



HOUSING COUNSELING REPORTER

SUMMER 2003

SPECIAL POINTS OF INTEREST:

- Learn how to protect yourself and your family from redlining and discrimination.
- Find out how to save energy while putting money in your pocket.
- Client's Corner: ULS Success Stories
- Becoming aware of con-artists posing as utility representatives.
- Lean about the importance of recycling.
- ULS' Schedule of Workshops
- Protecting yourself from unwanted utility services.
- New Urgent Healthcare Center for when your doctor's office is closed.

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REDLINING: DISCRIMINATION IN LENDING

By Sean Wallace,
Senior Housing Counselor, Near S.E.

Predatory lending practices or "redlining" is a form of discrimination in lending that has been on the increase for years. Loan discrimination has wreaked havoc on African-American and low-income communities. Redlining involves imposing unfair and abusive loan terms on borrowers, often through aggressive sales tactics, and taking advantage of borrowers' lack of understanding about extremely complicated transactions. Redlining also encompasses outright deception. Redlining turns the dream of home ownership into a nightmare and, in the worst instances, ends in foreclosure. Damage to the most vulnerable sections of the community is on the increase because predatory loans are made in such concentrated volume in poor and minority neighborhoods—where better loans are not readily available—and loss of equity and foreclosures is devastating to already fragile communities. Examples of redlining lending practices include:

- ◆ Wrapping excessive fees into loans.
- ◆ Charging a higher interest rate than a borrower's credit warrants.
- ◆ Making loans without regard to the borrower's ability to pay.
- ◆ Excessive prepayment penalties.
- ◆ Promoting and permitting loan amounts at more than 100 percent loan to property value.
- ◆ Outright scams pushing, for example, "home improvements."

- ◆ Single premium credit insurance.
- ◆ Single premium credit insurance (more money upfront)
- ◆ Balloon payments (a second or even third mortgage wrapped in but at a higher rate)
- ◆ Negative amortization.
- ◆ Loan flipping.
- ◆ Property flipping.
- ◆ Aggressive and deceptive marketing such as the use of live checks in the mail.
- ◆ Yield spread premiums.

A study by ACORN, the Association of Community Organizations for Reform Now, showed increased racial disparities in mortgage lending. The report analyzed data on a national scale and in 68 metropolitan areas. The study found that, in 2001, African-Americans were more than twice as likely to be turned down for a conventional mortgage as white applicants, while Latinos were rejected 1 1/2 times more often than whites. The disparity is greater than it was in 2000, and indeed is even bigger when compared to available figures from 1996. In some cities the level of disparity is even more pronounced. In 2001, in both Milwaukee and Chicago, for example, African-Americans were five times more likely than whites to be denied a conventional purchase loan. Across the nation, residents of all races in low-income neighborhoods are three times more likely to be denied than residents of upper-income neighborhoods when apply-

(Continued on page 3)

CONSUMER'S CHOICE: "WHAT YOU NEED TO KNOW"

*Submitted by Annie Tyson
Supervising Housing Counselor— Near S.E.*

Frequently we are asked at the Office of the People's Counsel what consumers should do if they receive an offer or are asked to choose a different utility company for their electric, natural gas, or telephone services. As the public advocate for utility consumers, the Office cannot recommend a specific company for any type of service. We can tell you that carefully choosing your service provider could result in greater savings for utility services. Before you choose, however, there are some things you should know. First, if you choose an alternative supplier you are entering into a private contract with the provider. The terms of this contract may differ greatly from the relationship you have shared with your traditional utility company. Usually the contract will last for at least one year— often two years—and will contain a fixed price for services.

The fixed price may be more than what you are paying now for services, but you might want to take the chance that the fixed price will be lower than what you will pay (for those choosing gas or electric service) during the peak heating or cooling seasons. For those choosing telephone service you will need to compare the rates for the services you are being offered.

Once finished comparing, there are still a few questions that you will benefit from answering. We call this our top ten list, plus 1;

The following are questions to ask before selecting an alternate supplier (Gas, Electric, or Telecommunications):

1. Is the company licensed by the Public Service Commission to market services in D.C.?
2. How long has the company been in business, and what assurance is given that service will be reliable?
3. What will the company do if it is unable to complete its parts of the contract?

