Economic Mobility: Earn, Keep, Grow

Consumer Protection: Predatory and Wealth-Stripping Practices Targeting Our Neighborhoods
Reverse Mortgages

Consumer Protection: Predatory and Wealth-Stripping Practices

October, 2019
About Reinvestment Fund

▪ Our mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

▪ Since 1985, Reinvestment Fund has made $1.8 billion in cumulative investments and loans.

▪ We are supported by over 865 investors that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

▪ Top AERIS rating of AAA+1 and AA- S&P rating.
Why did We Investigate the Reverse Mortgage Lending Market?
Reverse Mortgage Foreclosures
Reverse Mortgages in the Philadelphia Region
How Do Reverse Mortgages (aka HECMs) Work?
Traditional Mortgages and Reverse Mortgages compared

How is a reverse mortgage different from a traditional mortgage?

**Traditional mortgages**

With a traditional mortgage, you usually borrow money to pay for the home at the time of the purchase, and pay it back over time. With each payment, you build your equity and your loan balance goes down.

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Source: Consumer Finance Protection Bureau (CFPB)
Reverse mortgages

With a reverse mortgage, you borrow money using your home as a guarantee for the loan, as you would for a traditional mortgage. Unlike a traditional mortgage, a reverse mortgage is repaid when the borrowers no longer live in the home. Although you won’t make monthly mortgage payments, you’ll need to continue to pay property taxes and homeowner’s insurance, and keep your house in good condition. Because interest and fees are added to the loan balance each month, your loan balance goes up—not down—over time. As your loan balance increases, your home equity decreases.

Reverse mortgage borrowers must be age 62 or older. Borrowers usually use the loan to help pay for living expenses.
How does a reverse mortgage work if I still have a traditional mortgage?

Many people interested in a reverse mortgage still owe money on their home. If this is your situation, you will be trading one loan for another, usually a larger one. Some of the money you borrow with the reverse mortgage will be used to pay off your current mortgage. If you owe a lot on your current mortgage, you may not have much money from the reverse mortgage left over to spend on other things. However, a reverse mortgage will free up money you have been using to make monthly mortgage payments.
What Are Advantage and Uses of Reverse Mortgages?

- Home Equity Conversion Mortgages (HECM), aka Reverse Mortgages, are FHA-insured loans that allow borrowers to access the equity in their homes.

- Advantages of Reverse Mortgages:
  - Non-traditional qualifying
  - No monthly mortgage payment
  - Ability to tap into equity
  - Ability to live in their home until death (or sale/non-occupancy)

- Common Uses of Reverse Mortgages:
  - Supplement monthly income
  - Finance home repair and maintenance
  - Pay major medical expenses

Source: Clarifi
<table>
<thead>
<tr>
<th>Line of Credit</th>
<th>Monthly / Annual Payout</th>
<th>Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Take portions of the loan out when you want</td>
<td>• Get a fixed amount periodically while loan principal remains</td>
<td>• Take as much of the loan principal as allowed up front</td>
</tr>
<tr>
<td>• Only pay fees on money you take out</td>
<td>• Only pay fees on money you take out</td>
<td>• Higher costs because all fees are upfront</td>
</tr>
<tr>
<td>• Adjustable interest rate</td>
<td>• Adjustable interest rate</td>
<td>• Fixed interest rate</td>
</tr>
<tr>
<td>• Limit on amount you can take in year one</td>
<td>• Limit on amount you can take in year one</td>
<td>• Withdraw as much as possible in year one; the rest in year two</td>
</tr>
<tr>
<td>• Line of credit grows over time</td>
<td></td>
<td>• High risk for younger borrowers of running out of funds</td>
</tr>
</tbody>
</table>
Who are Ideal HECM Borrowers?

