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National Convening on Subprime Lending, Foreclosure and Race
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Panel 3 - Fair Housing Impacts and Responses*

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MR. MENENDIAN: Good afternoon, everyone. Welcome to the first of the afternoon's concurrent panelists. This is Panel 3, Fair Housing Impacts and Responses, so I hope you're at the right panel. To start off, we'll have Jeff Dillman. Jeffrey Dillman is the Executive Director of the Housing Research & Advocacy Center in Cleveland, Ohio. He obtained his B.A. from the University of California, Los Angeles, and his J.D. from Boalt Hall at the University of California, Berkeley. 2002 to 2005 he was an Associate Professor of Law at Case Western Reserve University School of Law. So I was mistaken when I said Professor Dillman. Mr. Dillman was a Staff Attorney at Housing Advocates, Inc., a fair housing organization in Cleveland, Ohio, and for six years was in private practice in Michigan, with a practice that focused on civil rights litigation. Among the cases Mr. Dillman co-counseled were Glover versus Johnson, an equal protection case involving women prisoners in Michigan; and Doe versus MDOC, a class action involving HIV-positive prisoners who were being denied community residential placement based on that status.

Next you'll hear from Danilo Pelletiere. He has been a Research Director of the National Low Income Housing Coalition since 2003. Prior to NLIHC, he held various positions at George Mason University, World Resources Institute and Virginia's Center for Innovative Technology. He was also a volunteer leader of the Sierra Club's "Restore the Core" campaign addressing the environmental and equity issues of sprawling development in the Washington, D. C. region. Danilo received his B.A. in regional science from the University of Pennsylvania and his Ph.D. in public policy from George Mason University in 2003, where he continues to teach and research at the School of Public Policy. In 1994 to 1995 he was a Fulbright scholar in the field of economic development in Rostock, Germany.

And rounding us out here is Lisa Rice. She is a vice president with the National Fair Housing Alliance, and she is responsible for helping to achieve the organization's goal of addressing the crisis of segregation in America and the ultimate goal of realizing a truly open society. She joined the National Fair Housing Alliance after serving as CEO of the Toledo and Northwest Ohio Development Agency, which she helped found. This is a community development financial institution providing below-market interest loans, grants and financial services to historically under-served markets. Lisa has served on the Consumer Advisory Council of the Federal Reserve Board and currently serves on the Advisory Board of State Farm Bank.

My name is Stephen Menendian. I'm a research associate at the Kirwan Institute and I'm looking forward to hearing from the Panel. Each of the Panelists will have 20 minutes, and we'll take some time for questions and answers from the Panel.

MR. DILLMAN: Thank you, very much. Can everyone hear me okay?
Great. Okay.

It's kind of hard to get into this panel right now, because we've had so much data coming at us throughout the morning, and I'm going to wind up presenting a bit more data

regarding specifically the situation in Ohio for you here this afternoon.

But I think it is important to sort of consider the context of this data, and some of this I'm going to try to avoid the repetition, not knowing there was going to be repetition, but the repetition wind up being here but to really understand the context of what's been going on in Ohio, which has been one of the states that's been hardest hit by the foreclosure crisis and the subprime lending crisis that we've had throughout the country.

And one of the things I would like to start with by looking at is at foreclosure rate in the State of Ohio. And from this chart going back to 1994, you can see that foreclosures -- there are approximately 17,000 foreclosures at the time in Ohio, in the entire state. By 2000 it had approximately doubled up to 35,000. By 2004 we're up to 59,000, and last year almost 85,000 foreclosures in the State of Ohio.

These foreclosures are in most of the major metropolitan areas as well as throughout much of the state. And by way of example -- and I'm going to focus some of my talk on the City of Cleveland and the area surrounding that. Cuyahoga County is the county where Cleveland is located. And you see a very similar rise in the rate of foreclosures from about 4300 in 1994 to almost 15,000 foreclosures in Cuyahoga County in 2007. And there is just about 14,000 the year before. And this year it looks like we're going to be on track for approximately the same number of foreclosure filings in the Cuyahoga County.

