

Why Fair Housing, Fair Lending and Equal Opportunity Are Crucial to Solving the Home Opportunity Crisis

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The meltdown of the home mortgage market, the scourge of foreclosures, and the decimation of family and community assets that have ravaged the U.S. economy affect virtually every American and our nation as a whole. At the same time, communities of color have been especially hard hit by the crisis, in uniquely damaging ways that are potentially long lasting. This fact sheet documents the role that discrimination and unequal opportunity have played in the home opportunity crisis, as well as some of the harm that those practices have caused to our nation.

Key findings include:

- ▶ A longstanding pattern by lenders and brokers of targeting communities of color for risky, high-cost loans, controlling for other factors such as credit history—with *higher* income families of color receiving the most unequal treatment.
- ▶ Racial discrimination in the terms and conditions of loans by some of the nation's largest banks.
- ▶ Unequal maintenance of foreclosed properties, with banks and others disproportionately neglecting properties in communities of color.
- ▶ Failure of governmental bodies, including the Departments of Treasury and Housing and Urban Development and the Federal Housing Finance Agency, to adopt or adequately enforce fair housing and lending protections.

Homeownership has long been an important steppingstone to the middle class for African Americans, Asian Americans, and Latinos, and the crisis struck at a time when access to homeownership had only recently opened up to these families on a significant scale. As politicians removed banking and consumer protections and neglected fair housing and lending enforcement, unscrupulous lenders and brokers targeted communities of color for risky subprime loans with high rates, exorbitant fees, and frequently deceptive terms. The racial targeting was made easier by America's legacy of residential segregation, and by the relative lack of traditional

banks in many communities of color. Millions of black and Latino homeowners—many of whom qualified for standard 30-year fixed mortgages—were marketed subprime loans that were destined to fail. Indeed, *higher* income African Americans were especially likely to receive risky loans, as compared with similarly qualified white homeowners.

Not surprisingly, then, families and communities of color have been especially hard hit by the fallout of the home opportunity crisis, in terms of lost homes and dislocation, diminished assets and credit, and neighborhoods dotted with foreclosed and shuttered properties. Some experts have predicted that the economic crisis will represent the greatest loss of wealth to the black community since the end of Reconstruction.

Conversely, effective and inclusive solutions to the crisis are especially important to the progress and equal opportunity of communities of color, as well as to the nation as a whole. This requires both general approaches that prevent foreclosures and restore communities across the board, as well as equal opportunity and civil rights approaches that target the particular harm that discriminatory practices and violations of fair housing and lending laws continue to cause in communities of color.

Housing, consumer protection, economic, and civil rights experts have assembled the most promising of those solutions in a *Compact for Home Opportunity*. The Compact is part of the *Home for Good* campaign, which calls for adopting the concrete, effective, and inclusive remedies that are needed to promote greater and more equal home opportunity for all.

What follow are the specifics of the impact of the home opportunity crisis on people of color.

Targeting of Communities of Color for Risky, High-Cost Loans

Housing discrimination, residential segregation, and unfair lending practices against people of color were long a feature of the U.S. home opportunity landscape. Civil rights laws like the Fair Housing Act and Equal Credit Opportunity Act have helped to reduce those practices, but have not eliminated them. These discriminatory patterns served as the foundation for unequal home opportunity in the current era.

During the 1990s, the rise of subprime lending and mortgage securitization created the tools and incentives that led subprime specialists to target communities previously denied access to conventional credit—especially African-American and Latino communities and families. Unscrupulous lenders sold these high-cost loans, which were originally intended as a temporary credit accommodation, to people who qualified for prime loans, and also to borrowers with weak

credit who could not afford the loans.¹ Lenders intensified these unethical practices in response to increasing demand from financial firms that bundled subprime mortgages into securities products.²

Over time, a “dual mortgage market” developed, in which different racial and ethnic communities were offered “a different mix of products and by different types of lenders,” and subprime lenders “disproportionately target[ed] minority, especially African American, borrowers and communities, resulting in a noticeable lack of prime loans among even the highest-income minority borrowers.”³ A large body of research documents these policies. For example:

- ▶ In a 2006 report using federal data, The Opportunity Agenda, the National Community Reinvestment Coalition, and the Poverty and Race Research Action Council warned that—even controlling for income—African-American and Latino borrowers were significantly more likely to be sold high-cost, subprime loans than whites, despite the fact that as many as 50% of those borrowers qualified for prime loans. Racial inequity in lending actually *increased* with borrower income levels, and with the degree of neighborhood segregation. Loans in these communities were more costly, and were frequently predatory, carrying hidden fees and conditions or marketed through deceptive practices. Some, for example, were designed with built-in rate adjustment features making them unsustainable over the loan’s lifespan.⁴
- ▶ One study found that, within the subprime market, “borrowers of color . . . were more than 30 percent more likely to receive a higher-rate loan than white borrowers, even after accounting for differences in risk.”⁵
- ▶ Another study found that African Americans and Latinos were much more likely to receive subprime loans, and that “the disparities were especially pronounced for borrowers with

¹ Department of Housing and Urban Development and Department of the Treasury, *Curbing Predatory Home Mortgage Lending* (2000); Ira Goldstein with Dan Urevick-Ackelsberg, The Reinvestment Fund, *Subprime Lending, Mortgage Foreclosures and Race: How Far Have We Come And How Far Have We To Go?* (2008).

² See, e.g., KATHLEEN C. ENGEL AND PATRICIA A. MCCOY, *The Subprime Virus: Reckless Credit, Regulatory Failure, and Next Steps* 56-58 (2011).

³ William C. Apgar, Jr. and Allegra Calder, *The Dual Mortgage Market: The Persistence of Discrimination in Mortgage Lending*, in *THE GEOGRAPHY OF OPPORTUNITY: RACE AND HOUSING CHOICE IN METROPOLITAN AMERICA* 102 (Xavier De Souza Briggs, ed., 2005). See also William C. Apgar, Jr., Christopher E. Herbert and Priti Mathur, Department of Housing and Urban Development, *Risk or Race: An Assessment of Subprime Lending Patterns In Nine Metropolitan Areas* (Aug. 2009), http://huduser.org/Publications/pdf/risk_race_2011.pdf.

⁴ The report is available at http://opportunityagenda.org/home_ownership_and_wealth_building_impeded.

⁵ Debbie Gruenstein Bocian, Keith S. Ernst and Wei Li, Center for Responsible Lending, *Unfair Lending: the Effect of Race and Ethnicity on the Price of Subprime Mortgages* 3 (May 31, 2006), http://www.responsiblelending.org/mortgage-lending/research-analysis/rr011-Unfair_Lending-0506.pdf.

higher credit scores.” (emphasis added)⁶

- Researchers at Princeton University studied the links between neighborhood racial composition, subprime lending, and foreclosure rates, and found “strong empirical support for the hypothesis that residential segregation constitutes an important contributing cause of the current foreclosure crisis, that segregation’s effect is independent of other economic causes of the crisis, and that segregation’s explanatory power exceeds that of other factors hitherto identified as key causes (e.g., overbuilding, excessive subprime lending, housing price inflation, and lenders’ failure to adequately evaluate borrowers’ creditworthiness). Simply put, the greater the degree of Hispanic and especially black segregation a metropolitan area exhibits, the higher the number and rate of foreclosures it experiences.”⁷

Racial Discrimination in Terms and Conditions of Loans

In addition to targeting minority communities for risky subprime loans, many big and small institutions within the lending industry also discriminated against communities of color in the terms, conditions, and cost of the loans they did offer.