- A strong commitment to understanding the process
- Sufficient Equity
- Knowledge of repairs needed
- Sufficient Income
- Knowledge of or already living on retirement income
- Other Assets
- Well past the minimum age of 62
- Willing to involve family/heirs in the process

Source: Clarifi
Borrowers Can Encounter Trouble with Reverse Mortgages

- Common Reasons for Reverse Mortgage Default (and Foreclosure)
  - Unpaid property taxes.
  - No homeowner’s insurance.
  - Home needs repairs and the homeowner won’t or can’t make them.
  - The homeowner doesn’t live in the home as their primary residence (less than 6 months per year)
    - This includes leaving the home for long term medical care

- Common Challenges for Spouses & Heirs
  - Surviving spouses who are not co-borrowers or listed on the reverse mortgage documents must repay the reverse mortgage amounts after the borrower dies if they want to remain in the home.
  - Other heirs, like children or care givers, must repay the reverse mortgage amounts after the borrower dies if they want to live in or inherit the home.
Borrower Concerns with Reverse Mortgages

- Product not accurately explained or understood by borrowers.
- Repair contractors and reverse mortgage brokers working together confuses borrower.
- Servicers are unwilling to offer Repayment Plans when taxes or insurance become delinquent choosing instead to file for foreclosure.
- Widows and heirs often lose the family home.

Source: Senior Law Center
### How Much Benefit do Homeowners Receive?

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Appraised Value</td>
<td>$125,000</td>
</tr>
<tr>
<td>Balance of Existing Mortgage</td>
<td>$-</td>
</tr>
<tr>
<td>HECM Eligible Amount</td>
<td>$636,150</td>
</tr>
<tr>
<td>Age of Youngest Borrower</td>
<td>72</td>
</tr>
<tr>
<td>If you are getting a Fixed Rate HECM</td>
<td></td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.5%</td>
</tr>
<tr>
<td>10-year LIBOR Swap Rate</td>
<td>2.35%</td>
</tr>
<tr>
<td>Lender’s Margin</td>
<td>2.25%</td>
</tr>
<tr>
<td>Modified Interest Rate</td>
<td>4.5%</td>
</tr>
<tr>
<td>8a Estimated maximum interest rate during the next 10 years</td>
<td>8.0%</td>
</tr>
<tr>
<td>8b How many years will it take to reach that interest rate?</td>
<td>10</td>
</tr>
<tr>
<td>Principal Limit Factor based on Fixed Rate HECM</td>
<td>49.4%</td>
</tr>
<tr>
<td>Loan Origination Fee</td>
<td>$6,000</td>
</tr>
<tr>
<td>Other Closing Costs</td>
<td>$3,230</td>
</tr>
<tr>
<td>Initial Mortgage Insurance</td>
<td>2%</td>
</tr>
<tr>
<td>Total Upfront Costs</td>
<td>$8,230</td>
</tr>
<tr>
<td>Percentage of Upfront Costs to be Financed</td>
<td>100%</td>
</tr>
<tr>
<td>Life Expectancy Set Aside</td>
<td>0</td>
</tr>
<tr>
<td>Net Available HECM Credit</td>
<td>$53,520</td>
</tr>
<tr>
<td>Max Amount of Net Proceeds Allowable in Year 1</td>
<td>$32,112</td>
</tr>
<tr>
<td>Amount of 1st Year Max Net Proceeds Available after Taxes, Insurance, Living Expenses, and Maintenance</td>
<td>$27,022</td>
</tr>
</tbody>
</table>

#### Scenario:

72 year old single homeowner with a home worth $125,000. Homeowner wants to take $15,000 up front and use reverse mortgage proceeds to supplement her income.

Borrower will receive a net of **$53,520** and will run out of reverse mortgage proceeds after about 5½ years (expected to live 15½ more years). If borrower wishes to leave her home to an heir, heir will have to pay 95% of market value to reverse mortgage lender (expected $180,000).
What did We Learn About the Reverse Mortgage Lending Market in the Philadelphia area?

Number of Reverse Mortgage Originations by Year, 1991 - 2017
(Note: Financial Assessment Began in 2015)
<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Refinance</th>
<th>Line of Credit</th>
<th>Fixed Rate</th>
<th>Interest Rate</th>
<th>Initial Principal Limit</th>
<th>Max Claim Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HECM</td>
<td>HECM</td>
<td>HECM</td>
<td>HECM</td>
<td>Median</td>
<td>Median</td>
<td>Median</td>
</tr>
<tr>
<td>Bucks</td>
<td>1,344</td>
<td>85</td>
<td>6%</td>
<td>1,116</td>
<td>3.2%</td>
<td>$169,000</td>
<td>$260,000</td>
</tr>
<tr>
<td>Chester</td>
<td>812</td>
<td>61</td>
<td>8%</td>
<td>680</td>
<td>3.4%</td>
<td>$184,000</td>
<td>$289,000</td>
</tr>
<tr>
<td>Delaware</td>
<td>1,130</td>
<td>50</td>
<td>4%</td>
<td>927</td>
<td>3.4%</td>
<td>$132,000</td>
<td>$205,000</td>
</tr>
<tr>
<td>Montgomery</td>
<td>1,420</td>
<td>87</td>
<td>6%</td>
<td>1,219</td>
<td>3.2%</td>
<td>$164,000</td>
<td>$259,000</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5,070</td>
<td>780</td>
<td>15%</td>
<td>4,364</td>
<td>5.0%</td>
<td>$81,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>Enforcement Area</td>
<td>9,776</td>
<td>1,063</td>
<td>11%</td>
<td>8,306</td>
<td>3.2%</td>
<td>$169,000</td>
<td>$260,000</td>
</tr>
</tbody>
</table>