And an important thing to keep in mind is that the State of Ohio's population is not growing by large amounts like it is in parts of the south and west. In fact, Cuyahoga County has lost population over this entire period, and there is both sort of a cause and effect relationship with the foreclosures going on there. But as these foreclosures are rising, it's a much higher rate that is going on year after year in terms of foreclosures.

Couple of the speakers have talked about some of the arguments that are being raised about the financial crisis and what is to blame, whether it's the CRA or other things. And one of the things that we often have heard over the years is that the foreclosure crisis isn't necessarily just about subprime lending. There is all these other factors. There is unemployment. We know Ohio's had a very difficult economy for a number of years. So there is other issues that could be involved.

So on this chart what I did was I put together the unemployment rate in the State of Ohio with the foreclosure rate, and you can see that there are times when they are both going down a little bit. There are times when they are going up a little bit, but in particular if you look from 2000 on, you can see the spread where foreclosures are just increasing by huge rates, while the unemployment rate is going up and down a little bit.

In fact, while unemployment at this time is yearly averages for the state peaked at around 2003, foreclosures were taking off and reaching that point of nearly 85,000 foreclosure last year. So the causes of this foreclosure crisis that I want to focus on are discrimination in mortgage lending, as well as what's been talked about a lot, I'll try not to dwell on it too much, but the complete -- almost completely unregulated corporate capitalism that's been existing especially since the early part of 1990s and has contributed greatly.

As has been discussed by a number of the speakers earlier, red lining really plays an important part in the development of subprime lending and foreclosures. Because with the refusal to lend or not providing adequate credit in certain communities, what that did was create a demand for individuals in those communities. There weren't the local banks that were existing in minority communities and low income communities and people still

needed money, they still needed loans. So you had a whole host of financial products that began to be marketed very heavily in these communities, especially starting in the early 1990s.

And around this time you also had the development of risk based pricing as people were talking about earlier and securitization. So when these things were combined, you had individuals, mortgage brokers, mortgage companies, as well as in addition some depository institutions, banks and savings and loans, who saw an opportunity.

There were individuals who needed credit and who weren't being served by traditional financial institutions. And so they offered a credit product that was going to be something that these people needed. And as these people were really in need of credit, they were -- in some ways -- they didn't have any other options really to take some of these products. And so you saw a huge increase in subprime lending throughout the 1990s going on up until just the past couple of years.

Gradually what happened in Ohio is that as these lenders saw they were making a lot of profits in minority and low income communities, they saw, okay, if we're making these profits here, why don't we spread it out. So this huge increase in foreclosures that we have seen is not solely based on what's happened in minority communities and low income communities, although it is concentrated there -- and I'll show some data on that in a little bit -- but it also reflects the spread of these products throughout the State of Ohio and throughout most of the country I would argue.

I'd like to talk now a little bit about what's been going on in terms of the mortgage lending, the subprime lending in the State of Ohio. And I'm going to, again, use HMDA data which none of the other speakers have used which is probably one of the most complete sources of mortgage lending data that is publicly available. There is some industry data that banks and other financial institutions have, but in terms of what's publicly available, it's one of the most complete sources of data.

And what I have here is going to be some data coming from 2006. The 2006 data is -- probably a lot of loans that are going in foreclosure now are -- I mean, some of them vary, but 2005, 2006, beginning of 2007 is what's going to be involved. The other reason I'm not using 2007 data was just released last month, and I haven't had a chance to finish analyzing it yet.

But if we look at the 2006 HMDA data for the State of Ohio, this chart shows denial rates. So these are people who are denied mortgage loan applications by race. So the first two bars are Asian-Americans, African-Americans, Whites, Hispanics or Latinos. And these are the denial rates for either a home purchase loan, which is the white bar, or refinance loan, which is the dark bar. And what you can see immediately is that African-Americans are denied more loans than any other group. The denial rate for home purchase loans is about 34 percent for African-Americans compared to about 23 percent for Latinos, and Asian-Americans and Whites are each denied at about 15 percent of the time, and a similar patterns shows, although it's not quite as big of a disparity, for the refinance lending. So as a group African-Americans are denied more loans, and Latinos a little bit less, and then Whites and Asian-Americans are the lowest amount.