- **U.S. Department of Justice discrimination settlement with Wells Fargo Bank.** In July 2012, the Department of Justice filed the second largest fair lending settlement in the its history to resolve allegations that Wells Fargo Bank, the largest residential home mortgage originator in the United States, engaged in a pattern or practice of discrimination against qualified African-American and Hispanic borrowers in its mortgage lending from 2004 through 2009. The settlement provides \$125 million in compensation for wholesale borrowers who were steered into subprime mortgages or who paid higher fees and rates than white borrowers because of their race or national origin. The Justice Department’s complaint contends that Wells Fargo discriminated by steering approximately 4,000 African-American and Hispanic wholesale borrowers, as well as additional retail borrowers, into subprime mortgages when non-Hispanic white borrowers with similar credit profiles received prime loans. All the borrowers who were allegedly discriminated against qualified for Wells Fargo mortgage loans according to Wells Fargo’s own underwriting criteria. The Justice Department further claimed that, between 2004 and 2009, Wells Fargo discriminated by charging approximately 30,000 African-American and Hispanic wholesale borrowers higher fees and rates than non-Hispanic white borrowers because of their race or national origin rather than

⁶ Debbie Gruenstein Bocian, Wei Li, Carolina Reid, and Roberto G. Quercia, Center for Responsible Lending, *Lost Ground, 2011: Disparities In Mortgage Lending and Foreclosures* 5 (2011), <http://www.responsiblelending.org/mortgage-lending/research-analysis/Lost-Ground-2011.pdf>.

⁷ Jacob S. Rugh and Douglas S. Massey, *Racial Segregation and the American Foreclosure Crisis*, 75 AM. SOC. REV. 629, 644 (2010).

the borrowers' credit worthiness or other objective criteria related to borrower risk.⁸

- ▶ **U.S. Department of Justice \$335 billion discrimination settlement with Countrywide Financial.** In December 2011, the U.S. Department of Justice (DOJ) reached the largest fair lending settlement in its history with Countrywide Financial. The settlement resulted from a lawsuit in which DOJ alleged that Countrywide had discriminated on the basis of race and national origin against qualified African American and Hispanic borrowers between 2004 and 2008. The lawsuit alleged that Countrywide charged more than 200,000 African-American and Hispanic borrowers higher fees and interest rates than non-Hispanic white borrowers, and steered borrowers of color into subprime loans. The data indicated that these disparities were not due to borrowers' creditworthiness or other objective criteria related to borrower risk.⁹
- ▶ **U.S. Department of Justice settlement with AIG subsidiaries.** In March 2010, the U.S. Department of Justice settled a case against AIG Federal Savings Bank (FSB) and Wilmington Finance Inc. (WFI), two subsidiaries of American International Group, Inc., in which the Justice Department said the banks engaged in a pattern or practice of discrimination against African-American borrowers in violation of the Fair Housing Act and the Equal Credit Opportunity Act. DOJ alleged that the defendants charged higher fees to thousands of African-American borrowers nationwide between 2003 and 2006, and failed to supervise or monitor brokers in setting broker fees. The settlement terms required the defendants to pay \$6.1 million to African-American customers who were charged higher broker fees than non-Hispanic white customers; required the defendants to invest at least \$1 million in consumer financial education efforts; and prohibited the defendants from discriminating on the basis of race or color in any aspect of wholesale home mortgage lending.¹⁰
- ▶ **U.S. Department of Justice settlement with PrimeLending.** In January 2011, the Justice Department announced a settlement resolving allegations that PrimeLending discriminated against African-American borrowers nationwide between 2006 and 2009 by charging African-American borrowers higher annual interest rates than it charged similarly situated white borrowers, including in loans guaranteed by the Federal Housing Administration and Department of Veterans Affairs. The terms of the settlement required PrimeLending to pay \$2 million to borrowers identified as victims of discrimination, as well as to engage in loan pricing policies, monitoring and employee training designed to prevent future discrimination.¹¹

⁸ The consent decree, complaint, and Justice Department press release are available at <http://www.justice.gov/opa/pr/2012/July/12-dag-869.html>.

⁹ The DOJ press release is available at <http://www.justice.gov/opa/pr/2011/December/11-ag-1694.html>.

¹⁰ The consent order is available at <http://www.justice.gov/crt/about/hce/caselist.php>.

¹¹ The complaint is available at <http://www.justice.gov/crt/about/hce/documents/primelendcomp.pdf>.

