



## *Housing Center Director Testifies Before Ohio House Committee on Payday Lending*

On September 23, 2009, Jeffrey D. Dillman, Executive Director of the Housing Research & Advocacy Center testified before the Financial Institutions, Real Estate, and Securities Committee regarding House Bill 209, the Issue 5 Enforcement Act. An excerpt of Mr. Dillman's testimony follows:

The Housing Center has conducted research on the payday loan industry in Ohio for the past four years, releasing three separate reports on the topic. The earlier research found that from 1996-2007, the payday lending industry grew from just over 100 stores to 1,638 stores. The reports also documented the extremely high interest rates lenders charged under Ohio's prior Check Cashing Lender Law, charging an annual percentage rate (APR) of 391%. The reports further found that many borrowers became trapped in a cycle of debt, often obtaining repeated loans over the course of the year.

In response to the widespread concern of the residents of Ohio, in 2008 the General Assembly worked to pass House Bill 545, in an attempt to regulate the payday lending industry. House Bill 545 aimed to protect consumers from the harmful fees and terms of payday loans by repealing the previous Check Cashing Lender Act and replacing it with a new Short-Term Loan Act. Under this new law, the fees and interest charges on short-term loans were to be capped at a 28% APR. In addition, loans under this new law had to be for at least a one-month term, allowing borrowers a greater chance to repay the loan without needing to obtain another one.

The payday lending industry responded by putting an initiative on November 2008's ballot – Issue 5 – that would have repealed the majority of H.B. 545. This industry attempt to repeal H.B. 545 was overwhelmingly rejected by Ohio voters.

Although the General Assembly and Ohio voters affirmed their intent to cap short-term lending at an annual percentage rate of 28%, ... the vast majority of payday lenders have continued to operate in Ohio, often making loans at rates higher than under the old law. Payday lenders have accomplished this by obtaining licenses to lend under the Small Loan Act and/or the Mortgage Loan Act and virtually ignoring the new Short-Term Loan Act enacted by the Ohio legislature in 2008.

Under the SLA, interest and fees on a \$100.00 loan can be even higher than under Ohio's former payday lending statute, with an APR of 423% on a 14-day loan. Under the MLA, interest and fees on a \$100.00 loan can be higher still, with an APR of 680% on a 14-day loan, 24 times the rate contemplated by the legislature and the people of Ohio.

There are legitimate uses for such licenses in Ohio; however, the majority of stores that obtained these licenses in the past year have utilized them to continue making payday loans at excessive interest rates, in contrast to what the laws originally intended. The recommendations that we noted in our February 2009 report, and which we believe continue to remain important, are:

(1) Increase the minimum term of loans under the Small Loan Act and Mortgage Loan Act to 90 days, while requiring payday lenders to use the Short-Term Loan Act for loans of between 31 and 90 days.

(2) Prohibit payday lenders from issuing a loan in the form of a check and then charging a borrower an additional fee to cash that check.

(3) Extend the protection of the Consumer Sales Practices Act to loans made under the SLA and MLA. Ohio's Consumer Sales Practices Act is intended to ensure that consumers in the state are not unfairly taken advantage of by unscrupulous businesses. Amending the CSPA to extend its application to SLA and MLA license-holders can help protect Ohio consumers from unfair and deceptive practices and will enable the Ohio Attorney General to have the means to enforce the full spectrum of Ohio's consumer laws against businesses that attempt to deceive consumers.

To read the full testimony and copies of the Housing Center's research on payday lending, visit our website: [www.thehousingcenter.org](http://www.thehousingcenter.org).

### **The Housing Center Offers Foreclosure Defense**

#### **CLE Training**

The Continuing Legal Education (CLE) program will provide attorneys with 6 CLEs and the latest legal strategies to defend homeowners from foreclosure. See page 3 for details.

## *Housing Center Releases Medina County Community Lending Factbook*

The Housing Center's report, the "Medina County Community Lending Factbook," provides detailed information on home mortgage lending in Medina County and 18 of its major geographic subdivisions. In the report, the Housing Center found that in Medina County, African Americans were denied single-family mortgage loans 48.65% of the time, compared to 28.56% of the time for non-Hispanic whites and 32.63% for Hispanics. High-cost subprime loan rates revealed similar disparities. African Americans in Medina County were more than one and three-quarters times as likely to obtain a high-cost loan as non-Hispanic whites (22% of the time compared to 12.42%).