When advocates and people concerned about fair housing talk about these numbers, the response of the lenders is always, well, there is a lot of other factors involved. African-Americans as a group make less income than Whites, and that could account for some of the problems or some of the disparities.

So what we did is we broke down the differences based on income. And you see here on the left the two bars are low income individuals, and the right bars are upper income.

And you can see here even among low income individuals African-Americans are denied more than low income whites. Among upper income individuals African-Americans are, again, denied more than Whites.

And what's incredibly disturbing about this picture is if you look at upper income African-Americans, they are denied 31.5 percent of the time. That is more than low income Whites are being denied loans in the State of Ohio. Low income Whites are being denied at 27 percent of the time. So it's harder for an upper income African-American to get a loan, or it was in 2006 -- or to get approved for a loan than it was for a low income white. And this, I think, shows very starkly the issue that it's not just about income, that there is a racial component to these disparities that we're seeing.

Now, another factor that I also want to talk about is what's called subprime or high cost lending. And starting a couple of years ago the HMDA data began to include some extra fields that allowed us to look at what types of loans were being given to different individuals.

And so we examined what types of loans -- you know, who are the individuals that are getting high cost subprime loans. And overall we found that about 58 percent of the loans or home purchase loans to African-Americans were high cost in the State of Ohio compared to about 35 percent for Latinos and 21 percent for Whites, and Asian-Americans were a little bit lower than that.

And, again, you have the issues of how is that involved in income and what are the other possible explanations. So what we did here -- and there is a lot of data on this, but I'll try to make it understandable. We looked at -- these are the percentages of high cost loans for home purchases in 2006. And the blue line across the top is for African-Americans. And so you can see that upper income African-Americans received high cost loans about 52 percent of the time. And for upper income Whites it was about 16 percent of the time. So there is a huge gap there among the high cost -- I'm sorry, among the upper income individuals.

But if you, again, compare upper income African-Americans to low income whites, you see that there is that 52 percent of the time for upper income African-Americans receiving subprime loans compared to 28 percent for low income whites. And so, again, it's actually about twice the rate African-Americans are -- upper income African-Americans are receiving subprime loans at about twice the rate of low income Whites, and this is an incredibly disturbing feature.

We have the -- we examined all the major metropolitan areas in the State of Ohio. And, in fact, the Cleveland metropolitan area had the highest disparities in the state. And here upper income African-Americans received subprime loans 63 percent of the time compared to 23 percent of the time for low income whites. So it's almost triple the rate, which is an incredibly disturbing statistic. And the implications of this finding are very important.

A recent study by some researchers at Case Western Reserve University looked at foreclosures that were occurring in Cuyahoga County, which is the most populous county in the Cleveland metropolitan area and where the City of Cleveland is located. And they examined foreclosures in 2005 and 2006 in Cuyahoga County, and they found that of those ones -- those loans that had gone into foreclosure as of earlier this year 84 percent of them were high cost subprime loans, okay.

And so if you have individuals being given these kinds of loans at greatly disproportionate rates, you are basically setting them up for going into foreclosure. And those charts I showed before with the greatly increasing rates of foreclosure that we're

seeing in the State of Ohio, these are, I would argue, in a large part the result of the subprime lending that has been occurring throughout the state, but in particular in certain racial communities and in certain economic communities, and unfortunately there is a large degree of overlap with regard to those.

And if we want to take visually to look a little bit at what's going on in the state and I don't know -- okay. Good. It does show up there. This is a map of Cuyahoga County, okay. And what we've done on the -- in terms of the shading, is this is the population -- the African-American population by census tracked. We've mapped it out. And the darker shades of red has a higher percentage of African-Americans in those neighborhoods, and the black line that you can see through there is the City of Cleveland. It sort of sprawls out both to the east and to the west there.

And one -- there is a couple of features that I think are important to note here. One is anyone who knows the area of Cuyahoga County know it's an extremely segregated geography. The Cleveland metropolitan area is about the sixth or seventh most segregated community in the country based on census data. And the City of Cleveland itself is highly segregated with most whites living on the west side and east side being predominantly African-Americans and the other 57 cities and townships that make up Cuyahoga County, because there is 58 of them actually there, are, with a couple of exceptions, extremely segregated. And so you have cities that are 94, 95 or more percent White as well as cities that are 90, 94, 95 or 98 percent even African-Americans, and so it's an extremely segregated community or county.

