

Delaware Valley Fair Housing News

Newsletter of the Fair Housing Council of Suburban Philadelphia
Serving Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties

Spring 2006

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Don't Borrow Trouble Suburban Philadelphia Campaign Completes First Year of Activities to Combat Predatory Lending

In its first year, the Don't Borrow Trouble Suburban Philadelphia Campaign has received widespread public attention and well exceeded its partners' initial expectations and service goals.

Marketing Campaign Achievements

Don't Borrow Trouble Suburban Philadelphia has developed a professional marketing campaign to increase community awareness about predatory lending. In its first year, the campaign:

- ◆ Disseminated 70,000 brochures, postcards, posters and door hangers in English and Spanish to community partners for public distribution.
- ◆ Produced an educational television program on VHS and DVD which was made available to all campaign partners and numerous community centers.
- ◆ Posted public awareness ads on billboards, County websites and the NBC-10 website.
- ◆ Ran ads in regional newspapers and township/community newsletters.
- ◆ Ran public service announcements on Chester and Coatesville radio stations, with ads and partners also appearing on public access TV in Delaware and Montgomery Counties.
- ◆ Mailed 29,000 pieces of literature through a partnership with the Chester Water Authority.
- ◆ Hosted a Homeownership Fair for over 250 residents of Coatesville, featuring a vendor fair, homebuying workshops, and service referrals to campaign partners.
- ◆ Participated in 36 speaking engagements at senior centers, schools and community events across the region.



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Client Service Achievements

In addition to community education, Don't Borrow Trouble Suburban Philadelphia launched a telephone Help Line staffed by an attorney and paralegal to address consumer concerns. Consumers can call the Help Line for free advice while purchasing a home, refinancing, consolidating debt, taking out a home equity loan, or seeking mortgage foreclosure prevention. Staff review each case and make referrals to campaign partners for counseling, legal aid or other direct assistance as appropriate. In its first year the Help Line:

- ◆ Received 353 phone calls from concerned individuals.
- ◆ Referred 98 calls to partnering consumer protection agencies and housing counselors.
- ◆ Referred 94 cases for further litigation, with ongoing litigation, advice or counsel for 67 matters; and one (1) class-action lawsuit pending against an accused predatory lender.

Don't Borrow Trouble Suburban Philadelphia represents the first time that Bucks, Chester, Delaware and Montgomery Counties have collaborated on a regional public service project. All 52 partner agencies play an important role in educating and assisting communities at risk by providing vital consumer information and pro bono counseling and support. As such, the project has already succeeded in increasing awareness about predatory lending, and in strengthening a network of resources to address this crisis in the four-county area. The project has also generated successful litigation that has directly helped consumers to save their homes.

For more information or educational materials, contact:

Don't Borrow Trouble Suburban Philadelphia
1.888.275.8843 (Toll-Free Help Line)
www.dontborrowtroublesepa.org

The Fair Housing Council of Suburban Philadelphia Begins It's 50th Year

In 2006, FHCSF entered our 50th year of working to protect the rights of all residents of the region to have equal access to the housing of their choice. Since FHCSF's beginning in 1956 as the Committee for Democracy in Housing for Lansdowne and Vicinity, we have been a leader in the struggle to ensure that all people are guaranteed an equal right to housing. Beginning with a small group of concerned citizens in Eastern Delaware County advocating for all of their neighbors to have equal rights and opportunities, FHCSF has evolved over the years into an organization serving the residents of the four suburban counties as well as those in the City of Philadelphia with education and enforcement programs that have been nationally recognized for their effectiveness and innovation. During our 50 year history, FHCSF's enforcement efforts have made nearly 45,000 units of housing in the Delaware Valley available on a nondiscriminatory basis to members of protected classes, and our education programs have made countless consumers and housing providers aware of their rights and responsibilities under the Fair Housing Act.

We have compiled the excerpts on the next page from local newspapers over the past 50 years to highlight the importance of continuing education, enforcement, and advocacy around the issue of equal access to housing.

The Fair Housing Council of Suburban Philadelphia

Working for Open Housing for 50 Years!

Negro Family Wins Its Fight For a New Home

"Housing is more than a shelter. The opportunity to compete for housing of one's choice is crucial to both equality and freedom. Racial discrimination in the modern world is plainly in retreat but it will make its last stand in the neighborhood."

