

Department of Justice Fair Lending Enforcement



LBA Bank Counsel Conference

December 14, 2012

DOJ Fair Lending Enforcement

In the next 15 minutes you can learn about:

1. The types of fair lending cases DOJ recently has filed
2. A bank-related disability discrimination settlement agreement
3. Some steps your clients can take to improve civil rights compliance

DOJ Fair Lending Basics

Primary Statutes

- Fair Housing Act
- Equal Credit Opportunity Act
- Servicemembers Civil Relief Act

Sources of Cases

- Referrals
- Complaints
- DOJ-initiated matters

DOJ Fair Lending Basics

Types of Credit

- mortgage and other housing-related
- auto
- credit cards and other consumer loans
- small business

DOJ Jurisdiction Extends to All Creditors

DOJ Fair Lending Basics

Coordination with bank regulators & CFPB

- all 7 discrimination cases resulted from bank agency referrals
- extensive coordination on SCRA issues
- regular interagency meetings

Working with U.S. Attorneys' Offices

- Countrywide, Wells Fargo, GFI

Lending Discrimination

7 lending discrimination cases settled
since October 1, 2011

- ✓ 6 include both ECOA & Fair Housing Act claim
- ✓ 5 address race & national origin discrimination
- ✓ more than \$550,000,000 in monetary relief
- ✓ compensation for 250,000+ victims

The Discrimination Cases

United States v. Countrywide Financial Corporation (C.D. Cal.)

United States v. Wells Fargo Bank, NA (D.D.C.)

United States v. SunTrust Mortgage, Inc. (E.D. Va.)

United States v. GFI Mortgage Bankers, Inc. (S.D.N.Y.)

United States v. Luther Burbank Savings (C.D. Cal.)

United States v. Bank of America N.A. (W.D.N.C.)

United States v. Mortgage Guaranty Insurance Corp. (W.D. Pa.)

Discrimination Issues Addressed

Steering

- ✓ Countrywide, Wells Fargo

Pricing

- ✓ Countrywide, Wells Fargo, GFI, SunTrust

Underwriting

- ✓ maternity leave: MGIC (mortgage insurance)
- ✓ disability income: Bank of America
- ✓ minimum loan amount: Luther Burbank

Fair Lending Compliance

Review how pricing & underwriting written guidelines and informal practices impact specific groups

(e.g., race, national origin, sex, disability)

Monitor pricing & underwriting exceptions closely

Investigate complaints (MGIC & Bank of America arose from individual complaints)

SCRA Enforcement

6 SCRA lending settlements
since October 1, 2011

- ✓ Global mortgage servicing settlements with 5 largest servicers protect servicemembers in vast majority of all mortgages
- ✓ *Cap One* settlement provides first enterprise-wide SCRA review & \$12 million monetary relief

The SCRA Settlements

Global mortgage servicing settlement (D.D.C.) :

- ✓ Bank of America Corporation
- ✓ Citigroup, Inc.
- ✓ JP Morgan Chase & Co.
- ✓ Ally Financial (formerly GMAC)
- ✓ Wells Fargo Bank, NA

United States v. Capital One Financial Corp (E.D. Va.)

SCRA Issues Addressed

Foreclosures

- ✓ no non-judicial foreclosures
- ✓ judicial foreclosures require proper affidavit
- ✓ Victims receive \$125,000 plus lost equity

Pricing

- ✓ 6% interest rate on mortgages
- ✓ 6% interest rate on credit cards, auto loans and other types of accounts

Improper default judgments or repossessions

SCRA Compliance

Read the US v. Capital One consent order

Comprehensively addresses SCRA lending issues

Develop, Implement and Train Employees on SCRA Procedures

Fully Investigate Individual Complaints

Capital One arose from an individual complaint

Other Disability Discrimination Issues

Title III of the ADA -- Public Accommodations

Wells Fargo Settlement Agreement (May 2011)

- Addresses failure to communicate effectively with people with disabilities (not just in lending)

Refusal to accept relay calls

- Provides damages & injunctive relief
- Available at
http://www.ada.gov/wells_fargo/wells_fargo_settle.htm

Disability Discrimination Compliance

Read the Wells Fargo settlement agreement

- Addresses several disability communication issues

Develop, Implement and Train Employees on ADA Procedures

Fully Investigate Individual Complaints

- Wells Fargo arose from an individual complaint

Want to know more?

All lending discrimination & SCRA complaints
and settlements are on the HCE website

<http://www.justice.gov/crt/about/hce/caselist.php>



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