And so what this shows here is the population. And if we take a look -- and keeping in mind that what kinds of loans people are getting and that the subprime loans are -- first of all, African-Americans are being disproportionately denied loans as we saw earlier, which, again, pushes people into trying to find any loan that they can get, right. If you know you are going to be denied by the bank, then someone is offering you a loan or you hear something, get an ad in the newspaper or a direct mail or a phone call, you are more likely to take anything that you can get if you need to make a purchase, if you're buying house or refinancing to put on a roof or something like that.

So if you keep in mind that these -- that African-Americans are being greatly given subprime loans, and then we looked at what happens to foreclosures in the county -- and these are 2007 foreclosures. These are the 14,900 or 800 foreclosures that were filed in the county in 2007.

And, first of all, I mean, the one thing is just the map has an incredible amount of blue dots there. It's really devastating to look at, but you can see there that the predominantly African-Americans parts of the county are just completely covered almost in blue dots, okay. Foreclosures have devastated much of the African-American community of Cuyahoga County.

And while this example might be extreme from a number of communities throughout the country, I think a similar pattern exists unfortunately in most major metropolitan areas. And we saw data earlier today from Baltimore, from Philadelphia, from Minneapolis, St. Paul. There is other speakers I have talked with about Boston. So these patterns exist although I think Cuyahoga County and much of the State of Ohio has suffered this disproportionate impact to a greater degree than a number of other communities.

So what are the implications of this? Where does this leave us? Because in some ways I look at this data -- in our organization where we're a fair -- I work for a fair housing organization and we do enforcement work, we do testing, we assist people, we occasionally bring lawsuits, we do research and do things like this, and we do education,

and we put together this kind of data, and we're depressed. We think what can we do? Where can we go from here? Because our communities have been devastated to a very large degree.

And this devastation has been going on for a number of years. And there was initially issues of red lining where we didn't have any credit, and now we've had this bad credit that's come and devastated a lot of our communities.

And I think it's important to keep in mind a couple of points. First of all, while this is fairly recent data, this data isn't new. I mean when we released a report that had some of this data earlier this year and one of the reporters was asking me does this surprise you. And the answer was really no. It doesn't surprise me, but it outrages me.

This is basically the data that we got the year before. And if we had done it three years before that, it would have been very, very similar. I mean, the numbers will go up or down a little bit. And when we analyze the 2007 data in the next month or two, it will, I am sure, be very similar, although the amount of lending has gone down somewhat, especially in the latter part of the year.

So this isn't new, but that, in some ways, makes it even more outrageous. The fact that there has been, as a number of speakers have talked about, very, very little, almost no, regulation of the mortgage lending markets and of the credit markets as a whole.

And I would argue that the federal regulators have been absent from, you know, not only under the last seven or eight years, but to a very large degree for the previous eight or 10 years before that. And that really since the 1990s there's been extremely little regulation going on with regard to federal or state people who should be overseeing this, and that includes people at HUD, that includes people at the Attorney General's office, both federal and Ohio Attorney General's office.

And what we really need to do as people concerned about this is engage in very widespread and effective advocacy. And I think a lot of us are working for nonprofits or we're attorneys or we're doing housing counseling or something like that, and we're all doing important work. And we're, you know, sort of overwhelmed with the daily problems that are going on. But the one thing that's not happening that was there that helped bring about some of these wonderful laws like the Fair Housing Act and the Equal Credit Opportunity Act and the CRA is that there isn't effective community organizing that's out on the streets that's really pressuring both the federal government, the courts, and all branches of our government in terms of, you know, what will happen if they don't respond to our demands. And when we see something like this, this should be a call for people to be out on the streets saying what is going on.

You know, the last week or two has actually seen some of that and there have been demonstrations on Wall Street. Yesterday in Cleveland the Jobs with Justice went downtown in front of the federal reserve building and were selling junk food to pay for the junk bonds that the federal government might be purchasing in this bailout, which is a great idea, because it gets it clearly in people's minds about what's going on and how people are being screwed once more in terms of this.