HECM terms in Philadelphia are very different than in the surrounding counties.
Share of HECM Originations to African-Americans

African-American Share of HECM Originations Compared to Share of Homeowners and Population Age 65 or Older

- Share of HECM Originations
- Share of Homeowners
- Share of Population Age 65 or Older

<table>
<thead>
<tr>
<th>Location</th>
<th>Share of HECM Originations</th>
<th>Share of Homeowners</th>
<th>Share of Population Age 65 or Older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bucks</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Chester</td>
<td>9%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Delaware County</td>
<td>16%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Montgomery</td>
<td>12%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>66%</td>
<td>39%</td>
<td>40%</td>
</tr>
</tbody>
</table>
### Where is HECM Lending Concentrated in Philadelphia

<table>
<thead>
<tr>
<th>Census tract % African-American</th>
<th>Less than 20% African-American</th>
<th>Between 20% &amp; 40% African-American</th>
<th>Between 40% &amp; 60% African-American</th>
<th>Between 60% &amp; 80% African-American</th>
<th>More than 80% African-American</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average # Rev. Mort.</td>
<td>8.4</td>
<td>8.2</td>
<td>8.4</td>
<td>14.0</td>
<td>25.7</td>
</tr>
<tr>
<td>Median Sales Price 2016/2017</td>
<td>$220,000</td>
<td>$166,000</td>
<td>$124,100</td>
<td>$111,900</td>
<td>$47,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Median Sales Price 2016-2017</th>
<th>Quartile 1 (&lt; $45,000)</th>
<th>Quartile 2 ($45,000 - $125,000)</th>
<th>Quartile 3 ($125,000 - $215,000)</th>
<th>Quartile 4 (&gt; $215,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average # Rev. Mort.</td>
<td>15.2</td>
<td>17.7</td>
<td>12.6</td>
<td>9.6</td>
</tr>
</tbody>
</table>
Where is HECM Lending Concentrated in Philadelphia?
Promise Zone, Displacement Pressure, and HECMs
HECM Defaults and R/ECAPs

[Map showing distribution of HECM Defaults and R/ECAPs with various color coding for percentage of homeowners who are Black.]

Legend:
- R/ECAP
- 1 Dot = 3
- Res/Mort Default
- % Homeowners Who Are Black:
  - Less than 10%
  - 10%-30%
  - 30%-60%
  - 60%-85%
  - 85%-100%
Concentrations of Philadelphia Older (65+)
Households with Lower Income (<$25,000)

Source: 2013 – 2017 American Community Survey
How Do Philadelphia Borrowers Describe their Experiences with Reverse Mortgages?
# How Do HECM Borrowers Describe Their Experience?