—Commission on Race and Housing, Evening Bulletin, September 28, 1959

"'Sweet Land of Liberty' will mean that all citizens will be able to live where they wish without racial restrictions. Many factors are responsible for the ghettos but one of the greatest is just plain ignorant prejudice. Over ten percent of the population is unable to find decent places to live because of unAmerican practices, let us get to work and see if we are able to reach our goal of open housing before this country lands a man on the moon."
—S. Linder, Lansdowne & Upper Darby Area Fair Housing Council meeting minutes, March 1967

Racism in Upper Darby—Blacks Terrorized by White Neighbors

"We're not crusaders - we just wanted to buy a house. I don't feel hatred... just a sense of sorrow that my children and my family had to go through this. We have had people

telling us that we should stay there and fight it out and prove we're right. But I don't want to live in that ugly atmosphere. I don't want to be taken out of that house in a bag. I don't have any need to be a martyr - I just wanted a bigger house."

—Jacqueline Carr, Daily News, July 28, 1975

Harassed Black Woman Vows to Stay in Darby

"This is 1981, it's not the 1960's anymore and just because they want to go back to the 60's doesn't mean I'm going to. I have a college degree and a good job. All I want to do is live peacefully in the house I paid for."

—Pat Baily, The Evening Bulletin, February 9, 1981

Housing Bias - 1980's Style: It's Covert Now

"People are getting smoother at it now. Members of minorities are going to be treated in a manner that will give them no reason to believe they aren't welcome and receiving all the help possible. In some cases, they will believe that they have been treated royally."

— Henry F. Hain, PHRC, Philadelphia Inquirer, November 19, 1984

Am I a Racist?

"There is a personal and social risk in braving fears and fighting back the perception that black

people take down a neighborhood. But when you reach a point in your life when you bypass color to the human being inside, you know you've begun to break down the prejudices built in by years of segregation. It takes fortitude to work through fears and unflinching determination to journey through individual prejudices."

—Donna Ursillo, News of Delaware County June 1, 1994

Vandal Hit Briardliff Home Just 2 Weeks after Moving In

"This is supposed to be a good neighborhood. I can obviously afford to live here, and I have a good job. I really didn't expect this. This is an atrocity."

—Anonymous, Delaware County Daily Times, February 25, 1997

Housing Discrimination Complaint Settled

"Despite the fact that discrimination based on sex was illegal when the Fair Housing Act was passed in 1968, and the law was amended in 1988 to protect families with children, there are still far too many incidents of discrimination to say we have eliminated the problem."

—James Berry, Delaware County Daily Times, July 28, 2004

Assistant Secretary Kendrick Issues Memo on Housing Names

Kim Kendrick, HUD's Assistant Secretary for Fair Housing and Equal Opportunity, issued an interoffice memo in February regarding HUD-funded or HUD-insured properties with "trade names that suggest occupancy may be limited to particular racial or ethnic groups." Kendrick advised her counterparts in Public and Indian Housing and Community Planning and Development, as well as Federal Housing Commissioner Brian Montgomery that such property names might violate the Fair Housing Act's advertising provisions.

To illustrate her point, Kendrick wrote, "For example, a housing development named, 'De Casa de Puerto Riquenos,' may be perceived as only serving Hispanics who are from Puerto Rico. The names of HUD assisted or HUD-insured properties should not give the impression that they provide a housing preference for one particular group."

Kendrick also advised her colleagues to revise HUD's funding notices to discourage the use of such names. She wrote that her office would develop technical guidance on how sites with such preferential names could use affirmative marketing to overcome the appearance of an illegal preference. The full text of Kendrick's memo is available online at www.fairhousing.com under "HUD Resources."

According to HOPE Fair Housing Center in Wheaton, Ill., Kendrick's memo was drafted at least in part to the filing of a federal lawsuit against a property named "Illinois Chinese American Residence for the Elderly." In that case, HOPE and several residents filed a lawsuit after it was learned that the property allegedly only marketed to persons of Chinese descent and that the resident manager allegedly pressured residents to attend Christian bible study and banned the playing of the game Mah Jong on religious grounds.

In 2004, a federal judge ordered California real estate magnate Donald Sterling to stop using the word "Korean" in building names after the Housing Rights Center of Southern California and former Sterling employees alleged that he set aside poorly maintained buildings for Korean immigrants in the Los Angeles area. That case later settled for an undisclosed amount.