The other thing I want to talk about is some of the arguments I hear from lenders and, you know, whether it's the CRA to blame or someone else to blame. And I've talked to some bankers who say, well, you know -- well, you know, I've heard this is woe-is-me attitude. And I go well you complained when we didn't lend and now you are complaining that we're lending too much and what can go on here.

And, again, I want to re-emphasize this point which is that the Community Reinvestment Act doesn't say just throw money and throw -- give any kind of loans to anybody. I mean, it's very clear that it says that lending should be done consistent with safe and sound lending practices.

And so that doesn't mean giving people loans that they cannot repay, that they have no ability to ever repay. And Ohio -- I didn't get into this in this presentation, but Ohio did not have huge increases in property values that you saw on the coasts in California or in D. C. or a lot of the east coast or even in places like Chicago. Property values, if they were going up by 5 percent or so in a year or two, that was good and especially in northeast Ohio, in Cuyahoga County. So to have these kind of foreclosures happening -- or to even have the subprime loans given where they are adjustable rates or interest only or option arms, there was no way that the property value was going to appreciate in order to allow someone to sell that or to get a new loan to cover the cost of that.

They were given with completely no expectation, you know. No argument could be made that there was an expectation that someone would have a real way to get out of a loan like that. And they were done purely for the profit that you can get from originating a loan. And I think that the blame goes not only to the brokers and to some of the nondepository mortgage companies in that sense, but also to some of our depository institutions, some of them located here in Ohio and somewhere elsewhere, that really flooded the state with these kinds of horrible loans.

And I have this quote here by Woody Guthrie which I think is very apt, although he doesn't deal with the racial disparities that I've been talking about, I think that keeping in mind that these -- that the robbery has occurred a lot more often in certain communities is something we need to keep in mind and work to address.

So thank you very much and we're going to take questions at the end.

MR. PELLETIERE: I'm also going to throw a lot of data at you, but I have the advantage that what I'm going to throw at you is going to be a little bit different than topics you have heard the rest of the day.

It's different in two ways. One is I'm going to try to convince you this is not a home ownership problem, okay. This is a housing market problem. And related to that, the second way it's different, is that we run a very good chance of being fairly discriminatory in our responses to it, because we're focusing on helping homeowners almost invariably. So we need to look at sort of what's going on and look at foreclosures, as we call them invisible victims, okay.

Like I say, I'm going to run through a lot of data, but I'm going to start off by looking at the multi-unit housing stock, because that's something you can get from foreclosure records pretty readily, how many units are in the building.

I'm going to talk about how that relates to what we're going to say about renters, and how many renters are in foreclosed buildings, and talk about what happens post foreclosure, because it's very different for renters than for homeowners. Most homeowners get a fair amount of notice if they're opening their mail. Most renters don't. And then we're going to talk about some other aspects of this, and we're going to do this all through hopefully the lens of race, which is, you know, for this presentation taking a look at some of the information that we provide through race.

Couple things just to get that started, we have some of the data in here is from a survey we did of housing counselors. We did not specifically ask about the race of the people they were serving, but from HUD we know that a large portion, over -- outside

proportion of people they are helping are African-American, you know, relative to sort of the overall population.

The other thing we did is we can do a lot of geographic work with the data we've got, and we broke out for purposes of this presentation a largely white quartile, a largely nonwhite quartile, and then sort of the middle portion, which is sort of mixed neighborhoods. And so that's what we'll be talking about and when we break out by race.

Okay. Real quickly just want to give you a sense of what those quartiles look like. And I think the big differentiation, as you can tell, is in the last quartile in terms of the nonwhite quartile. And, again, it's fairly small numbers, but if you look at, for example, poverty rate: 4 percent White, 5 percent for the middle, 20 percent for the nonWhite quartile. Rental: 15, 29, 69 percent, so on and so forth. Look at income: 59,000, 53,000, \$32,000 for the nonWhite quartile in terms of census tracts. So just to give you a sense of what we're looking at in these groupings.