4. What is the company's customer service history in areas where it does business?
5. Will the company maintain a local business office to handle inquiries and payments?
6. What will the bill look like? Who will send it? When will it arrive? When will it be due?
7. Whom do you call, and what is the process to resolve a service or billing problem or complaint?
8. Does the company have a local or toll-free number for assistance available at any time of the day or night?
9. Will I be given a copy of the contract in writing with all terms and services clearly identified before being asked to sign?
10. Do I have the right to cancel the contract at no cost to me if I change my mind within 2 weeks of signing?
11. What fees apply if a payment is late or if I cancel the contract early?

Do not sign a contract if you are unsure of the terms and conditions. Contact OPC with questions or concerns. Finally, if you still have questions or feel you need help in making a comparison, you may contact the D.C. Office of People's Counsel at (202) 727-3071.

D.C. Office of the People's Counsel is the public advocate for consumers of electricity, natural gas and telecommunications services in the District of Columbia. The Office represents consumers when a utility company seeks to change the rates or services it offers in the District. The Office is mandated to conduct consumer education and outreach activities and to assist in resolving consumer complaints against a utility company when a consumer's effort to do so have been unsuccessful.

***The Information contained in this article was obtained from the Office of the People's Counsel (Herbert Jones).**

UTILITY DISCOUNT PROGRAMS

*By Michelle Brown
Certified Housing Counselor, Near S.E.*

Attention District homeowner, there's a WASA Customer Assistance Program here to help you with those HIGH water bills! If you are a homeowner in the District and have high water bills, you can apply for an exemption which will exclude you from water service charges in the amount of four hundred cubic feet per month. That's equivalent to nearly 3,000 gallons of water, an amount that would lower your monthly bill.

In order to apply for this program, you must be a home-

owner of the District of Columbia and be certified by the D.C. Energy Office (based on your family size and income), and you will need to provide home ownership documentation. Once you join the program you are eligible to participate for a period of one year and you may reapply each year.

To obtain information on Federal Income Guidelines for Utility Discount Programs for FY 2003, please call the D.C. Energy Office Hotline at (202) 673-6750.

(REDLINING: DISCRIMINATION IN LENDING...Continued from page 1)

ing for a conventional home purchase mortgage, an increase in disparity compared to 2000. Racial disparities remain even when controlling for income. In fact, upper-income African-Americans are more likely to be denied than middle-income whites.

Congress should increase the funding level for HUD's Housing Counseling Program to \$100 million annually to increase the availability of housing counseling for potential predatory lending victims. Fannie Mae, Freddie Mac, mortgage lenders and state and local governments should mandate and expand programs that provide basic information

about lending and enable people to protect themselves from redlining practices. The most effective tools for helping minority and lower-income families to become successful home owners are quality loan counseling and home buyer education by community-based entities.

Federal and state regulators should increase their scrutiny of redlining, including examining the interest rates and other costs of loans, as well as their distribution. Federal and state authorities should devote the necessary resources to investigating and prosecuting lending abuses.

*** Information was obtained from the Community Action Program**

USEFUL TIPS THAT CAN SAVE YOU ENERGY AND MONEY

By Tandra Draper
Certified Housing Counselor, Near S.E.

1. Replace incandescent bulbs with compact fluorescent bulbs.
2. Air dry your dishes instead of using the dishwasher's drying cycle.
3. Use a microwave oven instead of a conventional electric/gas range or oven.
4. Turn off your computer & monitor when not in use.
5. Plug home electronics such as televisions and DVD players into surge protectors and turn surge protectors off when equipment is not in use.
6. Lower the thermostat on hot water heaters: 115 degrees is comfortable for most.
7. Take showers instead of baths to reduce hot water usage.
8. Wash only full loads of dishes and clothes.
9. Open windows and use fans, instead of air conditioners
10. Use a fan with a window air conditioner for better air circulation.
11. Program your thermostat at a reasonable temperature to reduce cost.
12. Install white window shades, drapes, or blinds to reflect heat away.
13. Keep curtains, draperies, or blinds closed during the warmest part of the day.
14. If you have a central heating/cooling system, have a qualified contractor or technician inspect your unit. Replace filters bi-annually.
15. Make sure window air conditioners are properly cleaned, mounted, secured, and caulked.
16. Make sure your home is properly insulated.
17. Plant trees and shrubs to shade air-conditioning units

but don't block airflow. A unit uses less electricity when shaded.

