount
  - Interest rate
  - Monthly principal and interest payment
  - Prepayment penalties
- Projected payments including:
  - Mortgage insurance
  - Escrow
  - Monthly PITI payment
- Closing costs
- Cost of the loan
- Lender contact information
- Buyer's signature requirement

### Closing Disclosure

This five-page form is designed to help consumers understand all the costs associated with the transaction and provides you the final details on the mortgage loan you selected. The Closing Disclosure must be provided to the consumer **at least three business days prior** to closing on the loan. Key features:

- Final loan terms
- Projected payments
- Final closing costs



- Cash to close
- Summary of transactions
- Additional information about the loan
- Loan disclosures
- Lender contact information

Compare the Closing Disclosure with the Loan Estimate. If there are any inaccuracies, if the loan product changed, or a prepayment penalty was added, the lender must provide you with a new disclosure at least three business days prior to closing on the loan.

Between the time you receive the Loan Estimate to when you receive the Closing Disclosure, there are some costs that can increase and some that cannot.

Costs that **cannot** increase:

- Fees paid to the lender, mortgage broker, or affiliate of either
- Fees for a required service that the borrower is not allowed to shop for if the provider of said service is not affiliated with the broker or lender
- Transfer taxes

Costs that **can increase up to 10%**:

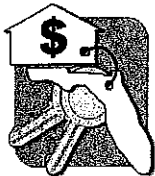
- Fees for required services that the borrower selects from a list the lender provides
- Government recording charges

Costs that **can increase up to any amount**:

- Prepaid interest, property insurance premiums, and initial escrow account deposits
- Fees for required services that the borrower can shop for
- Fees for third party services that the lender does not require

### Further Information

For further information on the TILA-RESPA Integrated Disclosure Rule, contact the Consumer Finance Protection Bureau (CFPB) at 1-855-411-CFPB (1-855-411-2372) or TTY 1-855-729-2372 or visit the CFPB Web site at <http://www.consumerfinance.gov>.



## Home Ownership and Equity Protections Act

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The Home Ownership and Equity Protections Act (HOEPA) is an amendment enacted in 1994 to the TILA to address abusive practices in refinances and closed-end home equity loans with high interest rates or high fees. It was further amended in 2014 to include home equity lines of credit and protections were added to include high-cost mortgages and a requirement that consumers receive homeownership counseling prior to obtaining a high-cost mortgage.

A loan is subject to HOEPA if specific criteria apply. A loan is subject to HOEPA if:

- The APR exceeds the Treasury rates for comparable securities by:
  - 6.5% for first liens
  - 8.5% for first liens less than \$50,000 and secured by personal property
  - 8.5% for junior liens
- Total fees and points to be paid by the borrower at or prior to closing exceed the larger of 5% of the loan or a fixed amount adjusted annually by the CFPB.

HOEPA requires certain disclosures at least three days prior to closing. HOEPA-required disclosures include:

- A written notice informing the consumer that the loan will not be effective until closing or account opening occurs.
- Information on the consequences of default.
- A written warning notice that states the borrower could lose a residence and any money invested in said residence if they do not make the payments.
- The APR, payment amount, and loan amount. On variable rate loans, the lender must disclose that the rate and monthly payment may increase and the amount of the maximum monthly payment.

HOEPA prohibits or restricts certain predatory practices for high-cost mortgages. Banned or restricted practices include:

- Negative amortization, balloon payments, prepayment penalties, and due-on-demand features.
- Recommending default on an existing loan to be refinanced by a high-cost mortgage.
- Charging a fee to modify, defer, renew, extend, or amend a high-cost mortgage.
- High late fees and pyramiding of late fees. There are rules for imposing late fees when the consumer resumes making payments after missing one or more payments.
- Fees for generation of payoff statements, with limited exceptions.
- Financing points and fees. However, lenders can finance closing charges excluded from the definition of points and fees.



- Purposely structuring a transaction to evade HOEPA coverage.

HOEPA homeownership counseling requirements for high-cost mortgages:

- Consumers must receive homeownership counseling from a HUD-approved housing counselor prior to obtaining a high-cost mortgage.
- The lender must provide the applicant a written list of ten homeownership counseling organizations closest to the borrower within three business days of receiving their application.
- The homeownership counselor cannot be affiliated with or employed by the lender.
- Lenders cannot steer the consumer to a particular counseling agency.
- Counseling cannot begin until the consumer has received their RESPA loan estimate or required disclosures.
- The lender must receive written certification that the consumer received this counseling.
- High-cost mortgage disclosures are required to be provided at least three business days prior to closing.

### Further Information

For further information on HOEPA, contact the state Attorney General's office, <https://www.naag.org/>, banking regulatory agency, <https://www.csbs.org/>, or the Federal Trade Commission or visit <https://www.consumer.ftc.gov/articles/0245-using-your-home-collateral>