The report, based on 2007 mortgage lending data also found that:

- Native Americans were denied loans at the highest rate, 64% of the time, though as a group, had significantly less applications than all other groups
- In Medina County, Countrywide Home Loans had the greatest market share of applications for both home purchase lending (481 applications, or 9.90%) and refinance lending (482 applications, or 7.40%).
- Countrywide Home Loans had only 29.31% origination rate for home purchase loans and a 20.54% origination rate for refinance loans. Third Federal Savings and Loan, by contrast, originated 413 home purchase loans from its 463 applications, for an 89.20% origination rate and originated 189 refinance loans of its 316 applications, for a 59.81% origination rate.

Carrie Pleasants, Associate Director of the Housing Research & Advocacy Center, noted that under federal, state, and local fair housing laws, mortgage lenders have an obligation to provide access to credit in a non-discriminatory manner. "This research raises strong questions about whether all mortgage lenders are meeting their obligations under federal law to provide access to credit on a fair basis," Pleasants stated.

## *Fair Housing News*

### **Obama Administration to Ensure Inclusion of the LGBT Community in HUD Programs**

United States Housing and Urban Development Secretary Shaun Donovan announced a series of proposals to ensure that HUD's core housing programs are open to all, regardless of sexual orientation or gender identity. The proposed rule will clarify the term "family" to include otherwise eligible lesbian, gay, bi-sexual or transgender (LGBT) individuals and couples. The rule will further require grantees of the Department's programs to comply with local and state non-discrimination laws that cover sexual orientation, and specify that any FHA-insured mortgage loan be based on credit-worthiness and not on sexual characteristics or gender identity. In addition to the proposed issuances, HUD will commission the first-ever national study of discrimination against members of the LGBT community in the rental and sale of housing. HUD's public housing

and voucher programs help more than three million families to rent an affordable home.

### **Ohio House Passes Anti-Discrimination Bill for Gays, Lesbians**

By a vote of 56-39, the Ohio House passed a measure aimed at curbing housing discrimination based on sexual orientation or gender identity in housing, employment and public accommodations. If passed by the Senate and signed by the Governor, the bill would make it illegal to promote discrimination based on sexual orientation or gender identity. "The bill," according to Rep. Dan Stewart (D-Columbus) "does not create a special right for a certain population of citizens, but rather extends the same rights that all Ohioans are afforded." Noting that more than 20 states have enacted such laws and that similar policies are in effect at most large, successful businesses and a broad swath of government entities, Rep. Stewart said the policy is recognized as

one that invites more highly qualified workers and does not result in a surge of lawsuits.

### **Akron Jury Finds Landlord Guilty of Sexual Harassment; Awards \$246,640 to Former Tenant**

A state court jury in Dayton, Ohio, returned a \$246,640 verdict against landlord Arthur Burton for sexually harassing a Beaver Creek, Ohio, woman, Nicole McDonald, a violation of state and federal housing law. The evidence in the case showed that Burton used sexually explicit language in his attempts to gain sex from Ms. McDonald, whose occupancy lasted only one week because of the harassment she was being subjected to. Vincent Curry, Executive Director of the Fair Housing Advocates Association, and co-complainant in the case stated, "The jury's verdict sends a clear message that landlords who prey on women and subject them to despicable conduct will be held accountable for their inappropriate actions."

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### Mission:

To eliminate housing discrimination and assure choice in Northeast Ohio by providing those at risk with effective information, intervention and advocacy.

Fair Housing is a right of every American and to eliminate discriminatory practices requires resources from committed individuals like you. Your contribution is a vital part of the Housing Center's operations, and any amount is welcome. To make a donation, please mail a check made payable to the Housing Center to: 3631 Perkins Avenue, Ste. 3A-2, Cleveland, Ohio 44114. On the memo line, please write "donation."

Donations can also be made on the Housing Center website, [www.thehousingcenter.org](http://www.thehousingcenter.org) or through Greater Cleveland Community Shares, [www.communityshares.org](http://www.communityshares.org).

