



**Habitat for Humanity  
Illinois**

**Webinar Series**

**Homeowner and  
Mortgage Services**

**May 2021**

# Agenda

- Fair Lending / Fair Housing
- Qualified Loan Originator
- Policy and Privacy
- E-SIGN Act



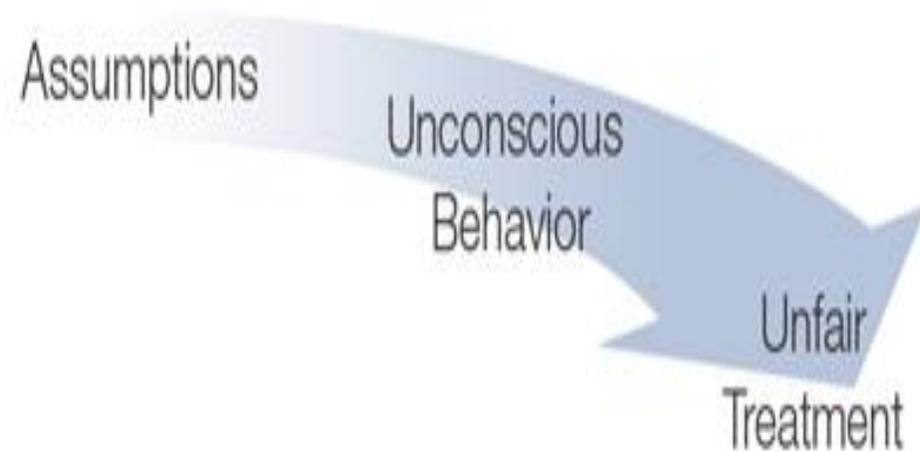
**Habitat**  
for Humanity®

**IL May  
Webinar**

**Fair  
Lending /  
Fair  
Housing**

# Homeowner Services and Mortgage Origination – Fair Lending / Fair Housing

Housing and lending decisions cannot be based on a protected class / prohibited basis ....



- **Executive Orders** - Prohibit discrimination on a number of bases when federal funds are involved. (EO 13166 - Limited English Proficiency)
- **State Laws and Local ordinances** – may prohibit discrimination in housing and residential lending practices on additional bases (e.g., ancestry, creed, genetic characteristics, sexual orientation, mental disability, etc.)
  - **IL Human Rights Act adds extra protections** to the federal FH Act
    - ancestry; marital status; military status; sexual orientation; gender identity; age (over 40); domestic violence victims; & pregnancy
    - Some counties may have other protections

# Homeowner Services and Mortgage Origination – Fair Lending / Fair Housing

## Equal Credit Opportunity Act (ECOA)

Prohibits discrimination in any aspect of credit transactions based on certain factors. Credit must be made available to all creditworthy consumers.

## Fair Housing Act (FH Act)

Prohibits discrimination based on certain factors by any person whose business includes engaging in residential real estate-related transactions.

**Color; Religion; National Origin; Sex\*; Race**

- **Age** (provided the applicant has the capacity to contract);
- **Marital status**;
- **Income** derived from public assistance; or
- In good faith exercised any right under the **Consumer Credit Protection Act**

\* CFPB 3/2021 – encompasses sexual orientation discrimination and gender identity discrimination, including discrimination based on actual or perceived nonconformity with sex-based or gender-based stereotypes and discrimination based on an applicant's associations.

- **Familial status** (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and people securing custody of children under 18);
- **Handicap** (physical or mental impairment)

\* HUD 2/11/2021– issued a memorandum the prohibition because of sex is amended to include discrimination on the basis of gender identity or sexual orientation

# Homeowner Services and Mortgage Origination – Fair Lending / Fair Housing

## Discrimination Triggers

- Lack of specific guidelines
- Subjective selection criteria – can different people apply the standard and produce the same result?
- Lack of clear documentation for qualification and underwriting, delinquency management and loss mitigation
- Difference in assistance provided to certain applicants
- Ineffective dispute resolution process - complaints from applicants and homeowners with delinquencies
- Untrained personnel serving consumers

