

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 78-32
March 24, 1978

REGULATION B--EQUAL CREDIT OPPORTUNITY

New Pamphlet on "Credit Rights in Housing"

TO ALL STATE MEMBERS BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

A new Federal Reserve consumer pamphlet explaining credit rights in housing is now available for public distribution.

The pamphlet is entitled "The Equal Credit Opportunity Act and . . . Credit Rights in Housing." It seeks to educate consumers and lenders about major provisions of the Equal Credit Opportunity Act as it affects housing. That Act forbids discrimination in credit transactions on the basis of sex or marital status, race, color, religion, national origin, age, receipt of income from public assistance programs, and good faith exercise of rights under the Consumer Credit Protection Act.

The housing pamphlet also explains the Home Mortgage Disclosure Act which requires most lenders in metropolitan areas to inform the public once a year where they make their mortgage and home improvement loans.

Other consumer pamphlets which the Board has published include:

- The Equal Credit Opportunity Act and Age
- The Equal Credit Opportunity Act and Incidental Creditors
- The Equal Credit Opportunity Act and Women
- Fair Credit Billing
- If you Borrow to Buy Stock
- What Truth in Lending Means to You

I suggest you consider distributing copies of the new pamphlet to your depositors and customers through such means as lobby display and inclusion in monthly statements.

Copies of the new pamphlet may be obtained free of charge from the Bank and Public Information Department of this Bank, Ext. 6267.

Sincerely yours,
Robert H. Boykin
First Vice President

Enclosure

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

Federal Enforcement Agencies Equal Credit Opportunity Act

National Banks

Comptroller of the Currency
Consumer Affairs Division
Washington, D.C. 20219

State Member Banks

Federal Reserve Bank serving the district in which the State member bank is located.

Nonmember Insured Banks

Federal Deposit Insurance Corporation Regional Director for the region in which the nonmember insured bank is located.

Savings Institutions Insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)

The Federal Home Loan Bank Board Supervisory Agent in the district in which the institution is located.

Federal Credit Unions

Regional office of the National Credit Union Administration serving the area in which the Federal credit union is located.

Creditors Subject to Civil Aeronautics Board

Director, Bureau of Enforcement
Civil Aeronautics Board
1825 Connecticut Avenue, N.W.
Washington, D.C. 20428

Creditors Subject to Interstate Commerce Commission

Office of Proceedings
Interstate Commerce Commission
Washington, D.C. 20523

Creditors Subject to Packers and Stockyards Act

Nearest Packers and Stockyards Administration area supervisor.

Small Business Investment Companies

U.S. Small Business Administration
1441 L Street, N.W.
Washington, D.C. 20416

Brokers and Dealers

Securities and Exchange Commission
Washington, D.C. 20549

Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks and Production Credit Associations

Farm Credit Administration
490 L'Enfant Plaza, S.W.
Washington, D.C. 20578

Mortgage Bankers, Consumer Finance Companies and All Other Creditors

FTC Regional Office for region in which the creditor operates or
Federal Trade Commission
Equal Credit Opportunity
Washington, D.C. 20580

Any complaints may also be referred to the Civil Rights Division of the Department of Justice, Washington, D.C. 20530



The
Equal
Credit
Opportunity
Act
and . . .

Credit
Rights
In Housing

Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

(January 1978)

The Equal Credit Opportunity Act and Credit Rights In Housing

If you're in the market for a housing loan, you should know about a new Federal law that protects your credit rights.

The Equal Credit Opportunity Act prohibits discrimination because of your **race, color, religion, national origin, sex, marital status, or age** when you apply for a mortgage or home improvement loan. It also prohibits discrimination because of the **race or national origin** of the people who live in the neighborhood where you live or want to buy your home. And, it prohibits discrimination because you receive income from a **public assistance** program, such as Aid to Families with Dependent Children or Social Security.

This pamphlet describes the most important provisions of the Act and the regulation issued by the Federal Reserve Board to carry it out.

THE GENERAL RULE. The law does not guarantee that you will get credit. Lenders may continue to consider your income, expenses, debts, credit record, and reliability to determine whether you're credit-worthy. But, they must apply those tests fairly and without discrimination.

This means that because of your race, sex, or marital status—or because of any other factor prohibited by the Act—a lender **may not**:

- discourage you in any way from applying for a loan.
- refuse to make a loan if you qualify, and if the lender offers the type of loan you seek.
- lend you money on terms different from those granted another person with similar income, expenses, credit history, and collateral.

SOME IMPORTANT SPECIFICS. Certain practices that kept **women** and **minority groups** out

of the housing loan market in the past are now prohibited. For example, a creditor **may not**:

- rely on a property appraisal that considers the racial makeup of the neighborhood.
- ask about your birth control practices or child-bearing plans. A creditor may not assume that you will have children or discount your income for that reason.
- discount or refuse to consider reliable alimony, child support, or separate maintenance payments—although you do not have to disclose such income unless you want to do so to support your application.
- discount or refuse to consider reliable income from part-time employment or public assistance.
- if you're creditworthy, require another signature on the loan—although a lender may need a spouse's or co-owner's signature, for example, on other mortgage papers.

A creditor also may not deny you credit **just because you reach a certain age or retire** — or refuse to count retirement benefits. But, your age may be considered in connection with such factors as the length of the loan, the downpayment, and the security you offer.

IF A LOAN IS DENIED. A lender may not stall your loan application. You must be notified whether your loan has been approved within 30 days after your application and any necessary appraisals, credit checks, or government approvals are completed. If your loan is denied, the notice must be in writing, and the lender must either tell you the specific reasons for the denial or tell you of your right to request the reasons.

If you think that you have been discriminated against, you may sue for actual damages, plus a penalty fee in some cases. You may also be awarded reasonable attorney's fees and court costs in a successful lawsuit.

HOUSING CREDIT DISCLOSURE. You may also be interested in the Home Mortgage Disclosure Act, which requires most lending institutions in metropolitan areas to let the public know once a year where they make their mortgage and home improvement loans. You can ask to see the information at any time at your bank, savings and loan, or credit union.

This disclosure statement will not tell you where loans were denied or why. But, it can help customers, community groups, and local officials work with lenders to meet neighborhood needs for housing credit.

FOR ADVICE AND HELP. For more information about the Equal Credit Opportunity Act or the Home Mortgage Disclosure Act—or for advice or help with complaints—write to any Federal Reserve Bank* or to the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Another Federal law, the Fair Housing Act, prohibits discrimination in the sale, rental, or financing of housing because of your race, color, religion, sex, or national origin. For more information, write to the Assistant Secretary for Fair Housing and Equal Credit Opportunity, Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410.

If you are interested in local cooperative efforts to increase mortgage lending and improve housing in urban areas, write to the Urban Reinvestment Task Force, 1120 19th Street, N.W., Washington, D.C. 20036.

*Located in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.