



Consumer Financial
Protection Bureau

FACT SHEET: THE CFPB AND JUSTICE DEPARTMENT SUE LAND DEVELOPERS AND MORTGAGE COMPANIES TO STOP THEM FROM BREAKING CONSUMER PROTECTION LAWS, HELP PEOPLE WHO WERE HARMED, AND MAKE THEM PAY A PENALTY FOR THEIR WRONGDOING

Overview

Most consumers cannot achieve the American Dream of homeownership without borrowing money. Colony Ridge Development, Colony Ridge BV, and Colony Ridge Land (together, “Colony Ridge”) take advantage of this desire by offering easy-to-obtain, high-interest, seller financing to purchase vacant lots in its subdivisions. Loan Originator Services has a contract with Colony Ridge to originate these loans.

On December 20, 2023, the CFPB and DOJ sued these companies, alleging that Colony Ridge illegally targets Hispanic consumers with predatory loan products through marketing, engages in deceptive acts or practices, and omits material facts from closing documents. In addition, Colony Ridge has failed to comply with regulations that prohibit land developers from using documents such as notes, contracts, or deeds in a language that differs from the language in which the developers conducted their sales campaign. Colony Ridge has also not complied with registration and reporting requirements.

Discriminatory targeting

Colony Ridge (also using the names Terrenos Houston and Terrenos Santa Fe) advertises seller-financed lots to Hispanic consumers almost exclusively in Spanish, often featuring certain cultural markers associated with Latin America. The CFPB alleges that Colony Ridge and Loan Originator Services extend high-interest credit to consumers without assessing their ability to repay, exploit language barriers during the sales process, use high-pressure sales tactics, and affirmatively misrepresent or omit material facts relating to the lots and transactions, causing borrowers to incur substantial unanticipated expenses after closing. As a result, Colony Ridge borrowers enter foreclosure at an extremely high rate.

Misleading marketing and land sale disclosure practices

Colony Ridge repeatedly represented that the lots in the Terrenos Houston subdivisions were for sale with the infrastructure to connect water, sewer, and electrical services pre-installed. The CFPB alleges that in fact, many Colony Ridge lots are sold without the infrastructure necessary to connect utilities.

Protecting borrowers

The CFPB and DOJ are seeking an injunction to stop the alleged unlawful conduct; redress for affected consumers; a civil money penalty; and other relief. The filing of a lawsuit is not a finding or ruling that the defendants violated the law, and no injunction, redress, civil money penalty, or other relief has been ordered. If the defendants are found liable, the amount of any civil money penalties will be determined through the litigation.

How to Contact Us

If you think you have been harmed by the practices of Colony Ridge Development LLC, Colony Ridge BV LLC, Colony Ridge Land LLC, or Loan Originator Services LLC, please call the Justice Department’s Housing Discrimination Hotline at 1-833-591-0291, press 1 for English, 3 (for fair lending) and 1 (for Colony Ridge Lawsuit) to leave a message, or send an email to ColonyRidge.Lawsuit@usdoj.gov.