- ▶ **U.S. Department of Justice settlement with C&F Mortgage Corporation.** In September 2011, the Justice Department reached a settlement with C&F Mortgage Corporation, resolving allegations that the C&F had violated the Fair Housing Act and the Equal Credit Opportunity Act by charging higher interest rates (in the form of “overages”) and giving lesser discounts on mortgage loans to African-American and Hispanic borrowers. The consent decree required C&F to develop uniform policies for all aspects of its loan pricing and to phase out overages, as well as to pay \$140,000 to black and Hispanic victims of discrimination, monitor loans for disparities based on race or national origin, and provide antidiscrimination training for employees.¹²
- ▶ **U.S. Department of Justice settlement with Midwest BankCentre.** In June 2011, the Justice Department reached a settlement with Midwest BankCentre, which it said provided unequal home mortgage lending services to residents of majority African American neighborhoods, as compared to residents of predominantly white neighborhoods (in other words, that it was “redlining” the minority neighborhoods). These allegations focused on the Bank’s practices in the St. Louis metropolitan area. Midwest BankCentre agreed to open a full-service branch in an African-American neighborhood, and to invest in the formerly redlined majority areas through a special financing program extending credit to those areas, as well as spending \$300,000 for consumer education and credit repair programs, and \$250,000 for outreach to potential customers.¹³
- ▶ **U.S. Department of Justice settlement with Citizens Republic Bancorp.** In June 2011, the Justice Department entered into a settlement with *Citizens Republic Bancorp, Inc.*, which it alleged had violated the Fair Housing Act and the Equal Credit Opportunity Act by failing to provide mortgage lending services to the residents of majority African-American neighborhoods, as compared to residents of predominantly white neighborhoods (“redlining”). The allegations examined Citizens Republic’s lending services in the Detroit metropolitan area. Under the terms of the settlement agreement, the defendants were required to open and operate a lending office in an African-American neighborhood, and to invest in the formerly redlined areas of Wayne County through a \$1.5 million financing program designed to increase the credit the bank extends in those areas. The bank also agreed to partner with the City of Detroit to provide \$1.625 million in matching grants for existing homeowners to make exterior improvements, and to spend \$500,000 for targeted outreach and consumer education.¹⁴

¹² The settlement agreement is available at <http://www.justice.gov/crt/about/hce/documents/candfsettle.pdf>. The complaint is available at <http://www.justice.gov/crt/about/hce/documents/candfcomp.pdf>.

¹³ The settlement agreement is available at <http://www.justice.gov/crt/about/hce/documents/mbcsettle.pdf>. The complaint is available at http://www.justice.gov/crt/about/hce/documents/midwest_bankcentre/mbc_complaint.pdf.

¹⁴ The settlement agreement is available at <http://www.justice.gov/crt/about/hce/documents/citizenssettle.pdf>. The complaint is available at <http://www.justice.gov/usao/mie/downloads/cases/citizenscomp.pdf>.

- ▶ **U.S. Department of Housing and Urban Development and Housing Authority of Baltimore City settlement with public housing residents.** In a long-running legal battle over fair housing options in Baltimore, in August 2012, HUD and the city of Baltimore's housing department filed a proposed settlement agreement of a class action in *Thompson vs. HUD*,¹⁵ brought by African-American residents of public housing in Baltimore. In 2005, a federal judge held that HUD violated the Fair Housing Act by concentrating public housing in the most impoverished, segregated areas of Baltimore. The conditions of the agreement included the continuation of the Baltimore Housing Mobility Program, which voluntarily places public housing tenants throughout the city or in the suburbs. Started in 2003, the program has assisted more than 1,800 families move to new areas. In November 2012, a U.S. District Court judge approved the proposed settlement agreement. Key elements of the approved settlement include, among other things, continuing the mobility program, which provides Housing Choice vouchers and counseling, for up to 2,600 additional families through 2018; and requiring HUD, for a period of at least three years, to conduct civil rights reviews of specific plans and other proposals submitted to HUD for approval, involving certain federally funded housing and community development programs in the Baltimore region.¹⁶
- ▶ **Pending litigation in Beverly Adkins et al. v. Morgan Stanley.** On October 15, 2012, the ACLU, the National Consumer Law Center, and a San Francisco-based law firm brought a lawsuit on behalf of African-American homeowners in the Detroit area and Michigan Legal Services against the investment bank (as opposed to the subprime lender) for adopting mortgage securitization policies that caused predatory lending targeted at black homeowners. This is the first lawsuit that seeks to connect racial discrimination to the securitization of mortgage-backed securities.¹⁷
- ▶ **Pending litigation in National Fair Housing Alliance (NFHA) v. Bank of America.** On October 23, 2012, NFHA filed a federal housing discrimination complaint with HUD against Bank of America resulting from an undercover investigation that found that the bank maintains and markets foreclosed homes in white neighborhoods in a much better manner than in African-American and Latino neighborhoods in Chicago, Milwaukee and Indianapolis.¹⁸