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Race / Ethnicity</th>
<th>Age</th>
<th>Marital Status</th>
<th>Neighborhood</th>
<th>Home Assessed Value 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner 1</td>
<td>African-American</td>
<td>90</td>
<td>Married</td>
<td>Logan</td>
<td>$108,300</td>
</tr>
<tr>
<td>Homeowner 2</td>
<td>African-American</td>
<td>84</td>
<td>Married</td>
<td>West Mount Airy</td>
<td>$405,000</td>
</tr>
<tr>
<td>Homeowner 3</td>
<td>African-American</td>
<td>79</td>
<td>Single</td>
<td>Point Breeze</td>
<td>$81,500</td>
</tr>
<tr>
<td>Homeowner 4</td>
<td>White</td>
<td>83</td>
<td>Single</td>
<td>Filter Square</td>
<td>$679,100</td>
</tr>
<tr>
<td>Homeowner 5</td>
<td>African-American</td>
<td>70</td>
<td>Single</td>
<td>Allegheny West</td>
<td>$36,000</td>
</tr>
<tr>
<td>Homeowner / Heir 1</td>
<td>African-American</td>
<td>78 / 49</td>
<td>Single</td>
<td>Grays Ferry</td>
<td>$68,200</td>
</tr>
<tr>
<td>Heir 1</td>
<td>African-American</td>
<td>45</td>
<td>Single</td>
<td>Kingsessing</td>
<td>$60,500</td>
</tr>
<tr>
<td>Heir 2</td>
<td>African-American</td>
<td>59</td>
<td>Single</td>
<td>Nicetown</td>
<td>$44,000</td>
</tr>
</tbody>
</table>
How Do HECM Borrowers Describe Their Experience?

1. Before the Reverse Mortgage
2. The Reverse Mortgage Origination Process
3. Encountering Trouble with the Reverse Mortgage
4. Resolution of the Foreclosure and Reflection
Before the Reverse Mortgage...

- Homeowners were generally stable, but dealing with a range of stressors.
  - Financial
  - Health
  - Home maintenance

While homeowners did not universally feel they were financially or physically as well off as they could be, they were not worried about losing their homes before purchasing a reverse mortgage.

One homeowner’s description of her situation before the reverse mortgage:

“I was just in hard times. I was very sick and hadn’t worked in a long time.”
The homeowner hears about reverse mortgages.

- TV ads; flyers in the mail, word of mouth from friends, neighbors, or relatives; sales calls from originator.

The message is clear: You can borrow money and keep your house.

The origination process is smooth, efficient and respectful.

No homeowners recalled receiving HUD mandated housing counseling prior to origination.

A homeowner’s recollection of how the reverse mortgage was described to him:

“Basically, they explained for the most part that they take a lump sum or somehow, it would be scattered out through the years. They explained that we would live in the house as long as we wanted to and everything is hunky-dory. We had paid for the house.”
Encountering Trouble with the Reverse Mortgage...

- **Immediate Challenges**
  - Homeowners receive much less money than anticipated
  - Required repairs are expensive and poor quality
  - Children try to walk back the reverse mortgage after they learn it’s been originated

- **Longer Term Challenges**
  - Homeowner receives a default notice and are suddenly at risk of losing their home – typically a tax or insurance issue.
  - Servicers are difficult to deal with
    - Non-responsive
    - Don’t always explain things in a way homeowners understand
    - Homeowners feel disrespected and exploited by the servicer
    - In most cases, the reverse mortgage originator and servicer were not the same company

A homeowner’s description of how the reverse mortgage went to foreclosure:

“I thought that they paid the taxes and homeowner’s insurance policy. Come to find out I was supposed to pay it, but I didn’t know. I thought they were paying it. That’s why they are looking to take our home.”
Resolution and Reflection...

- Homeowners referred to housing counselor
- Homeowners referred to an attorney
- Case goes to Diversion Court and they begin a workout plan.
- Heirs with good credit can decide to keep the home (or not); heirs who cannot finance repayment of the reverse mortgage principal are left without options

Looking back, homeowners regret taking out the reverse mortgage, but they are quick to note that they didn’t feel like they had many other options. At the time, they needed the money and knew of no other source of additional income.

A homeowner’s reflection on her experience with the reverse mortgage:

“If I knew then like I know now, I would’ve never gotten a reverse mortgage. But I was not in that predicament [then], I’m in that predicament now. I needed their resources.”
Grant Team

Reinvestment Fund, Policy Solutions:

• Ira Goldstein, President
• Michael Norton, Chief Policy Analyst
• Colin Weidig, Senior Research Analyst
• Al Parker, Senior Research Analyst
• Adam Steinberg, Mellon / ACLS Public Fellow

Housing Equality Center of Pennsylvania:

• Rachel Wentworth, Executive Director
• Quint Lerch, Test Coordinator

Contact: 215-574-5815

colin.weidig@reinvestment.com
Common Questions About Reverse Mortgages
Your “principal limit”

Your borrowing limit is called the “principal limit.” It takes into account your age, the interest rate on your loan, and the value of your home. In general, loans with older borrowers, higher-priced homes, and lower interest rates will have higher principal limits than loans with younger borrowers, lower-priced homes, and higher interest rates.

