



Federal Court Greenlights Fair Housing Discrimination Claims Against Major Financial Services Companies

Richmond and Hampton Roads among the 30 cities cited

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WASHINGTON – In a victory for Housing Opportunities Made Equal of Virginia (HOME), the National Fair Housing Alliance (NFHA) and many other fair housing partners, a federal judge largely denied **Deutsche Bank Trust companies’, Altisource’s, and Ocwen’s** motion to dismiss a lawsuit concerning discrimination against communities of color.

The court allowed HOME, NFHA, and 18 other fair housing organizations to proceed with their **disparate impact** and intentional discrimination claims against the financial giants. The fair housing groups allege in their lawsuit that the financial companies failed to maintain foreclosed bank-owned (also known as Real Estate Owned or “REO”) properties in Black and Latino neighborhoods in **30 metropolitan areas** throughout the country, including Richmond and Hampton Roads.

“HOME believes that this case is an important one and that is why we have continued to work on this matter for over 4 years. Communities that were hard-hit by the foreclosure crisis are still struggling from the bank’s neglect. We believe that the lender has the ultimate responsibility for setting up systems that allowed homes in African-American communities to rot while maintaining and transitioning to market those in majority white communities. We look forward to the ultimate resolution of this matter to further housing justice in both Richmond and Hampton Roads,” says **Heather Mullins Crislip, president and CEO of HOME.**

In allowing the cases to go forward, the Court noted that “there is a ‘clear, direct and immediate’ path between Defendants’ alleged discriminatory lack of maintenance and Plaintiffs’ response to that lack of maintenance through investigations, reporting, and advocacy.” The Court also recognized the plaintiffs had to “incur more costs responding to this problem than they otherwise would have” due to Deutsche Bank Trust companies’, Altisource’s, and Ocwen’s allegedly discriminatory conduct which “left more REO properties in minority neighborhoods in disrepair.

“This is an important victory for the residents of Black and Latino neighborhoods in cities across the country. The investigation we conducted clearly shows that Deutsche Bank Trust companies and other financial giants have policies that result in disparate outcomes based on the racial composition of the neighborhood. It also demonstrates a pattern of intentional discrimination because of the willful neglect of bank-owned houses in communities of color. We’re pleased the Court has allowed the case to proceed and look forward to making our case in court” said **Lisa Rice, President, and CEO, National Fair Housing Alliance.** “It’s also important to note that the Trump administration is trying to make it much harder to bring disparate impact challenges through HUD’s administrative complaint process. This long-standing bedrock legal principle has been sanctioned by the Supreme Court and is one of our most powerful weapons to challenge insidious discrimination, and we cannot lose it.”

HOME, NFHA, and the other partners collected evidence at each inspected Deutsche Trust REO property using over 35 data points related to maintaining and securing the homes. The lawsuit asserts that Deutsche Trust-owned homes in predominantly white working- and middle-class neighborhoods are far more likely to have the lawns mowed and edged regularly, invasive weeds and vines removed, windows and doors secured or repaired, litter, debris and trash removed, and leaves raked. Based on evidence involving nearly 30,000 photographs of Deutsche Trust properties, it is alleged that the bank-owned homes in communities of color were much more likely to have overgrown or dead shrubbery,

overgrown lawns, broken mailboxes, damaged steps or handrails, open holes in the structure, and broken windows among other eyesores.

With regard to claims of intentional discrimination, the Court stated that “[r]acially charged codewords may provide evidence of discriminatory intent by sending a clear message and carrying the distinct tone of racial motivations and implications.” The Court also noted that the “Plaintiffs have plausibly alleged that the effect of Defendants’ poor maintenance of REO properties in minority communities had the effect of perpetuating segregation.”

This decision by Judge Harry Leinenweber of the Northern District of Illinois Eastern Division makes the third time in recent months a U.S. district court has acknowledged the viability of both disparate impact and differing treatment (intentional discrimination) claims regarding the use of fair housing laws to address disparities in the maintenance of REOs. In July 2019, a Maryland federal court upheld the plaintiffs’ ability to bring these types of claims against Bank of America and in August 2019 a California federal court upheld the plaintiffs’ ability to bring similar claims against Fannie Mae. The plaintiffs are represented by noted civil rights firms Soule, Bradtke & Lambert and Relman, Dane and Colfax, PLLC.

[Click here to read the judge’s decision.](#)

[Click here to read the Complaint.](#)

Housing Opportunities Made Equal of Virginia, Inc. (HOME), founded in 1971, is a statewide fair housing and HUD-approved housing counseling 501(c)(3) non-profit. HOME’s mission is to ensure equal access to housing for all people. HOME’s mission is to ensure equal access to housing for all people. HOME fulfills its mission to ensure equal access to housing for all people by addressing the still glaring individual instances of housing discrimination. Additionally, HOME works to tackle systemically divisive housing practices on a larger scale through fair housing enforcement and research, advocacy, and statewide policy work. HOME also takes direct action to aid first-time homebuyers and families with homes under the threat of foreclosure. At a time when unequal access to housing and credit contributes most to the United States’ growing wealth gap, HOME’s multi-faceted approach is a powerful catalyst toward furthering fair housing. You can learn more about HOME and all of its services at www.HOMEofVA.org.

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