18. Growth on trellises (vines such as ivy or grapevines) can lend shade to windows and the side of the house, reducing energy bills.

*** Information in this article was obtained from the D.C. Energy & Environmental Protection Agency**



CONSUMER AWARENESS

*By Tandra Draper
Certified Housing Counselor, Near S.E.*

There has been an increase in door-to-door solicitation and two cases of robberies have been reported. The con-artist poses as a utility worker to gain entry into homes where he robs and assaults his victims. Consumers should do the following whenever there is an unexpected knock at the door:

1. Use a peephole or look out a window near the door, and look for identifiable utility vehicles.
2. Do not open the door without getting a satisfactory explanation.
3. Keep a telephone close to you and be ready to dial 911, if necessary.
4. Ask for a name and an employee number as well as utility company identification.
5. Ask why the work requires entry to your home.
6. Ask for a company telephone number and call to

verify details with the worker's supervisor.

7. Do not open the door before you have satisfactorily completed and confirmed all the above steps and information.

If you decide the answers are consistent enough to open the door to let in a representative, it is still a good idea to call a friend and let them know that you are not comfortable being in the house with the representative(s), also, ask your friend to stay on the telephone with you until the representative(s) depart. Remember, always be cautious about opening the door to your home.

*** Information for this article was obtained from the Office of the People's Counsel.**

D.C. RECYCLES

*By Annie Tyson
Supervising Housing Counselor, Near S.E.*

With the founding of the D.C. Office of Recycling, the District has moved a step closer to a full and citywide recycling program. The D.C. Office of Recycling oversees and promotes recycling and source reduction, but you can also get involved by doing your part.

What can I do?: Put out properly prepared recycling bins after 6:00 p.m. the evening before collection. Take your empty recycling bins and return them to your (private) property by 8:00 p.m. on collection day.

When will recycling be collected?: Recycling is collected on the same day as trash—if you have twice-a-week trash collection, for example, then recyclables will be collected on the *second* collection day.

Where do I put my recycling stuff?: Place your bin and bags where your trash is collected. It's that easy!

ITEMS THAT SHOULD BE RECYCLED:

- ◆ Paper Products
- ◆ Newspaper, Magazines and Catalogs
- ◆ Corrugated Cardboard
- ◆ Computer and Office Paper

- ◆ Metal Cans
- ◆ Glass Containers
- ◆ Plastic Bottles and Jugs

LATEST RECYCLING NEWS

Last year, Mayor Anthony Williams announced that the District's recycling regulations would be enforced and that recycling efforts would include a new education and enforcement program for the commercial sector. Plans to realize the mayor's intent are nearing completion. Commercial and residential recycling inspectors have been hired and they have been trained to give technical assistance to commercial establishments in addition to providing education services aimed at enabling businesses and residents to comply with recycling regulations.

For more information on recycling, call the D.C. Office of Recycling at (202) 645-8242.

***Information obtained from Bill Easley at the D.C. Office of Recycling**



A 27-year-old male with a disability came to University Legal Services, Housing Counseling Program, because he was interested in becoming a homebuyer. The client is hearing impaired and recently divorced. He has been employed by Gallaudet University for almost 2 years and has an annual income of \$42,129.00, while his monthly debt outlay is \$23.00. The client had been referred by a lender who had pre-qualified him for \$165,000.00, and a down payment and settlement cost assistance. The client received an individual session with a housing counselor where they communicated by pad and pen. The counselor gave the client information on HPAP guidelines and regulations and on preparing for homeownership. The counselor also assisted the client with filling out the HPAP application and obtaining the supporting documentation. The client's application was submitted to the GWUL for processing. On May 24, 2002, the counselor received the clients NOE letter including an estimate that he can afford a mortgage at 8% interest and with \$15,000 HPAP assistance to help finance a purchase price of up to \$139,000.00.



A 33-year-old female came to University Legal Services, HCP, to apply for DHCD's Home Purchase Assistance Program (HPAP). On her visit, the client attended a comprehensive pre-purchase seminar where she was counseled on HPAP guidelines, budgeting and money management, credit, appraisals, inspections and first-trust financing. The client was also given an application to complete and return to her counselor. After reviewing the application for accuracy, the counselor forwarded it to the GWUL for approval. The client has since received her Notice of Eligibility letter and her application has been approved.