Lower borrowing limit
- Younger borrowers
- Higher interest rates
- Lower-valued homes

Higher borrowing limit
- Older borrowers
- Lower interest rates
- Higher-valued homes
How Much Can I Borrow?

Upfront costs

Like traditional mortgages, borrowers typically pay some one-time upfront costs at the beginning of the loan. While you can pay these costs out of pocket, you can typically choose to pay for them using your loan proceeds. This means that you don’t have to bring money to the closing. But it’ll reduce the total amount of money you get to use for other things.

Upfront costs include origination fees paid to the lender, real estate closing costs paid to third-party professionals, and the initial mortgage insurance premium paid to the FHA.
What if I Want to Sell My Home?

What if my reverse mortgage balance is less than my home value?

So long as your reverse mortgage loan balance is less than the value of your home, this works just like selling your house when you have a traditional mortgage:

- Reverse mortgage loan
- Monthly interest and fees
- Sell home to pay loan and keep difference

Equity

Debt
What happens when the homeowner passes away?

* If a homeowner wants to leave their property to an heir, they should speak with them about how to repay the reverse mortgage. The **most** an heir can be asked to repay is 95% of the home’s value (or the loan balance, whichever is lower).
Can My Husband/Wife Continue Getting Money and Live in the House After I Pass Away?

- 1. If you and your husband/wife are both on the loan.

- 2. If only one person is on the loan.
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Consumer Protection: Predatory and Wealth-Stripping Practices Targeting Our Neighborhoods
Economic Mobility: Earn, Keep, Grow
Consumer Protection: Predatory and Wealth-Stripping Practices Targeting our Neighborhoods

October 2019

Michael Froehlich, Esq.
Managing Attorney
Homeownership & Consumer Rights Unit
mfroehlich@clsphila.org
In gentrifying Philly, speculators pay heirs peanuts — then flip their properties for massive gains

by Jacob Adelman and Craig R. McCoy, Updated: September 27, 2019

Harry and Lorraine Norris thought they were lucky when a stranger called with surprising news: Lorraine stood to inherit two lots in North Philadelphia, and some real estate investors wanted to buy them.

The Norris's pocketed $14,000 from the deal.
ATTENTION: I’ll pay cash for your house and close fast! Call me at 267-272-0752 today.

At EZ Homes, we make selling houses just like yours fast, easy, and painless.

You don’t have to worry about if or when your house will sell. You pick your closing date, and we pay you cash. All you have to do is pick up the phone and call 267-272-0752.

Is your home a fixer-upper? We’ll buy it just as it is. You don’t have to fix anything.

Our accurate cash offer comes with no additional expenses. There are no fees or commissions, no hidden closing costs, and no repairs.

“{'Lg113','b113'}We take pride in making sure that every real estate deal we do BENEFITS the seller!”

Electronic Service Requested

While you’re waiting to find a buyer, we’re confident that we can offer you more than any other buyer today because of our unique strategy.

Please call us at 215-608-1519 or visit our website at:

www.ezusedhomes.com

I am interested in purchasing the property in your area. Please provide the opportunity to speak with you about your property at:
I Buy Houses
015.574.
WE BUY HOUSES
215-402-7463
$ CASH 4 HOME $
215-983-4399
§ 10-1201. Definitions.

"Signs" include, but are not limited to, banners, pennants, placards, posters, stickers, advertising flags, and plaques.

§ 10-1202. Prohibited Conduct.

(a) Except as provided in subsection (b), no person shall post or advertise upon any sign on a:

(1) utility pole;
(2) streetlight;
(3) traffic or parking sign or device, including any post to which such sign or device is attached;
(4) historical marker; or
(5) City-owned tree or tree in the public right-of-way.

(b) A person may post or advertise upon a sign on a streetlight provided the sign complies with the requirements of the Banner Program, as defined by regulations promulgated by the Department of Streets.

(c) No person or business shall hire, contract with or pay another person or business to post any sign in violation of this Section.
Do you want to make some money this weekend? I will pay anyone $1 bounty for each "We Buy Houses" bandit sign that you bring me. Email me at michael.froehlich@gmail.com to arrange for the exchange.
Michael Froehlich was getting so sick of seeing the “We Buy Houses” signs desecrating his West Philadelphia neighborhood he decided to offer a bounty for them — $1 for every one dropped off at his house, up to $200.
Illegal Signs Initiative

Did you know that it is illegal in Philadelphia to post or pay someone to post a sign on a streetlight, utility pole, traffic sign, historical marker, or street tree?

