

FAIR HOUSING: LENDING & APPRAISAL BIAS

It is illegal to discriminate in housing based on federal, and all applicable state and local protected classes.

Federal:

- race
- color
- sex
- national origin
- religion
- familial status
- disability

Maryland:

- gender identity
- marital status
- military status
- sexual orientation
- source of income

Anne Arundel County:

- age
- ancestry
- citizenship
- creed
- marital status
- occupation
- sexual orientation
- source of income
- gender identity or expression

WHAT IS LENDING DISCRIMINATION?

Everyone, no matter their protected class, should be provided the same lending opportunities during any stage of the mortgage process, including:

- Approvals and denials
- Terms (e.g. rates, fees)
- Advertising
- Broker services
- Appraisals
- Servicing
- Home loan modification assistance
- Homeowners insurance

EXAMPLES OF LENDING DISCRIMINATION:

- Denying a mortgage or charging higher interest rates when properties are in a majority-minority neighborhood
- Changing customer service experiences based on the protected class of a mortgage applicant
- Refusing to consider a mortgage applicant's disability-related income (ie. SSI or SSDI)
- Steering an applicant of color to a bad loan
- Refusing to approve borrowers who are on parental leave

WHAT IS APPRAISAL BIAS?

Appraisal bias occurs when an appraiser assigns a lower home value to someone's house because of their protected class or because of the demographics of the neighborhood. When an appraiser undervalues someone's home for these reasons, a homeowner may be able to access less equity in their home. This could impact how much they pay in property taxes, or how much equity they can borrow for a student loan.

HOW CAN WE PROTECT ACCESS TO HOMEOWNERSHIP, HOME EQUITY & GENERATIONAL WEALTH?

Be on the lookout for appraisal reports that include the following red flags and raise concerns with lenders or report suspected discrimination.



- References to a protected class
- Inaccurate property descriptions
- Inaccurate comparison properties
- Errors in adjustments

BEST PRACTICES

- Closing the appraisal gap and ending appraisal discrimination is key to remedy the historic effects of redlining communities of color
- Appraisal discrimination can occur during purchasing and refinancing
- Appraisals should not contain explicit statements or references to protected classes
- Remember that steering is a prohibited activity

ADDITIONAL RESOURCES

- [HUD Fair Lending Guide](#)
- [NFHA Appraisal Report](#)



WHO SHOULD I CONTACT IF I BELIEVE I'VE BEEN DISCRIMINATED AGAINST IN HOUSING?

You can report housing discrimination to the ERC by calling 202-234-3062 or emailing info@equalrightscenter.org. You can also file a complaint directly with HUD on their [website](#) or with the Maryland Commission on Civil Rights on their [website](#).

HOW CAN THE ERC HELP?



Civil rights testing

Trained civil rights testers pose as persons seeking housing to find out if and how discrimination is occurring.



Fair housing complaint

Assisting you with filing a housing discrimination complaint with HUD or the appropriate state/local agency.



Reasonable accommodations & modifications

Assisting people with disabilities with requesting reasonable accommodations or modifications.



Advocacy

Advocating on your behalf (ie. requesting a policy change) with a housing provider to address possible discrimination.