

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,	:	
	:	
Plaintiff,	:	
	:	CIVIL ACTION FILE
vs.	:	NO. _____
	:	JUDGE _____
<hr/>		
FLEET MORTGAGE CORP.,	:	
	:	
Defendant.	:	

ANSWER

Fleet Mortgage Corp. ("FMC"), through its undersigned counsel, answers the Complaint in the above-captioned matter as follows:

1.

FMC denies any and all allegations in the Complaint that its predecessor, Fleet Real Estate Funding Corp. ("FREF") engaged in any intentional or unintentional discrimination in violation of the Fair Housing Act and/or the Equal Credit Opportunity Act with respect to its African-American and Hispanic customers.

2.

FMC specifically denies that the prices FREF obtained with respect to the loans described in the Complaint, including those loans involving "overages" or "underages,"<sup>1/</sup> were discriminatory in any way.

3.

FMC denies that any of FREF's borrowers suffered any damages as a result of FREF's lending policies or practices.

4.

FMC denies that the analyses of FREF loans closed between August 1 and December 31, 1993, conducted by the Federal Reserve Bank of Boston, the Federal Reserve Board (collectively "The Federal Reserve") or the Department of Justice (the "Department") support the Complaint's allegations of discrimination. FMC vigorously denies that such analyses took into account all relevant facts and circumstances or applicable legal principles. For example, a substantial number of loans that closed with reported overages, but which were originated through a special loan

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<sup>1/</sup> During the period set forth in the Complaint, FREF furnished daily price sheets to its field loan originating personnel. These price sheets provided a guideline as to the minimum target prices for a variety of loan products. "Overages" could occur when a loan closed with more points than were required on FREF's price sheet or when a premium interest rate was obtained by the lender. An underage could occur when a loan closed with fewer points than were required on the price sheet for the applicable loan product.

program pioneered by FREF (which contained substantial state and federal subsidies) that benefited minority borrowers, were included in the Federal Reserve and the Department's analyses. By including these loans in their analyses, the Federal Reserve and the Department substantially skewed the results to FREF's detriment. Therefore any conclusions based on such analyses are substantially misleading and inaccurate.

## 5.

FMC admits that it conducted its own statistical analyses of FREF loans closed between August 1 and December 31, 1993. The results of FMC's analyses demonstrate that there is no evidence of intentional or unintentional discrimination on FREF's behalf as to the loans in question. The variation in price among the loans in question, if any, is explained by market conditions and/or customer preferences or requirements.

## 6.

To the extent any allegations in the Complaint are not specifically admitted herein, such allegations hereby are specifically denied.

AFFIRMATIVE DEFENSES

FMC alleges the following as separate and distinct affirmative defenses:

1.

The claims in the Complaint are barred inasmuch as the applicable statutes of limitation have run as to any claim under the Fair Housing Act or Equal Credit Opportunity Act concerning the loans in question. FMC unilaterally and voluntarily suspended the practices which are the subject of the Complaint shortly after the Federal Reserve reported its concerns to FREF in April, 1994.

2.

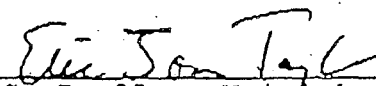
The Complaint fails to state a cause of action against FMC and seeks to impose liability on FMC based on inappropriate and fundamentally flawed statistical analyses for which there is no statutory or judicial precedent.

WHEREFORE, FMC respectfully requests a judgment dismissing the Complaint.

Respectfully submitted,

PAUL, HASTINGS, JANOFSKY & WALKER

By:

  
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	:	
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CERTIFICATE OF SERVICE

This is to certify that I have this date served counsel for the opposing party in the above-styled matter,

Paul F. Hancock, Esq.  
Alexander C. Ross, Esq.  
Howard R. Griffin, Esq.  
Housing and Civil Enforcement Section  
Civil Rights Division  
U.S. Department of Justice  
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with a copy of this ANSWER by hand delivery and by depositing a copy of same in the United States Mail in a properly addressed envelope with adequate postage thereon.

This 7<sup>th</sup> day of May, 1996.

  
Eric Jon Taylor (ET - 6659)