FAIR HOUSING ACT (FHA)

REVIEW CONSIDERATIONS

Review Considerations

Review Area	Requirements / Recommendations
Policies / Procedures	Ensure the policy for implementing FHA does not tolerate prohibited discrimination in any aspect of a residential real estate-related transaction.
Nondiscrimination in Residential Lending	Ensure employees do not discriminate against any person in setting or exercising the terms or conditions of such a loan or discourage an application on the basis of race, color, religion, national origin, sex, handicap, or familial status (having children under the age of 18). Note: The use of the term residential real estate-related transaction means (1) the making or purchasing of loans for the purchase, construction, improvement, repair or maintenance of a dwelling secured by residential real estate or (2) the selling, brokering, or appraising of a dwelling.
Nondiscrimination in Appraisals	Do not rely on an appraisal of a dwelling if one knows or should know that the appraisal is based upon consideration of race, color, national origin, religion, sex, handicap, or familial status. Do not rely upon an appraisal of a dwelling if one knows or should know that the appraisal is based upon consideration of a criterion which has the effect of discriminating on the basis of race, color, national origin, religion, sex, handicap, or familial status. Do not rely upon an appraisal that one knows or should know is based upon consideration of any of the following criteria, for such criteria generally have a discriminatory effect, and are not necessary to a federal credit union's business: • The age or location of the dwelling • The age or location of dwellings in the

	neighborhood of the dwelling • The income level of the residents in the neighborhood of the dwelling. Note: See NCUA Rules and Regulations Section 701.31 regarding guidelines concerning possible exceptions or guidelines concerning the consideration of location factors.
Providing Appraisals	Creditors must provide a copy of the appraisal report used in connection with an application for credit to be secured by a lien on a dwelling upon request of the applicant. (Federal credit unions are governed by NCUA Rules and Regulations Section 701.31.)
Nondiscrimination in Advertising	Do not engage in any form of advertising of real estate-related loans that indicate the credit union discriminates on the basis of race, color, religion, national origin, sex, handicap, or familial status in violation of the FHA. Ensure advertisements do not contain any words, symbols, models or other forms of communication that suggest a discriminatory preference or policy of exclusion in violation of the FHA or the Equal Credit Opportunity Act. Ensure real estate-related loan advertisements prominently indicate, in a manner appropriate to the advertising medium and format used, that the credit union makes such loans without regard to race, color, religion, national origin, sex, handicap, or familial status. (Federal credit unions see NCUA Rules and Regulations Section 701.31; state chartered credit unions see HUD guidance on advertising.)
HUD Regulations	Ensure compliance with all HUD regulations implementing the FHA and NCUA Nondiscrimination regulations relating to residential real estate lending. (HUD regulations applicable to all credit unions are located at 12 CFR Parts 100, 103, and 110; and NCUA regulations applicable to federal credit unions are located at 12 CFR Section 701.31)
Equal Housing Lender Poster	Display the Equal Housing Lender poster in the public lobby of the credit union and in the public area of each office where such loans are made

	and must be clearly visible to the general public.
Self-testing	Credit unions have a legal privilege in information developed as a result of self-tests that they would voluntarily conduct to determine their compliance with the FHA. The privilege only applies if the definition of self-test is met and the credit union takes appropriate corrective action as described in the HUD implementing regulations, 12 CFR Part 100, Subpart C. Note: Data or factual information that is available or can be derived from credit or application files is not privileged. Data collection required by law or any government authority is not a voluntary self-test.
Training	Provide training to all employees involved in any aspect of residential real estate, including the financing, selling, renting, advertising, brokering, and appraising of housing. All employees should be provided with training on the basic principles and core requirements of FHA, along with other relevant fair lending laws and regulations.
Monitoring, Internal Review, Audit	Conduct periodic monitoring of the credit union's compliance with the requirements of the FHA, as well as other relevant fair lending laws and regulations. An internal or external audit should be conducted at least annually to assess overall compliance with the FHA and to ensure the credit union's practices conform to its policies and procedures.