¹⁵ Settlement Agreement, *Thompson v. HUD*, No. MJG 95-309 (D. Md. filed August 24, 2012), http://portal.hud.gov/hudportal/documents/huddoc?id=Thom_v_HUDSetAgr82412.pdf.

¹⁶ Department of Housing and Urban Development, "Court Approves Final Settlement *Thompson v. HUD*," press release, November 20, 2012,

http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2012/HUDNo.12-174.

¹⁷ The ACLU press release is available at <http://www.aclu.org/racial-justice/morgan-stanley-sued-racial-discrimination-pushing-predatory-loans-black-homeowners>. The complaint is available at <http://www.aclu.org/racial-justice/adkins-et-al-vs-morgan-stanley-0>.

¹⁸ The NFHA press release is available at <http://www.nationalfairhousing.org/Portals/33/News%20Release%20Bank%20of%20America%20Midwest%20121>.

Unequal Maintenance of Foreclosed Properties

Discriminatory treatment continues even after foreclosure. A detailed undercover investigation by the National Fair Housing Alliance and several regional partners found not only that banks too frequently fail to maintain foreclosed properties that they own, but that they tend to neglect their properties in communities of color at a much higher rate, with devastating consequences. A large number of the neglected, bank-owned properties have broken or missing doors and windows, inviting vandalism and trespassers. And many have safety hazards that endanger the public. Those and other defects are significantly more prevalent in bank-owned properties located in communities of color. Another finding is that, on average, the banks are not marketing houses located in communities of color as aggressively to individual homebuyers as they do properties in white neighborhoods. The properties in white neighborhoods are, for example, more likely to have clear and professional “for sale” signs. When banks both poorly maintain and market foreclosed houses, the properties tend to stay vacant longer and to eventually be sold to speculators, rather than to people who would make the houses their home.¹⁹

Governmental Failure to Adopt or Enforce Fair Housing and Lending Protections

The lack of adequate fair housing and lending rules and enforcement was a significant contributor to the foreclosure crisis and its unequal impact. This neglect was particularly egregious during the Bush Administration, but some troubling patterns continue today.

- ▶ Almost 50 years after the adoption of the Civil Rights Act of 1964, the Treasury Department is one of the only governmental entities that have not adopted regulations to enforce the Act.
- ▶ While the U.S. Department of Housing and Urban Development finalized in February 2013 important regulations relating to “disparate impact” discrimination (*i.e.*, policies that are unnecessarily discriminatory in their effect, though not their intent),²⁰ the agency still has not

[023%20%283%29.pdf%20final.pdf](http://www.nationalfairhousing.org/Portals/33/Bank%20of%20America%20Complaint%2010%2023%202012%20FINAL.website.pdf). The complaint is available at <http://www.nationalfairhousing.org/Portals/33/Bank%20of%20America%20Complaint%2010%2023%202012%20FINAL.website.pdf>.

¹⁹ National Fair Housing Alliance, *The Banks Are Back – Our Neighborhoods Are Not: Discrimination in the Maintenance and Marketing of REO Properties*, April 3, 2012,

http://www.nationalfairhousing.org/Portals/33/the_banks_are_back_web.pdf.

²⁰ 78 Fed.Reg. 11460 (Feb. 15, 2013), available at

<http://portal.hud.gov/hudportal/documents/huddoc?id=discriminatoryeffectrule.pdf> and GPO website at www.gpo.gov/fdsys/pkg/FR-2013-02-15/pdf/2013-03375.pdf.