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Advancing Fair Housing While Protecting Free Speech

In the year 2006, the Fair Housing Council of Suburban Philadelphia will celebrate its 50th year of working to ensure nondiscriminatory access to housing in the Philadelphia region. When the Council began its work in 1956, the entry of minority families into all white neighborhoods often provoked a violent response from residents. Newspaper clippings from the Council's early years describe black families driven out of their new homes by angry mobs of neighbors. Although, we rarely hear of such intense hostility now, residents of some neighborhoods, housing developments, and condominium complexes remain unwelcoming to members of protected classes, whether they be racial minorities, families with children, or persons with disabilities. When sellers, Realtors®, and other housing providers seek to comply with the Fair Housing Act by offering housing on a nondiscriminatory basis to members of protected classes, they may encounter community or neighborhood hostility, sometimes in the form of outspoken opposition, and very rarely in the form of threats or violence. Therefore it is important for Realtors® to understand that although the right of free speech that is protected by the First Amendment, the First Amendment does not protect discriminatory conduct.

The First Amendment to the United States Constitution and state constitution provisions protect the free speech of neighborhood residents. That means that an administrative complaint or a lawsuit based on speech alone is unlikely to be successful. Therefore, individuals may not be prevented from distributing petitions or fliers, speaking out publicly or testifying at hearings, being interviewed by the newspapers, or even expressing objectionable or bigoted opinions in response to a member of a protected class moving into a neighborhood. However, there are some exceptions to this general rule of protecting speech. Although most expressions of free speech by individuals cannot be challenged through fair housing enforcement, there is no right to free speech when that speech amounts to slander, libel, intimidation, coercion, or when criminal actions are involved. In addition, an important and potentially difficult area at the intersection of speech and conduct concerns discriminatory statements or advertising. Because they are considered a form of "commercial speech", advertising and statements made by a seller, Realtor®, or other housing provider concerning housing are subject to a greater degree of regulation than ordinary speech. Therefore, under the Fair Housing Act it is illegal to "make, print, or publish...any notice, statement, or advertisement...that indicates any preference, limitation, or discrimination" based on any of the protected classes.

Although the First Amendment protects the rights of neighborhood residents to express bigoted opinions about members of protected classes, the First Amendment does not protect a seller, Realtor®, or other housing provider from liability under the Fair Housing Act for discriminatory actions taken in response to community or neighborhood bias. Examples of such prohibited conduct include, refusing to sell a house for use as a group home, taking a property off the market to avoid selling it to a member of a protected class, imposing burdensome requirements on the sale of a house to a member of a protected class, or seeking additional offers on a property that could result in the discriminatory rejection of an existing offer.

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When Realtors®, sellers, or other housing providers encounter community opposition to the sale or rental of a home to members of a protected class, they must remember that neither the Fair Housing Act nor the First Amendment exists in a vacuum. Instead these laws coexist to ensure that individuals' rights to both free speech and equal access to housing are protected.

Information in this article was taken from the Housing Alliance of Pennsylvania's publication, "Addressing Community Opposition to Affordable Housing Development: A Fair Housing Toolkit." To obtain a copy, contact info@housingalliancepa.org.

NCRC Launches Center for Responsible Appraisals – A Private Sector Solution to Tackle Fair Lending & Valuation Issues

In response to the nationwide epidemic of predatory appraisals placing our communities and constituents at risk, the National Community Reinvestment Coalition (NCRC) has announced the creation of the new *Center for Responsible Appraisals and Valuations* in partnership with its members and the public and private sector. The core mission of the new Center, which has been founded by NCRC as a charitable trade association, will be to represent the interests of those committed to independent and fair valuation practices with regulators, legislators and the public. Further, they will celebrate the use of those who have agreed to the code of conduct, so that the public can be aware of those who have confirmed their desire to provide accurate, compliant and fair appraisals and valuations.

NCRC earlier this year exposed the depth and scope of the problem in our report entitled *"Predatory Appraisals – Stealing The American Dream."* NCRC found that unprofessional and illegal appraisal practices are quietly stealing equity from homeowners nationwide and, in the process, threatening the safety of the entire market place. As lenders and other industry insiders pressure appraisers to inflate home values, many consumers, in return, find themselves struggling with a higher mortgage than home equity and even the possibility of foreclosure. However, the impacts of abusive appraisal practices do not stop there. Predatory and problematic appraisals destroy entire communities, leave the secondary market in extreme risk and endanger the market place as a whole.