# Activity



**Is religion a common protected class  
between FH Act and ECOA?**



**Habitat**  
for Humanity®

**IL May  
Webinar**

**Qualified  
Loan  
Originator  
(QLO)**

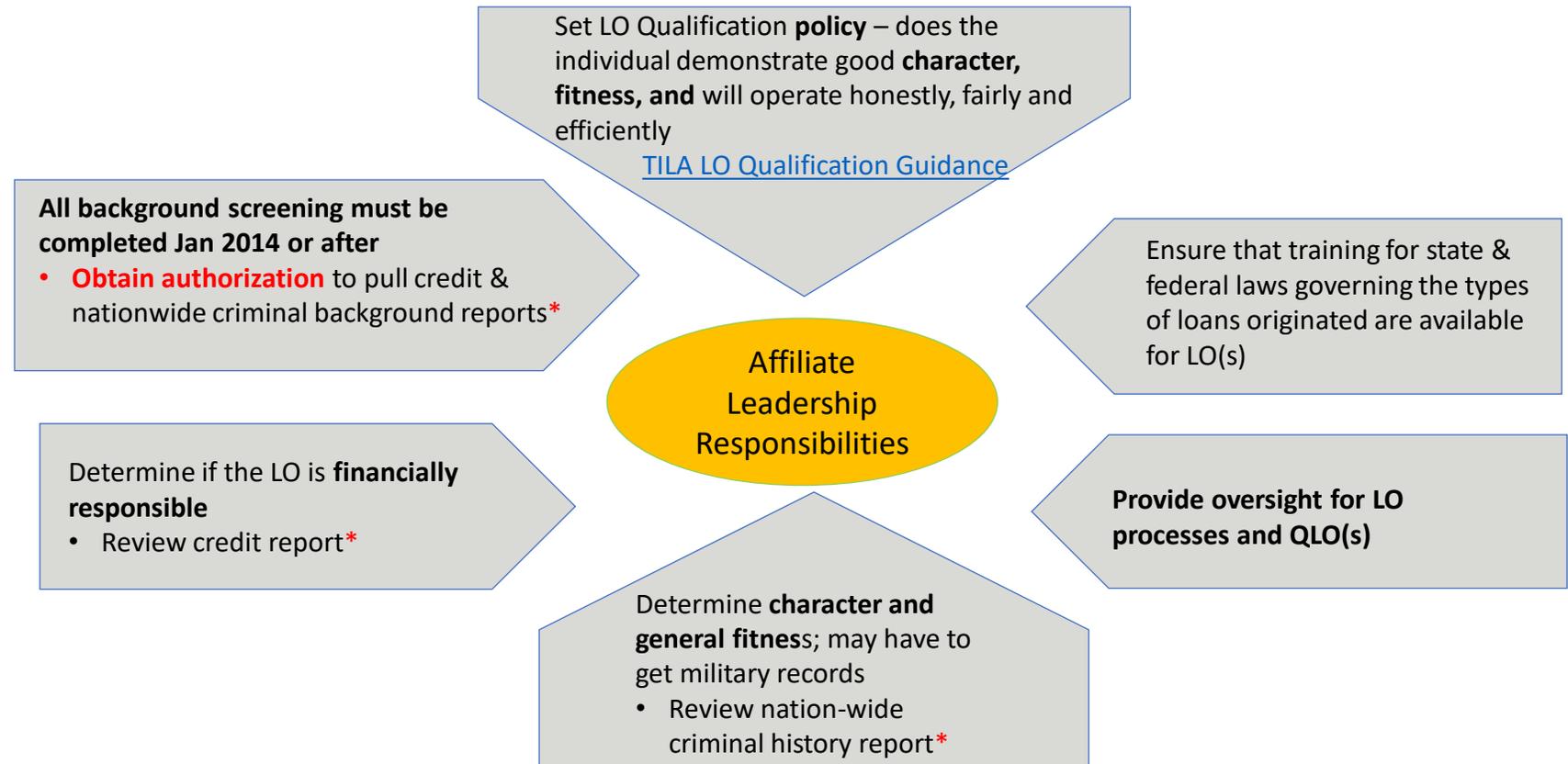
# Activity



**How would you rate your knowledge of qualified loan originator (QLO) requirement?**

# Homeowner Services and Mortgage Origination – Qualified Loan Originator (QLO)

[IL Comp. Stat. § 635/1-4 \(d\)\(2.1-2.2\)](#)  
exempts - a bona fide nonprofit organization & an employee of a bona fide nonprofit organization when acting on behalf of that organization.



