



## ANTI-PREDATORY LENDING POLICY

The HOME Consortium works to increase the provision and accessibility of quality, affordable housing. Establishing fair, responsible lending standards is an important component of this goal. The anti-predatory lending policy described here ensures that borrowers are not subject to undue financial burden or unreasonable terms as a result of their loan.

First mortgage loans that are supported by funds provided by the HOME Consortium must comply with these minimum responsible lending requirements:

- Interest rates charged to borrower may not exceed 2 percentage points above the WHEDA Conventional and FHA-Insured rates.

*These rates are available by contacting a participating WHEDA lender.*

- The interest rate must remain fixed for at least five years
- Loan term (retention period) must be at least five years
- No interest-only loans
- Borrower's total debt-to-income ratio may not exceed 45%
- Points and fees charged in connection with the loan will not exceed 5% of the total loan amount
- No prepayment penalties

In addition to the requirements listed above, lenders and lending policies must not employ overtly predatory practices including, but not limited to:

- Making loans based predominantly on the foreclosure or liquidation value of a borrower's collateral rather than on the borrower's ability to repay the mortgage according to its terms
- Inducing a borrower to repeatedly refinance a loan in order to charge high points and fees each time the loan is refinanced ("loan flipping")
- Engaging in fraud or deception to conceal the true nature of the mortgage loan obligation, or ancillary products, from an unsuspecting or unsophisticated borrower