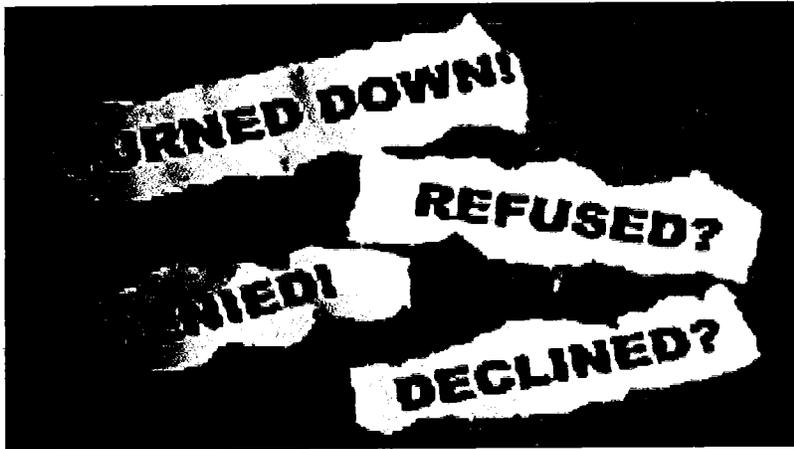


Fair Lending



Discrimination in mortgage lending is prohibited by the federal **Fair Housing Act** and HUD's Office of Fair Housing and Equal Opportunity actively enforces those provisions of the law. The Fair Housing Act makes it unlawful to engage in the following practices based on race, color, national origin, religion, sex, familial status or handicap (disability):

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan or set different terms or conditions for purchasing a loan

Filing a Complaint

If you have experienced any one of the above actions, you may be the victim of discrimination. Recognizing the signs of lending discrimination is the first step in filing a complaint. HUD investigates your complaints at no cost to you. If you believe you have experienced lending discrimination, visit our [housing discrimination complaint website](#) to learn more about the complaint process.

HUD Fair Lending Studies

Pre-application inquiries about mortgage lending financing options represent a critical phase in the homebuying process. If potential homebuyers cannot obtain full and fair access to information about mortgage financing, they may give up on their pursuit of homeownership, their housing search may be restricted, or they may be unable to negotiate the most favorable loan terms. HUD has conducted a number of studies to determine whether minority homebuyers receive the same treatment and information as whites during the mortgage lending process. Read more on [mortgage lending discrimination studies](#).

Subprime Lending

Subprime loans play a significant role in today's mortgage lending market, making homeownership possible for many families who have blemished credit histories or who otherwise fail to qualify for prime, conventional loans. A recent HUD analysis, based on HMDA and related data, shows that the number of home purchase subprime applications increased from 327,644 in 1997 to 783,921 in 2000.

While the subprime mortgage market serves a legitimate role, these loans tend to cost more and sometimes have less advantageous terms than prime market loans. Additionally, subprime lenders are largely unregulated by the federal government. Data shows blacks are much more likely than whites to get a subprime loan, and many of the borrowers who take out these loans could qualify for loans with better rates and terms. As such, many have expressed fair lending concerns about the subprime market. Read more on [Subprime Lending](#) .

Predatory Lending

Some lenders, often referred to as predatory lenders, saddle borrowers with loans that come with outrageous terms and conditions, often through deception. Elderly women and minorities frequently report that they have been targeted, or preyed upon, by these lenders. The typical predatory loan is: (1) in excess of those available to similarly situated borrowers from other lenders elsewhere in the lending market, (2) not justified by the creditworthiness of the borrower or the risk of loss, and (3) secured by the borrower's home. HUD is working hard to fight against [predatory lending](#) .

Minority Homeownership

HUD is committed to increasing homeownership opportunities for all Americans. HUD is engaged in a special effort to boost the minority homeownership rate since the rate for black and Hispanic Americans lags behind that of others. Read more about HUD's efforts to [Increase Minority Homeownership](#) .