Okay. This is something you have seen before. Our research comes from 14,000 foreclosure properties in New England that we studied. And what I want to say right up front is that we are looking at properties that either at auction or bank owned, okay. So we're not looking at, you know, the beginning of the foreclosure process. We're looking at the very end, because that's obviously what affects renters.

And as you can see, if you expect that everything was even matched than the White quartile would be 25 percent, the nonWhite quartile would be 25, and the rest would be 50. As we can tell, the nonWhite quartile is 42 percent, not 25 percent. Again, as you've been hearing over and over today that in our data as well nonWhite neighborhoods are more affected than those that are White or even mixed.

What I'm going to do in this presentation I'm going to skip over some of these things, but what they are is sort of indication from other research that when the presentation is up you can go back and look and see other studies that have found similar sorts of things. So our focus is on New England. We thought we'd include these to make sure that folks see that in Chicago in this case or New York we are seeing similar sorts of things.

What we found in New England is that when we looked at the types of units, single-unit households were 68 percent of the properties in foreclosure while multi-units were 32 percent. The key though is that we are talking about families. Families live in units, not properties.

When you look at units, it reverses. 44 percent of those in foreclosure were single-family, 56 percent were multi-unit, okay. We look at the quartiles in terms of race, what we find is that 77 percent of the units in foreclosure in New England in nonWhite census tracts were multi-unit buildings, okay.

Similar -- again, I apologize for the nature of these slides. We're going to have to do a little bit of redo when I get back. But, again, if we look at the foreclosure rate -- I'm sorry. Let me go back up. We look at the foreclosure rates and we do this over households through renters and owners, most foreclosure rates are -- units with a mortgage are single-family homes which sort of skews things sometimes. We see that, again, you know, the nonWhite quartiles have, you know, three or four times as many foreclosures on a unit basis relative to the property basis. And so, again, this is very important we look at it on a unit basis in terms of the nature of the buildings being affected.

And, again, a series of reports that are out there about number of nonowner occupied or renter -- renter units that are in foreclosure or that they are affected, so

you have 20 percent of all foreclosure nonowner occupied, 25 percent of the foreclosed single-family homes in California were occupied by renters, on and on.

This goes along with what you heard today from Debbie making a very important political point about speculators and saying, look, we're not all speculators. And she throws out a number. About 90 percent are homeowners, occupied by owners. The problem is she is talking about subprime loans, and, again, many of these units, the owner does live on the property, but they are multi-unit properties. So, again -- and she is making a very important political point, but I'd like to make one as well. That it is something that affects a lot of renters. Okay.

Our findings are obviously we know that African-Americans and other racial groups, minority groups, ethnic and race groups, are more -- have more renters. That's the home ownership gap that we're all very familiar with. And the problem is though now we are talking about renter foreclosure, they are also more affected.

Now, in terms of transferring sort of the what we know about multi-family to a renter number, the problem is obviously we don't know how many single-family homes are rented, and we don't know how many multi-family homes have an owner living on site.

So we take the most basic sort of most conservative estimate, say, every multi-family housing has an owner on site and every single-family home is a single-family home, no renters involved in it, is owner occupied. We end up with 36 percent of the units in New England are renter units.

If, however, we take from the ACS the percentages of units that are single-family units that are renter and the percentage of multi-family units that have an owner on site, it goes up to about 63 percent of the units in foreclosure in New England involve rental units. Okay. So, again, this gives you a sense of what we're talking about.

More recent reports. As I said, a renter's experience in foreclosure tends to be very different. They get no notice, someone shows up at the door, says you've been foreclosed on. You're evicted.

They may have gotten mail addressed to the owner for a period of time that they don't open waiting for the owner to pick up, but otherwise they have gotten no notice. In general, we'll talk about this across the United States, when you are foreclosed on your lease is over, because you had a lease with an owner who no longer owns it. You're done. So in general you have about three days to whatever the typical sort of eviction period is to get out.

We asked housing counselors what the typical period was, and they said mostly they do have two weeks to a month to get out, but below a month is sort of the majority of people. That's the time frame they have to get out between notice and being evicted.

And, again, these are some comments. You can read it when you see the presentation. These are comments from actual sort of housing counselors who respond to our survey talking about what they are experiencing. And, again, it's Illinois, Ohio, Minnesota, you know, it's not just sort of California and New York, places like that, okay.