Department of Housing and Urban Development, “HUD Issues Rule Formalizing Standard on Discriminatory Effects in Housing,” press release, February 8, 2013,

http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-022.

issued regulations implementing its duty to affirmatively further fair housing.

- ▶ In 2008, the bi-partisan National Commission on Fair Housing and Equal Opportunity found, among other things:²¹
 - ✓ “[T]hat despite strong legislation, past and ongoing discriminatory practices in the nation’s housing and lending markets continue to produce levels of residential segregation that result in significant disparities between minority and nonminority households, in access to good jobs, quality education, homeownership attainment and asset accumulation.”
 - ✓ “More than four million instances of housing discrimination occur annually in the United States and yet fewer than 30,000 complaints are filed every year. In 2007, the 10 HUD offices processed 2,440 complaints, the 105 [Fair Housing Assistance Program] agencies processed 7,700 inquiries, and the 81 private fair housing agencies processed 18,000 complaints. Literally millions of acts of rental, sales, lending, and insurance discrimination, racial and sexual harassment discrimination, and zoning and land use discrimination go virtually unchecked.”
 - ✓ Delays in the administrative processing of cases [by HUD] have been so severe that they have served as the basis for dismissal of cases by courts and administrative law judges.
 - ✓ “[The Government Accounting Office] found that only 16 percent of complainants who were identified as having potential cases were assisted with filing complaints. Even worse, 30 percent of callers who attempted to file a complaint could not get through on their first try, and some callers did not receive a call back even after three tries. Finally, when complaints were filed, only half were filed within 20 days from the initial date of contact with the agency. This kind of delay results in lost housing opportunities, missed opportunities to conduct testing, and loss of credibility about the agency’s functions.

The Result: Disproportionate Foreclosures and Loss of Assets

The combination of misconduct by banks and brokers, inadequate rules and enforcement, and record long-term unemployment have devastated the home opportunity and assets of millions of Americans, with communities of color shouldering a disproportionate and devastating burden.

- ▶ Homeowners and communities of color have been especially hard hit by foreclosures. For mortgages originated between 2004 and 2008, 5.1% of non-Hispanic white borrowers lost their homes to foreclosure, compared to 9.8% of Blacks/African Americans and 11.9% of Hispanics/Latinos, and 6.6 percent of Asian Americans. (During the same period, while low- and moderate-income Asian-American borrowers had a lower foreclosure rate than lower-

²¹ Leadership Conference on Civil and Human Rights, *The Future of Fair Housing* (2008), available at <http://www.civilrights.org/publications/reports/fairhousing/>.



income non-Hispanic whites, the pattern is reversed among middle- and higher-income Asian Americans.)²²

- ▶ In a 2011 study of the loss in home equity among Asian American–Pacific Islanders, between 2007 and 2009, the median property value of Asian-American homeowners decreased by \$42,900 while the property value loss for Native Hawaiians and Pacific Islanders (NHPI) was \$47,000, compared to the national equity loss of \$9,100 during the same period. The study attributed much of the large differential in equity loss to the fact that Asian Americans and NHPs were highly concentrated in geographic areas where the housing downturn was more severe than in the rest of the country, *e.g.*, Los Angeles, Chicago, and New York.²³
- ▶ One illustrative study looked at Prince George’s County, Maryland, the wealthiest African-American county in the nation, finding that the national foreclosure crisis has had a profound effect on it. Analyzing the likelihood of foreclosure in Prince George’s County, the study found that the borrowers in Black/African American neighborhoods with high-income were 42% more likely and Hispanic/Latino neighborhoods with high-income were 159% more likely than the borrowers in non-Hispanic white neighborhoods to go into foreclosure, controlling for key demographic, socioeconomic, and financial variables.²⁴
- ▶ The Center for Responsible Lending predicts that “the spillover wealth lost to African-American and Latino communities between 2009 and 2012 as a result of depreciated property values alone will be \$194 billion and \$177 billion, respectively.” [“spillover” costs refers to financial and nonfinancial consequences for homeowners who live near foreclosed properties].²⁵ In an October 2012 white paper published by the National Community Reinvestment Coalition which reviewed the literature on the long-term social impacts and financial costs of foreclosure on communities of color, the authors cited U.S. Census Bureau figures that as of the fourth quarter of 2011, the non-Hispanic White, Black/African-American, and Hispanic/Latino homeownership rates were at 73.7, 45.1 and 46.6 percent,

