



Department of Justice Civil Rights Division 2011 Fair Lending Accomplishments

In the wake of the housing and foreclosure crisis, the President and the Attorney General have made fair lending enforcement a top priority. In early 2010, the Attorney General established a dedicated Fair Lending Unit in the Civil Rights Division's Housing and Civil Enforcement Section. In 2011, the Division produced unprecedented results, filing a record eight lending-related federal lawsuits and obtaining eight settlements providing for more than \$350 million in relief to the victims of illegal lending practices.

This successful year of fair lending enforcement is the result of the Division's sustained efforts throughout 2009 and 2010 to prioritize fair lending enforcement and to strengthen its relationships with governmental and community partners across the country. Almost all of the Division's lending cases in 2011 involved collaborative work with other government agencies and other offices within the Department of Justice.

The Division has achieved extraordinary results. In the approximately 24 months since the Fair Lending Unit was established, the Division has either filed or resolved 16 lending matters. In the 16-year period from 1993 through 2008, the Division filed or resolved only 37 lending matters (25 in the period from 1993-2000 and 12 from 2001-2008) or a little more than 2 cases per year.

Highlights from 2011 include:

- **Breaking New Ground with the Largest Fair Lending Case in DOJ History.** The Division filed and settled its largest fair lending lawsuit ever, obtaining \$335 million in monetary relief for more than 200,000 victims of discrimination. The Division's lawsuit against Countrywide Financial Corporation alleged that, for more than four years during the height of the mortgage boom, Countrywide systematically discriminated against qualified Hispanic and African-American borrowers. The lawsuit alleged – for the first time ever by the Department – that the mortgage lender “steered” Hispanic and African-American borrowers by systematically placing them in subprime loans, while placing white borrowers with similar creditworthiness in prime loans.
- **Standing Up for Servicemembers against Wrongful Foreclosure.** The Division obtained more than \$20 million in financial compensation for victims in two cases involving alleged violations of the Servicemembers Civil Relief Act by lenders that foreclosed on active duty servicemembers without a court order. The Division also entered into an out-of-court settlement with a major credit card lender to resolve claims that it charged active duty servicemembers interest in excess of six percent, in violation of their rights under the Act.
- **Fighting Discrimination against Women on Maternity Leave.** In its first-ever discrimination case involving sex and familial status discrimination in mortgage insurance, the Division sued the nation's largest mortgage insurance company and two of its underwriters for requiring women on paid maternity leave to return to work before the company would agree to insure their mortgages.

- **Addressing a Broad Range of Abuses in Mortgage and Non-Mortgage Lending.** The Division filed and resolved cases involving allegations of pricing discrimination in home mortgage loans; pricing discrimination in unsecured consumer loans; redlining; and the failure to provide equal access in banking services to individuals with disabilities. The Division also appealed a case involving allegations of discrimination in auto lending. The Division ended the year with 30 pending discrimination investigations involving all forms of discrimination and loan products.
- **Strengthening Partnerships with Other Agencies.** The Division continued to strengthen its relationships with the federal banking regulators, including the new Consumer Financial Protection Bureau, and also with the Department of Housing and Urban Development and the Federal Trade Commission. These agencies referred 109 matters to DOJ between 2009 and 2011. Nearly half of those referrals (55) involved race or national origin discrimination – more than the previous eight years combined.
- **Proposing Amendments to Strengthen the Law.** The Division transmitted to Congress a package of legislative proposals that included amendments to strengthen the Department's authority to enforce the fair lending protections provided in the Servicemembers Civil Relief Act, the Equal Credit Opportunity Act, and the Fair Housing Act.

No one case can rectify the multitude of unlawful practices in the housing and lending market that contributed to the nationwide housing and foreclosure crisis, but the Division's fair lending work represents an important piece of the Department's comprehensive efforts to address it. As the 2011 enforcement record illustrates, the Division's Fair Lending Unit uses every possible tool to address the range of abuses seen in the market, in both mortgage and non-mortgage lending.



"We are using every tool in our law enforcement arsenal, including some that were dormant for years, to go after institutions of all sizes that discriminated against families solely because of their race or national origin."

-Assistant Attorney General Thomas E. Perez at the Attorney General's December 21, 2011, press conference announcing the Department's unprecedented settlement with Countrywide Financial Corporation

The Division anticipates another strong year, as it continues working with a wide range of partners to investigate, litigate, and resolve cases involving important issues of fair and equal access to credit. This year the Division already has filed settlements under the Servicemembers Civil Relief Act with the nation's five largest servicers. In addition, six additional lawsuits – five lending discrimination and one servicemember lending case – have been authorized and are in various stages of pre-suit negotiations. The flow of referrals from the other agencies and ongoing outreach should produce continued growth in the Division's ability to enforce fair lending laws and to combat lending discrimination in 2012.