



HISTORIC LENDING DISCRIMINATION SETTLEMENT ADDRESSES ALLEGATIONS OF MODERN DAY REDLINING

By Jo Becker, Education/Outreach Specialist, Fair Housing Council of Oregon

Earlier this year the Department of Housing and Urban Development (HUD) announced an agreement with Associated Bank to resolve a disparate treatment redlining case. Redlining is the practice of refusing to lend or insure homes in areas deemed to be a poor financial risk due to the ethnic demographics of the areas.

At approximately \$200 million, this is the largest fair housing settlement of this sort against a mortgage lender. The settlement stems from a HUD-initiated complaint alleging that from 2008-2010, the Wisconsin-based bank denied mortgage loans to African-American and Hispanic applicants and provided different levels of loan services in neighborhoods with significant African-American or Hispanic populations – both violations of the FHA's race and national origin protections.

Associated Bank's mortgage lending activity indicated that, compared to other lenders, the firm made few loans in majority-minority census tracts in five metropolitan areas, but did make loans in nearby predominantly white tracts.

The terms of the settlement include:

- Nearly \$10 million over three years in lower interest rate home mortgages and down payment/closing cost assistance to qualified borrowers in majority-minority census tracts in Chicago; Milwaukee; Minneapolis-St. Paul; Racine, Wisconsin; Kenosha, Wisconsin; and Lake County, Illinois;
- Nearly \$200 million committed to increased home mortgage lending activity in majority-minority census tracts in the same areas;
- Nearly \$3 million to help existing homeowners repair their properties in these predominantly minority communities;
- \$1.4 million to support affirmative marketing of loans in the above census tracts;
- \$1.35 million for community reinvestment and fair lending education and training;
- Four new loan production offices in majority-minority census tracts in addition to three branches Associated opened or has planned to open since HUD's complaint was filed;
- Fair housing training for all residential lending employees;
- A second level review process for all denied residential loans.

You can read the full agreement here:

<http://portal.hud.gov/hudportal/documents/huddoc?id=ExecAssBankConAgrmnt.pdf>

In announcing the settlement HUD Secretary Julián Castro said, "Discriminatory lending practices have too often cut off too many credit-worthy families from the opportunities they need to thrive. This agreement will ensure that more Americans can fulfill their hopes and aspirations."

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