A single mother with seven children and an annual income of \$20,000.00 per year came to our organization interested in purchasing a home through the HPAP program. She was given

counseling on money management, planning a budget, how to correct problem credit and completing the intake process. Once the client finished this process, she was given an application package to be completed and she returned with supporting documentation. The documentation and the completed application was forwarded to the GWUL for the underwriting process. The client was approved for a 30-year first trust mortgage at 8%, to help finance a home valued at up to \$72,000.00.



A 62-year-old female with an annual income of \$35,000.00 came to our office interested in purchasing a home. The client had several charge accounts and was instructed by her housing counselor to pay them off. After paying off the charge accounts, she returned for an individual counseling session on April 16, 2002. The counselor reviewed her credit report and verified that the client had paid off four credit cards. The client was given an application to complete and asked to return with supporting information. On May 6, 2002, her application was submitted to the GWUL for approval. On May 17, 2002, she received a NOE letter stating that she could purchase a house valued at up to \$96,000.00 at 8%. On May 23, 2002, she located a house in the Northeast area of Washington, D.C., and she has since signed a contract to purchase it.

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Cases cited above are for illustrative purposes, and represent but a small sampling of the clients that University Legal Services, Housing Counseling Program, has helped in recent months.

If you know someone who might benefit from our help, please call (202) 547-4747 or (202) 645-7175.



UNIVERSITY LEGAL SERVICES' SCHEDULE OF SEMINARS

FOR SEPTEMBER 2003

S.E. Office

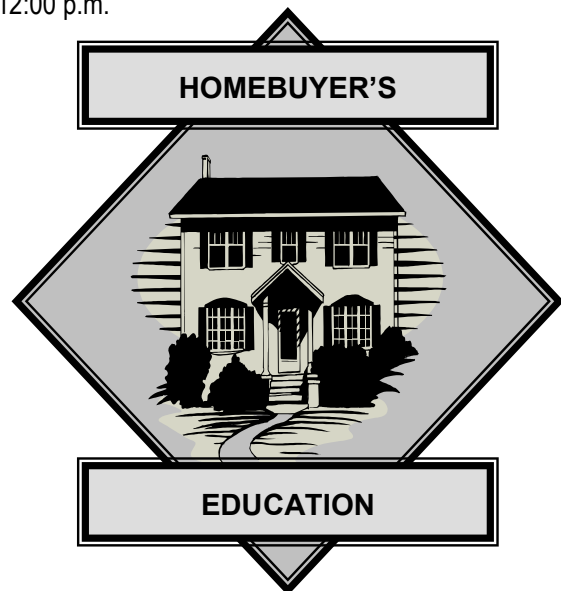
September 2003:

- ◆ **Tuesday, September 2, 2003** - ULS' S.E. Division will conduct a Rental seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Wednesday, September 3, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Friday, September 5, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 5:00 p.m. - 6:45 p.m.
- ◆ **Tuesday, September 9, 2003** - ULS' S.E. Division will conduct a Rehab seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Wednesday, September 10, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Friday, September 12, 2003** - ULS' S.E. Division will conduct a Rental seminar from 5:00 p.m. - 6:45 p.m.
- ◆ **Tuesday, September 16, 2003** - ULS' S.E. Division will conduct a Mortgage Default seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Wednesday, September 17, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 10:00 a.m. - 12:00 p.m.
- ◆ **Friday, September 19, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 5:00 p.m. - 6:45 p.m.
- ◆ **Friday, September 26, 2003** - ULS' S.E. Division will conduct a Homebuyer's seminar from 5:00 p.m. - 6:45 p.m.

N.E. Office

September 2003:

- ◆ **Thursday, September 4, 2003** - A Rental seminar will be held by ULS' N.E. staff from 10:00 a.m. - 12:00 p.m.
- ◆ **Tuesday, September 9, 2003** - A Homebuyer's seminar will be held by ULS' N.E. Staff from 9:30 a.m. - 12:00 p.m.
- ◆ **Tuesday, September 16, 2003** - A Homebuyer's seminar will be held by ULS N.E. staff from 9:30 a.m. - 12:00 p.m.
- ◆ **Tuesday, September 23, 2003** - A Homebuyer's seminar will be held by ULS' N.E. staff from 9:30 a.m. - 12:00 p.m.



