

Pathways Home: A Native Homeownership Guide

Federal Laws Protecting the Applicant During Loan Processing

There are laws designed to protect you during the loan application process. They are the **Equal Credit Opportunity Act**, the **Fair Housing Act**, the Fair Credit Reporting Act, and the Fair Debt Collection Practices Act.

Equal Credit Opportunity Act

This act prohibits lenders from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age. Discrimination because of income from public assistance programs or because the applicant has exercised a right under federal consumer credit protection laws is also prohibited.

Fair Housing Act

This act prohibits discrimination in residential real estate transactions on the basis of race, color, religion, sex, handicap, familial status, or national origin. The act applies to the sale of a home and the decision of a lender.

Fair Credit Reporting Act

If a lender or mortgage broker rejects your loan application, this act requires the lender or mortgage broker to tell you whether the decision was based on information contained in the credit report or was made for other reasons. This act also guarantees you a right to the full contents of your credit report. If the loan application is rejected on the basis of information in your credit report, you are entitled to request a free copy of your credit report within the next 60 days. You also have the right to have mistakes on the credit report corrected.

Fair and Accurate Credit Transactions Act (FACTA)

This Act amended the Fair Credit Reporting Act and requires financial institutions to adopt measures that prevent identity theft. Fair Debt Collection Practices Act. This Act seeks to eliminate abusive debt collection practices by debt collectors.

The Federal Trade Commission (FTC) and the Consumer Finance Protection Bureau (CFPB) have enforcement responsibility. To file a complaint, visit www.ftc.gov/complaint or www.consumerfinance.gov/complaint/#mortgage.