²² Debbie Gruenstein Bocian, Wei Li, Carolina Reid, and Roberto G. Quercia, Center for Responsible Lending, *Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures* (2011),

<http://www.responsiblelending.org/mortgage-lending/research-analysis/Lost-Ground-2011.pdf>.

²³“A APIs Experience Significant Loss of Home Equity,” *AsianWeek.com*, January 29, 2011,

<http://www.asianweek.com/2011/01/26/aapis-experience-significant-loss-of-home-equity/>.

²⁴ Katrin B. Anacker, James H. Carr, and Archana Pradhan, *Analyzing Foreclosures Among High-Income Black/African American and Hispanic/Latino Borrowers in Prince George’s County, Maryland*, 39 *HOUSING AND SOCIETY* Issue 1, 1–28 (2012).

²⁵ Debbie Gruenstein Bocian, Wei Li, and Keith S. Ernst, Center for Responsible Lending, *Foreclosures by Race and Ethnicity: The Demographics of a Crisis* 11 (June 18, 2010), <http://www.responsiblelending.org/mortgage-lending/research-analysis/foreclosures-by-race-and-ethnicity.pdf>. See also James H. Carr, Katrin B. Anacker and Michelle L. Mulcahy, National Community Reinvestment Coalition, *The Foreclosure Crisis and its Impact on Communities of Color: Research and Solutions* 31 (Sept. 2011) (discussing the racial wealth gap), http://www.ncrc.org/images/stories/pdf/research/ncrc_foreclosurewhitepaper_2011.pdf.

respectively. These rates compared to those reported for the fourth quarter of 2007, when the recession officially began, reflecting homeownership rates at 74.9, 47.7, and 48.5 percent, respectively.²⁶

- The Inspector General for the Federal Housing Finance Agency (FHFA)—the agency that controls Fannie Mae and Freddie Mac—found that the FHFA does not adequately oversee these enterprises’ compliance with consumer and civil rights protections in their dealings with entities (“counterparties”) that sell loans to or service them for the enterprises. The Office of the Inspector General (OIG) for FHFA declared “FHFA does not examine how the Enterprises monitor compliance with consumer protection laws, and, indeed, OIG determined that the Enterprises do not ensure that their counterparties’ business practices follow all federal and state laws and regulations designed to protect consumers from unlawful activities such as discrimination.”²⁷

Solutions: The Compact for Home Opportunity

Concrete, pragmatic solutions exist that can address these discriminatory patterns and their aftermath while expanding opportunity and economic prosperity for all Americans and rebuilding our economy. In coalition with housing, consumer protection, economic, and civil rights experts, The Opportunity Agenda has assembled a [Compact for Home Opportunity](#), containing over a dozen strategies designed to promote successful homeownership, fair housing and lending, and the restoration of community and family assets. For more information on the Compact, visit www.opportunityagenda.org/compact_home_opportunity.

²⁶ James H. Carr and Katrin B. Anacker, National Community Reinvestment Coalition, *Long Term Social Impacts and Financial Costs of Foreclosure on Families and Communities of Color: A Review of the Literature* 3 (Oct. 2012), available at <http://www.scribd.com/doc/117147307/Foreclosure-on-Communities-of-Color-2>.

²⁷ Federal Housing Finance Agency Office of Inspector General, *FHFA Should Develop and Implement a Risk-Based Plan to Monitor the Enterprises’ Oversight of Their Counterparties’ Compliance with Contractual Requirements Including Consumer Protection Laws* 2, March 26, 2013, http://fhfaoig.gov/Content/Files/AUD-2013-008_0.pdf.