

Consumer Lending Update

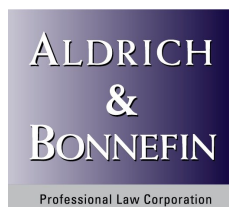
NOVEMBER 2021

DOJ ANNOUNCES NEW INITIATIVE AGAINST REDLINING

On October 22, 2021 the U.S. Department of Justice (DOJ) announced its Combatting Redlining Initiative, their new initiative combatting redlining and discriminatory lending practices. This Initiative, headed by the DOJ's Civil Division's Housing and Civil Enforcement Section is working in conjunction with the U.S. attorney's offices.

This Initiative comes after a settlement agreement was reached between the DOJ, the U.S. Attorney's Office for the Western District of Tennessee, the CFPB, and the OCC (collectively, the "Parties") with Trustmark National Bank for redlining in predominately Black and Hispanic neighborhoods in Memphis, Tennessee. The Parties filed a consent order and complaint against Trustmark National Bank for violations of the Fair Housing Act, Equal Credit Opportunity Act, and the Consumer Financial Protection Act for actions occurring between 2014 and 2018, where Trustmark National Bank would avoid lending in predominately Black and Hispanic neighborhoods as well as avoid marketing and establishing branches outside of majority-white neighborhoods. Just a month prior, the DOJ announced a redlining settlement with Cadence Bank for redlining violations in Houston, Texas.

Following these two recent consent orders for redlining, the DOJ has dubbed this new Initiative as its most aggressive and coordinated enforcement efforts to combat redlining. The biggest change this Initiative brings is the expansion of DOJ's analyses of potential redlining to both depository and non-depository institutions. Therefore, the DOJ will investigate more than just traditional banks. The Initiative will also combat redlining by making more vigorous use of fair lending authorities by: (i) using the U.S. attorneys' offices as force multipliers to ensure enforcement of fair lending by those with local expertise; (ii) strengthening its partnership with financial regulatory agencies to ensure identification and referrals of fair lending violations; and (iii) increasing DOJ's coordination with state attorneys general on potential fair lending violations.



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