## Spotlight on HRAC

### Housing Center Presents Foreclosure Defense CLE December 17<sup>th</sup> Seminar Addresses Legal Defense Strategies

The Housing Research & Advocacy Center will host a Continuing Legal Education (CLE) program at the Cleveland Hilton Garden Inn, that will provide attorneys with the latest information about how to defend homeowners from foreclosure. The program will bring together top experts from Ohio and Washington, D.C., to address the newest federal laws and programs that can benefit homeowners, including recent developments in the Home Affordable Modification Program (HAMP); Ohio foreclosure law and defenses; bankruptcy strategies for homeowners facing foreclosure; tenants' rights during and post-foreclosure, including a discussion of the Protecting Tenants at Foreclosure Act of 2009; working with county Courts of Common Pleas foreclosure mediation programs; and an overview of the causes and effects of foreclosures in northeast Ohio.

Speakers include Housing Center Director Jeff Dillman; Ira Rheingold,

Executive Director of the National Association of Consumer Advocates; Richard Nemeth, Bankruptcy Attorney and Chair of the National Association of Consumer Bankruptcy Attorneys; Laura McDowall, Consumer Law Attorney with McDowall Co., LPA; Andrea Kinast, Director of the Cuyahoga County Court of Common Pleas Foreclosure Mediation Program; and Peter Iskin, Managing Attorney of the Housing Unit of The Legal Aid Society of Cleveland.

The program is from 9a.m.—4:30p.m. on **Thursday, December 17, 2009**, and is sponsored by the Housing Research & Advocacy Center and The Legal Aid Society of Cleveland. Registration information can be found on our website, [www.thehousingcenter.org](http://www.thehousingcenter.org) or by contacting Darlene English, (216) 361-9240. General admission is \$60 with a discount given to Legal Aid Society employees and volunteers. ***This program has been approved for 6 hours of continuing legal education.***

### Other HRAC News

The Housing Center recently conducted two fair housing trainings for real estate professionals. The first, held at the North Olmsted Library, attracted 49 attendees. The second was held at the Stephanie Tubbs Jones Recreation Center in Shaker Heights and had 24 participants. The seminars educated the real estate professionals about fair housing law regarding advertising, steering and blockbusting, as well as accessibility issues. Carole Heyward, North Olmsted's Fair Housing Administrator, and Lisa Gold-Scott, Assistant Law Director for the City of Shaker Heights also spoke.



The Housing Center welcomes Dana Cohen, our fall semester intern. Dana is a graduate of The Ohio State University, College of Social and Behavioral Sciences and earned her Bachelor of Arts degree in sociology, with a minor in city planning. She is currently studying for the law school entrance exam and plans to simultaneously pursue a master's degree in city planning. Previously, she interned with Slavic Village Development Corporation and wrote her thesis paper on "Mortgage Fraud in Slavic Village."

**HOUSING  
RESEARCH & ADVOCACY  
CENTER**

*A New Era of Housing Justice*

3631 Perkins Avenue  
Suite 3A-2  
Cleveland, OH 44114  
Phone: 216-361-9240  
Fax: 216-426-1290

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## *Upcoming Events*

**New Strategies in  
Foreclosure Defense CLE  
December 17, 2009  
9:00 a.m. – 4:30 p.m.  
Cleveland Hilton  
Garden Inn  
Approved for 6 CLEs**

**City of Lakewood Fair Housing  
Law Training for Landlords  
March 2010  
Location TBD  
1 CEU available**

**Shaker Heights Landlord/  
Tenant Training Seminar  
Saturday, May 15, 2010  
8:45 a.m. - 4:00 p.m.  
Stephanie Tubbs Jones  
Community Building  
3450 Lee Road  
Shaker Heights  
6 CEUs available**

The Housing Center conducts a number of fair housing trainings for landlords and realtors, as well as for individuals. We are also available to speak at various meetings. For information about any of our events, or to register, please contact the Housing Center's Education & Outreach Coordinator, Darlene English, at 216-361-9240.

Donations are a vital part of the Housing Center's operations, and any amount is welcome. To make a donation, please mail this tear-off form with a check made payable to the Housing Center to: 3631 Perkins Avenue, Ste. 3A-2, Cleveland, Ohio 44114. Donations can also be made on the Housing Center website, [www.thehousingcenter.org](http://www.thehousingcenter.org) or through Greater Cleveland Community Shares, [www.communityshares.org](http://www.communityshares.org).

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