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Advocates Demand Fair Treatment of Homeowners with Limited English Proficiency

Thousands of New Yorkers Are Vulnerable to Fraud and Predatory Practices

NEW YORK, NY, May 26, 2016—MFY Legal Services joined with consumer advocates across the country to ask the Consumer Financial Protection Bureau and other regulators to take action to ensure fair treatment of Limited English Proficient (LEP) homeowners.

"New York City homeowners who are not proficient in English often fall prey to loan scammers who offer to bridge the communication gap. The scammers withhold important facts about the loan, and a few years later borrowers are shocked to find their interest rate has skyrocketed and they can no longer afford the loan," said Linda Jun, a staff attorney at MFY Legal Services.

As of 2014, 49% of New York City households spoke a language at home other than English, and 37.2% of New Yorkers were foreign-born.

A report released today by Americans for Financial Reform urges regulators to take action to protect homeowners and offers specific recommendations on how to make it easier for LEP homeowners to understand and navigate the financial system, especially the mortgage loan market.

"We are asking the Consumer Financial Protection Bureau to ensure that LEP homeowners have access to crucial information and services regarding their mortgage, including requiring that key documents be made available upon request in at least the top eight languages," said Ms. Jun.

A companion paper shows many industry players conduct market research to tailor their sales pitches to members of the LEP community, including advertising financial products in multiple languages. But once a product has been sold, consumers typically receive follow-up communications – including complicated mortgage options and terms – exclusively in English.

One Spanish-speaking couple, after ten years of steady payments on what they had understood to be a fixed-rate fully-amortizing mortgage, found that they had not put a dent in the principal because it had actually been an interest-only loan. To make matters worse, their monthly payments were about to increase from $1,983 to $3,350. A friend of the couple had served as their interpreter after referring them to the lender; in hindsight, they realized that this person had financial ties to the loan officer, the title company, and the closing attorney.

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