DC GENERAL HEALTH CAMPUS

*By Annie Tyson,
Supervising Housing Counselor, Near S.E.*

D.C. General has a **new** Urgent Care Center. The full service walk-in Urgent Care Center is located at 1900 Massachusetts Avenue, S.E., and offers a walk-in medical center for the treatment of minor injuries and non-life threatening illnesses in cases where your regular doctor is unavailable.

Q. When should I use an Urgent Care Center?

A. When you are sick or injured if:

- ◆ You don't have a regular doctor
- ◆ Your regular doctor's office is closed

For more information and hours of operation, call D.C. General Urgent Care Center at (202) 548-6200.

***Information obtained from D.C. General Urgent Care Center**

REAL ESTATE TITLE CONCERNS

Many parents consider adding the names of their adult children to the deed to the family home. This presents some potential pitfalls to be aware of. Firstly, the parents will no longer be able to borrow against the equity in the home without the permission and signature of the child. As homeowners retire, they often find that their retirement income is insufficient to meet their monthly expenses. Many in that position elect to take out a special type of mortgage available to senior citizen homeowners which allows them to receive monthly payments or a lump sum of cash based on the amount of equity in the home. The loan is secured by a deed of trust on the home. Repayment of the loan is deferred until the borrower dies or moves out of the home. In cases where an adult child is named on the deed the senior citizen may find that the adult child refuses to allow the parent to borrow the money as they don't want the parent to "spend their inheritance." Unfortunately, very rarely does the reluctant adult child give the cash-strapped parent money to help pay the bills.

Of course, many parents feel that they would never have that sort of problem with their children. But consider this—the adult child may marry and the husband or wife may insist that their spouse not allow the parent homeowner to borrow money or even sell the house, should the homeowner wish to sell the house and move away. Additionally, should the daughter or son listed on the deed marry and later divorce, the ex-husband or wife may try to assert a legal claim against the parents' home.

Your home belongs to you and only you. The equity should be available to you if you fall upon hard financial times. If you decide you want to sell your home and move to a less expensive part of the country or to an area where you have family, you should be able to do so without anyone else's signature. At the very least, consult a lawyer before you take a step you may later deeply regret.

HOME EQUITY CONVERSION MORTGAGE INFORMATION (HECM)

Are you a Senior citizen 62 or older? Do you own a home? Do you need an extra income? We can help. Apply for the Home Equity Conversion Mortgage Information program (HECM).

HECM is a special type of mortgage that enables an older homeowner to tap the equity in his house. This allows the senior to receive a great deal of flexibility in order to address particular financial needs - whether it is a lump sum to pay an unexpected hospital bill or a stream of regular payments to supplement monthly income. Unlike traditional home equity loans, no repayment of the HECM is required until the senior no longer occupies the home as their primary

residence. At that time, the lender, with permission of the HUD field office, will declare the mortgage due and payable.

With HECM, the senior borrows against the value of the home, and receives loan proceeds according to the payment plan that is selected. The borrower is permitted to change payment plans at any time after origination and may change payment plans as many times as the borrower wishes.

For more information contact ULS' Northeast office at (202) 547-4747 or the Southeast office at (202) 645-7175.

VERIZON DISCOUNT PROGRAM FOR D.C. RESIDENTS

*By Barbara Jean Abney,
Supervising Housing Counselor, Near N.E.*

Economy II Service is a discounted telephone service available to qualified D.C. residents.

- ◆ Residents who meet income eligibility guidelines can receive Economy II Service for \$3.00 a month, including **free unlimited local calling**.
- ◆ Income qualified Seniors 65 years of age and over pay only \$1.00 per month.

- ◆ Economy II offers a voluntary blocking option for long distance calls free of charge. If a customer chooses this option voluntarily, no security deposit will be required.

For additional information on how to qualify, please contact the D.C. Energy Office on 202-673-6750.

****Information obtained from The Washington Post***

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Housing Counseling Program

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Washington, D.C. 20002

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Washington, D.C. 20020

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