



PREDATORY LENDING BROCHURE

Housing Counselor's Guide

The U.S. Department of Housing and Urban Development/Federal Housing Administration has a new brochure with information and advice on how to deal with the issue of loan fraud.

Target Audiences

There are three major audiences for this brochure and fact sheet. The largest is first-time homebuyers. Within this category, those with little or no experience with the homebuying process receive valuable information. A second group are senior citizens. A third major group includes people who are refinancing their existing properties.

Brochure Content

Part I - What is Predatory Lending?

There is no universal definition of predatory lending, also referred to as loan fraud. This section contains general advice on the scope of the activities, who is at risk, and what signs to watch for.

Part II - What Tactics Do Predatory Lenders Use?

Check here to see eight common practices.

Part III - 11 Tips on Being a Smart Consumer.

This section is a checklist of steps to take when shopping for a new mortgage and information on how to get help. For example, Tip 6 warns about making false statements on loan applications and Tip 7 alerts consumers about overextending themselves on amounts borrowed.

Suggested Uses

Consider using this brochure in combination with:

- One Hundred Questions and Answers About Buying a New Home
- The Homebuyer Education and Learning Program Guide
- How to Avoid Foreclosure

For more information and referrals

- HUD's web site: www.hud.gov
- FHA's National Servicing Center (NSC)
The NSC helps FHA homeowners by working with lenders to find creative solutions to avoid foreclosure. Call toll-free 1-888-297-8685

How to Get More Copies of the Brochure

Call the HUD Direct Distribution Center at 1-800-767-7468.

HUD's web site, <http://www.hud.gov/offices/hsg/sfh/buying/loanfraud.cfm> has electronic versions.



OUTREACH PLAN

The following outlines an internal and external communications plan that agencies may use to inform low- to moderate-income citizens about loan fraud. Since the extent of the problem varies, each community's needs are different. Some communication techniques and tools may be applicable to all communities, while others will not.

This consumer education and outreach effort should be undertaken on a continuous basis to effectively reduce the problem. Although the circumstances contributing to deceptive practices may fluctuate — interest rates, for example — community outreach should be consistent.

- 1** Consider setting counseling agency-wide goals for outreach and identify a coordinator to manage this function.
- 2** This person can educate and organize other staff. The additional staff can:
 - Help manage relationships with partner loan counseling agencies; local, state, and federal consumer protection and regulatory agencies; and/or lending institutions.
- 3** Consider using these activities in your outreach:
 - Sponsor (or partner with others) conferences on predatory lending, involving the public and community at large. The program might also cover credit issues. Alternatively, include information on predatory lending as part of conferences and homeownership fairs.
 - Develop workshops for special groups such as faith-based and community organizations. Depending on your community, consider providing the workshops in more than one language.
 - Make presentations at neighborhood and other community meetings.
 - Create printed materials tailored for the media and needs of clients in your area.
 - Provide general and customized information on your Internet site, with links to additional resources.
 - Identify and acquire lists for mail, phone banking, and visits.
 - Train staff and volunteer leaders to have sufficient knowledge of loan documents. This familiarity will help expedite counseling sessions.
 - Become familiar with the many resources available. Consider establishing areas of expertise. One person may become knowledgeable about federal government support, another on assistance available from professional associations or elsewhere.