The penalty for posting these signs is $300 per sign for the first offense and up to $2,000 per sign for the second offense. Failure to pay or continued violations can result in revocation of your commercial activity license. The City of Philadelphia values our business community and our arts community. What we don’t value is litter in our public spaces.

These signs often end up as litter, and a littered community is bad for residents and bad for business. That’s why we need the business and arts communities to be our partners. You can ensure that these signs are not being posted on streetlights, utility poles, traffic signs, historical markers, and street trees.

Stay Tuned: Coming soon to this page will be best practices for hanging public signs in Philadelphia. We are currently holding community meetings on this issue and want to hear proactive ideas from the business community on how to eliminate litter while still being able to advertise in the community. Please send your great ideas to CleanPhL@phila.gov.

Bandit Signs Brigade

This initiative will only be successful with the help of community partners working on the ground to remove illegal signs throughout the city. Through this program, we are working to provide community groups with the resources they need to remove illegal signs.
Standard Agreement to Sell Real Estate

PARTIES: [REDACTED] as Seller, and [REDACTED] as Buyer, hereby agree that the Seller shall sell and Buyer shall buy the following legally described property.

DESCRIPTION:

i. Legal description of real estate

ii. Folio Number: [REDACTED]

iii. Personal property including all buildings and improvements on the property and all right, title and interest of Seller in and to adjacent streets, roads, alleys and rights-of-way.

II. PURCHASE PRICE: $5000

PAYMENT:

i. Cash Deposit to be held in escrow by buyer elected title company, in the amount of $1,500 (see Page 6 for title company names, addresses, and contact)

ii. Title company to be [REDACTED]

iii. Cash, certified or local cashier's check on closing and delivery of deed, subject to adjustments and proration: $4,500

III. TIME FOR ACCEPTANCE AND EFFECTIVE DATE: If this offer is not executed by both of the parties hereto on or before [REDACTED] this offer shall thereafter be null and void. The date of Contract shall be the date when the last one of the Seller and Buyer has signed this offer.

IV. CLOSING DATE: This transaction shall be closed and the deed and other closing papers delivered on [REDACTED] unless extended by other provisions of Contract, or by written agreement of the Parties.

V. RESTRICTIONS, EASEMENTS, and LIMITATIONS: The Buyer shall take title subject only to: Zoning, restrictions, prohibitions and other requirements imposed by governmental authority; Restrictions and matters appearing on the plat or otherwise
Details

Come out to learn from some of the top wholesalers in the Philly area.

We will be discussing how to get properties at the lowest possible price while selling them at the highest price. On both sides of the deal, negotiation is key and we will be talking how to negotiate with both buyers and sellers. Many people are afraid to lowball a seller on a property. We will discuss tactics to build rapport and create win-win situations. We will be discussing how to sell a property in one showing for thousands of dollars over the asking price. Being in control of the situation is the key to creating the most value for all parties involved.
BREACH OF CONTRACT

1. On or about [redacted], Defendant [redacted] entered into a written agreement to sell the subject property to Plaintiffs for a total of $40,000. Closing was to take place on or before [redacted]. (See "Exhibit A")

2. Prior to the closing date, Defendant either ignored Plaintiffs calls, or was unaccommodating in efforts towards moving towards the closing date and closing on the property. Finally, on or about [redacted], Defendant verbally informed Plaintiff that the contract was canceled.

3. Plaintiff has performed its obligations under the terms of the agreement in the manner specified therein.

4. As a result of Defendant's breach of the agreement on [redacted], Plaintiff has been damaged. The damages suffered by Plaintiff are not yet ascertained, but said damages exceed the jurisdictional minimum of this court, plus interest at the legal rate of 6% per annum from and after [redacted], and which sums will be provided at the time of trial.

WHEREFORE, Plaintiff demands judgment for equitable relief in the form of specific performance of the contract between the parties, compensatory damages in an amount to be determined, court costs and attorneys fees, as well as any damages the court finds to be right and just.
Need help with a homeownership issue?