You know, renters are usually reassured by their housing provider that the foreclosing paperwork was a mistake. It will be worked out and generally don't realize they don't have to vacate until the 11th hour. So they call up the owner and say, hey, I'm getting this foreclosure stuff. What's going on? No, no, we're good. Because they want to keep the rent coming in. They're getting the rent and not paying it off. Obviously, also the security deposit, all that stuff, goes with it, too.

Okay. Again, other reports have found very similar sorts of things. This here is

talking about foreclosure and homelessness. And, again, renters tend to have fewer assets, have fewer resources, those sorts of things. They do end up in precarious situations. These are some studies that have looked at this. There is very little research on this so far, but these are some things.

We asked housing counselors where do people go? And 78 percent were familiar with an apartment or home nearby, so that's good, but relative's homes, apartment, home or rent in another community, a relative's home in another community, assisted subsidized housing. These are things that people are familiar with, and, again, these are pretty big dislocations for people in general.

So it really is a situation where people find their lives very disrupted. And, again, you know, even 30 percent of the folks said they were familiar with people ending up in an automobile camp site, that sort of thing.

And, again, so the actual quotes -- and this is an issue also they bring up, which is very important, is that as rental homes go into foreclosure there is fewer rental homes, and there's more people looking for rental homes as they have been foreclosed upon. So this is something we see in the data, but that's what we're hearing from the counselors.

The rental market has become significantly more challenging due to the current foreclosure crisis. There are both tenants that are displaced by foreclosure as well as potential buyers that can't or don't want to enter into home ownership that are now competing with the other tenants for limited rental units. That's from Massachusetts.

My city lacks available affordable housing, and the wait for Section 8 housing is typically four years and so on. So it's -- again, it's in the numbers. We can see this and we're also getting it from our foreclosure counselors.

Minority populations are overrepresented by the homeless population. So, again, this is sort of linking it back to the topic here today is that when this stuff happens, those who are nonmajority they obviously have been more at risk of becoming homeless.

The final part we're looking at is income and renters in foreclosure, and those being serviced are low income, but even those who in general are going into foreclosure are low income, because there has been a lot of talk about are these people sort of middle income, are they lower income, and certainly it's a higher income group looking for housing assistance, looking for these sorts of things now than before, but they remain largely low income, and even up to half extra very low income that are coming in for counseling and those sorts of thing.

Quotes from various counselors. You know, the foreclosure issue seems to transcend all income levels although the hardest hit appear to be the low to moderate income individuals.

And then looking at minority heads of households in terms of counseling -- coming in for counseling. This is from a HUD study, American Community Survey. The groups that are most likely counseled are most likely low income.

We get right to the good stuff, the maps here. Since everyone's got a map, I've got to show you one. What this shows is that we look at foreclosures they are, as we have seen in every other place, this is Boston. The White areas are at least 50 percent nonWhite. And as we can see, the foreclosures are concentrated almost entirely in those areas.

More importantly, the multi-family foreclosures which is the yellow dots for those that can see that are located in those areas. And so there really is the renter foreclosure problem, the multi-family foreclosure problem is affecting those communities

more than anywhere else. And, again, each one of the properties, when it gets foreclosed on, that's multiple families that are being displaced in most cases. And, yes, it may be people who bought an apartment building to make a little extra money, and may be people who were to some degree speculating, it may be landlords. But there are people in those houses who that's their home, and so we need to consider that.

Just what we did is just to make sure these might be almost the most density populated areas, we ran sort of a foreclosure rate. We looked at it in terms of the households underneath to see if that mattered, and what we could see is that, you know, looking at the foreclosure rate, once again we're entirely concentrated within the 50 percent nonWhite communities, okay.

Finally, as I said, there is an issue here because renters have no protection, almost no protection, anywhere in the country. This is a map we sort of polled around the states, talked to legal aid folks, did whatever we could to figure out what the laws were state by state, foreclosure laws as set by state, and there is only seven states that give 30 days notice in their law, okay. And those are California, Montana, Minnesota, Illinois, New Jersey, New Hampshire, Massachusetts, and it's actually not a state but D. C. There's only two states in which -- I'll say state because I'm from there, D. C. being one of them, where a lease survives a foreclosure: New Jersey and D. C. You can only be evicted for cause, okay. That's it.