NCRC's initial advocacy was prompted by a dramatic increase in the number of requests from member organizations and consumers to their National Anti-Predatory Lending Consumer Rescue Fund (CRF). NCRC documented that many homeowners who were wrongfully facing foreclosure had obtained "upside down" mortgages where the value of their mortgage exceeded the value of their property. In these extreme situations, it was very difficult to intervene and refinance the loan, and often the securitizer and mortgage insurer were facing a loss. Appraisal fraud, or at the very least, market "greed," has played a role in the transactions.

In a strategic response, NCRC founded the *Center For Responsible Appraisals*

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and Valuations after successfully fulfilling the report's recommendation to examine the "state of the best practices, the issue and the law." During the public education and information component of the campaign, NCRC sought out the recommendations of their Banker/Community Collaborative Council, their Mortgage Finance Community Council, appraisal professionals, lenders, national trade associations, federal and state regulatory agencies, management firms, the GSE's and others, including the American Arbitration Association to create an infrastructure to assure the public that valuations will be done properly, accurately and independently, as dictated by both State and Federal law.

NCRC, through the new Center, has created an innovative code of conduct that insures independent and responsible valuation practices by lenders, appraisers, appraisal management firms and other business entities involved in the sale and financing of residential real estate. These businesses are being asked by NCRC to become signatories to voluntary agreements, by which they will agree to the code of conduct and to a dispute resolution procedure where aggrieved signatories can file complaints against other signatories and even non-signatories for resolution.

From a consumer protection perspective, "the Center will represent the interests of independent and fair valuation practices with regulators, legislators and the public," said John Taylor, President & CEO of NCRC. "By promoting the use of those who have agreed to the code of conduct, the public can be aware of those who have confirmed their desire to provide accurate, compliant and fair appraisals and valuations."

The Center's resolution system involves a tiered approach where online negotiation is followed by mediation and, finally, arbitration. According to Taylor, "the code of conduct contains the best practices to insure independent, accurate and compliant appraisals and valuations. The dispute resolution mode, developed with the American Arbitration Association, gives signatories an inexpensive, quick, independent, and fair method of resolving complaints against those who have allegedly violated the code of conduct."

"The link between safety and soundness, predatory lending and responsible lending practices is becoming clearer – and NCRC is sounding the alarm for action and oversight on each level of the issue. Establishing the Center is the natural evolution of their Responsible Appraisal Campaign, and will promote partnership with industry and a safety net for consumers" stated David Berenbaum, NCRC's Executive Vice President. "It is our expectation that, over the next year, thousand of appraisers and hundreds of lenders will become signatories, and with that, the problem posed by improper valuation practices will be far better policed and controlled."

NCRC is presently approaching the largest lenders in the US, as well as thousands of appraisers. The Center will publish lists of industry signatories as well as those non-signatories, that have unresolved complaints against them." The strategic and management decision making expertise of the *Center For Responsible Appraisals and Valuations* and its Board of Advisors, together with the administrative, appraisal review, and experience of the new Center staff, combined with the Alternative Dispute Resolution methods of the American Arbitration Association, will allow the NCRC Center to effectively implement a Code of Conduct that will protect the reliability and integrity of the mortgage lending industry," stated Berenbaum.

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*The Nation's Oldest Fair Housing Council
Founded in 1956*

Fair Housing Accessibility FIRST

Fair Housing Accessibility FIRST is an initiative sponsored by the U.S. Department of Housing and Urban Development (HUD) designed to promote compliance with the Fair Housing Act design and construction requirements. The program consists of a comprehensive training curriculum, as well as a toll-free information line and website designed to provide technical guidance to the public.

The program name, Fair Housing Accessibility FIRST, has dual significance. FIRST describes the services offered by the program: Fair Housing Information, Resources, Support, and Technical Guidance. It also conveys the importance of planning for compliance with the accessibility requirements *first* - before engineering, before design, before construction. Not only does federal law require compliance, it is easier and cheaper to plan and build in compliance with the law than it is to retrofit a structure after construction.

With Fair Housing Accessibility FIRST, public and private owners, developers, architects, operators of housing, and others will learn how to engage in practices that do not discriminate against people with disabilities.

For more information, contact:
Fair Housing Accessibility FIRST
1.888.341.7781 (Toll-Free Design and
Construction Help Center)
www.fairhousingfirst.org