Save Your Home Philly Hotline
215-334-HOME (4663)

North Phila Law Center
1410 W Erie Ave (Broad & Erie)
Mon, Weds, Fri 9-12

SeniorLAW HelpLine
215-988-1242
Mon-Thurs, 10-12
Economic Mobility: Earn, Keep, Grow

Consumer Protection: Predatory and Wealth-Stripping Practices Targeting Our Neighborhoods
Philadelphia Commission on Human Relations
PCHR Who Are We

• Established in 1951 under the City’s Home Rule Charter

• Enforce civil rights laws, particularly the City’s Fair Practices Ordinance (FPO), Section 9-1100 of the Philadelphia Code and resolve community conflicts

• FPO prohibits discrimination in employment, housing and public accommodations
The Philadelphia Fair Practices Ordinance

Protected Categories

- Race
- Ethnicity
- Color
- Sex
- Sexual Orientation
- Gender Identity
- Religion
- National Origin
- Ancestry
- Disability
- Age
- Marital Status
- Source of Income
- Familial Status
- Domestic or Sexual Violence Victim Status
The FPO – § 9-1108
Unlawful Housing Practices

• For any owner, or any other person with authority, to refuse to sell, rent, lease or in any way discriminate

• For any lending institution to discriminate in lending, loans, accepting mortgages, etc.

• For any person to print or circulate any advertisement or use any application that limits
The FPO – § 9-1108
Unlawful Housing Practices

Also prohibits:

- Use of limitations or quota systems
- Retaliation and Harassment
- Property transfers designed to circumvent the law
- Failures to post appropriate notices
- Providing false or misleading info
- Aiding and abetting violations
- Solicitation of sale, rent or lease after refusal by owner
The FPO § 9-1108 (1)(m)  
Unlawful Housing Practices

For any real estate broker or agent, or the employee or representative of any such broker or agent, to solicit any real property for sale or rental, or the listing of any real property for sale or rental, at any time after such broker, agent, employee or representative shall have notice that any owner or other person have the right to sell, rent, lease or approve the sale, rental or lease of such real property does not desire to sell or rent such real property or does not desire to be solicited, either by such broker or agent, or by any and all brokers or agents.
The FPO – § 9-1110 Remedies

- Cease and desist order
- Injunctive or equitable relief
- Compensatory damages
- Punitive damages, $2,000 per violation
- Attorneys’ fees
- Costs and Expenses
Discrimination in Advertising

Both the FPO and the FHA provide a separate cause of action for discriminatory advertising practices.

- Blanket ban on ads that indicate any preference (or aversion) to a certain type of buyer or tenant, based on their membership in a protected class.

- Includes both written and oral advertisements.

- Also includes written and oral statements made on (or in connection with) any applications for housing or credit/loans.
THANK YOU!

Rue Landau, Esq.
Executive Director

Philadelphia Commission on Human Relations

www.phila.gov/humanrelations
215-686-4670
Economic Mobility: Earn, Keep, Grow

Consumer Protection: Predatory and Wealth-Stripping Practices Targeting Our Neighborhoods
Rent-to-Own Agreements

• They go by many names
  • Rent-to-own
  • Lease purchase
  • Contract for deed
  • Lease with escrow for purchase
  • Lease with option to purchase (aka lease with option)
• Legally, they are installment sales contracts
• Worst parts of being a homeowner together with the worst parts of being a renter
## Comparison

<table>
<thead>
<tr>
<th>Lease (landlord-tenant)</th>
<th>Mortgage</th>
<th>Rent-to-own</th>
</tr>
</thead>
<tbody>
<tr>
<td>No down payment</td>
<td>(Usually) down payment</td>
<td>Down payment (to purchase the option to buy)</td>
</tr>
<tr>
<td>Monthly payments are for rent only</td>
<td>Monthly payments are for principal + interest (+ escrow)</td>
<td>Monthly payments are rent AND some principal + interest</td>
</tr>
<tr>
<td>Landlord is responsible for property upkeep</td>
<td>Owner is responsible for property upkeep</td>
<td>Buyer is responsible for property upkeep</td>
</tr>
<tr>
<td>Landlord pays taxes + insurance</td>
<td>Owner pays taxes + insurance</td>
<td>Buyer (usually) pays taxes + insurance</td>
</tr>
<tr>
<td>No equity</td>
<td>Equity</td>
<td>No equity (until the end)</td>
</tr>
</tbody>
</table>
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