\*If a consumer report indicates a reason for adverse action, FCRA employee notice requirement must be satisfied

# Homeowner Services and Mortgage Origination – Qualified Loan Originator (QLO)

## Who **MUST** be Qualified

Loan Originator = Individuals who are compensated to perform activities such as:

- Taking an application for purchase money mortgage or repair loan secured by real property
- **Arranging a credit transaction**
- Assisting a consumer in applying for credit
- Offering or negotiating credit terms
- Making an extension of credit
- **Referring a consumer to a loan originator or creditor**
- Advertising or communicating to the public that you can or will perform any loan origination services

**Habitat Policy = “key volunteers” too!**

**Affiliates who perform selection, but a 3<sup>rd</sup> party originates loan, must have QLO.**

## Who is not a Loan Originator?

- Only receives, collects, and distributes information common for the processing or underwriting of a loan
- Only communicates with a consumer to obtain information necessary for the processing or underwriting of a residential loan. The **communication must not include offering, negotiating or counseling consumers** about residential mortgage loan rates or terms.
- Solely underwrites loan (number crunching)

# Homeowner Services and Mortgage Origination – Qualified Loan Originator (QLO)

## Individual Loan Originator Responsibilities

- Sign a release to have a criminal background and credit report pulled – may have been done at the time of hire
- Provide any additional information such as administrative, civil or criminal findings (military or past disciplinary or enforcement actions in previous roles etc.)
- Complete applicable training on **state & federal** laws governing the types of loans originated at least annually
- Comply with affiliate Selection / Origination policies and all applicable laws

To renew or register for state training email [andfotos@ameritrain.com](mailto:andfotos@ameritrain.com). Include your name, HFH Affiliate name and your contact information and a message that you would like to register for Habitat for Humanity IL state training. There is a fee for this course.



**Habitat**  
for Humanity®

**IL May  
Webinar**

**Policy  
and  
Privacy**

# Homeowner Services and Mortgage Origination – Policies

Has your affiliate established an appropriate frequency to review and update policies?

- Policies form a key part of internal controls – protects affiliate and their personnel
- Policy statements must be objective
- Set timeline for periodic review
- Must reflect HFHI policies, state and federal laws, and affiliate business practices
- Board approval is mandatory

# Homeowner Services and Mortgage Origination – Privacy

## Let's Talk about Privacy - Gramm Leach Bliley Act

Mandatory compliance with safeguarding consumers info that is collected; initial and annual privacy disclosures tell consumers policy and info sharing practices.

### What information is protected?

- Information relating to or capable of being associated with an individual, 'household' or device (laws vary)

### Policies and procedures must incorporate

- What is collected
  - What do you do with the information? Who has access at the affiliate? Do you share collected information with third parties?
- How is it safeguarded
- How long is collected information stored, and what done with it once that timeline is up



# Homeowner Services and Mortgage Origination – E-Sign Act

## Electronic Signatures In Global National Commerce (E-SIGN) Act

Applicants must be provided with a written disclosure, and they must **affirmatively consent** before Affiliate can communicate electronically.

[E-SIGN Act Disclosure](#)

# Activity



**Does your affiliate's policies have a regular review cycle?**

[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)

# Homeowner Services and Mortgage Origination – Key Take-a-ways

- Both the FH Act and ECOA protections now include gender identity and sexual orientation
- Fair lending triggers include untrained personnel and subject policies
- IL affiliates and loan originators are exempt from SAFE Act licensure
  - TILA requires each LO to be qualified – ongoing state and federal training, and background screening
- Policies protect the affiliate and their personnel
- GLBA requires affiliates to provide notice to borrowers about their privacy policies and safeguard all information collected
- E-SIGN Act requires a consumer to affirm that they want to communicate electronically

A high-angle photograph of a person wearing a white hard hat and a plaid shirt, kneeling on a green lawn. They are working on a rectangular patch of dark brown soil. A small green plant is growing in the soil. The person is facing away from the camera, looking down at their work.

# Thank You

**Affiliate Support Center**

**Monday to Friday**

**8:00am to 8:00pm**

**[ussupportcenter@habitat.org](mailto:ussupportcenter@habitat.org)**

**or**

**1-877-434-4435**