So in those states you can, as a tenant, write the bank and say I'm paying rent to you. You can't evict me, but everyone else you can get evicted within a relatively -- well, again, less than 30 days.

The ones that are White sometimes you couldn't tell what was going on. Mostly if the bank thinks to name you in the foreclosure, then it's treated differently than if it doesn't, but in general there is very little protection in those states either.

So, again, if you are a homeowner, you mostly got a period where you are getting notices often for good reasons, but are not able to pay and you know you are not paying. For the renters, it really kind of sneaks up on them.

So, again, just to conclude, foreclosure rates are highest in predominantly nonWhite neighborhoods, and that's partially due to the presence of foreclosed multi-unit properties. And why multi-unit we can talk about later.

The larger portion of households in foreclosure are renters, a large proportion, and post-foreclosure eviction can lead to homelessness. Households seeking foreclosure counseling by and large are less than 80 percent of the median income, and a large portion of those are, in fact, renters. And, again, these are more general findings.

What I want to talk about is in the bailout bill -- since that's also a major theme today -- there are some protections similar to the protections for homeowners, not that good for renters. In other words, the treasury secretary is directed to wherever possible, wherever permissible -- you saw the map -- wherever permissible to extend eligible leases, tenancies, and to not make the operation of affordable housing -- affordable rental housing impossible and those sorts of things.

The National Low Income Housing Coalition is pushing for, where we can get it, language that would extend notice to 90 days or the term of the lease, whichever is longer, and would not change the rules in New Jersey and in D. C. But that's what we're pushing for. There is a bill out there on that. And I think that that's an important thing to keep your eyes on in this legislation, because, again, otherwise the problems are going to be exacerbated to a great extent as the foreclosure crisis continues. And I think if we don't sort of address this and sort of recognize it and admit, whether they

are speculators or not, a lot of these units are housing renters, we're going to have only in a lot of communities have further problems.

MS. RICE: You heard from two sort of regionalized perspectives, and what I'm going to do is talk about this issue from a national perspective skewed toward specifically fair lending issues. I'm going to wrap up my presentation with some recommendations and suggestions that we think need to be taken going forward.

We've heard a lot about fraud that was replete within the system and discriminatory action. It's important to note that there are laws on the books, there are fair lending laws that help or seek to protect against lending discrimination and lending red lining. So we have quite a few laws up there.

In fact, the first one that was listed is a law that was enacted during the Reconstruction Era, but even though that law is over 100 years old, it's one of -- what we refer to in the civil rights community as being one of the broadest civil rights legislations that's on the book, and that is because it doesn't have any restrictions on remedies or liability.

Even with that said, even though we've had fair housing laws on the books for over 100 years, still today in America there are over 4 million instances of housing discrimination that occur on an annual basis. Here's the problem.

In 2006, as you can see, there are only roughly 28,000 complaints were filed. That's a national figure. In 2007 27,000 complaints were filed. That's less than 1 percent of the number of instances that occur. Why is that?

And let me focus my conversations to just the lending sector, if you will. One DOJ has taken a stance that it is not required to file election cases from HUD. When a consumer believes that they have been discriminated against, they can go and file an administrative action at the Department of Housing and Urban Development. That's one of the biggest changes that was brought in the 1968 Federal Fair Housing Act, because that first Reconstruction Era Act that I told you about, the Civil Rights Act of 1866, it does not require the federal government to enforce that statute.

The Federal Fair Housing Act, the key sponsors of that legislation, Senator Mondale and Senator Ed Brook did was they said we need to make sure that the federal government has enforcement responsibility for fair housing enforcement in our country.

If a consumer files an administrative complaint with HUD, HUD conducts an investigation. And if HUD finds that there is reasonable cause for discrimination, then HUD issues a charge and sends that information over to the Department of Justice.

And in more recent years the Department of Justice has taken a stance that just because it has gotten a charged referral from the Department of Housing and Urban Development does not mean that it has to bring the case. And that is a recent advent at the Department of Justice in the Civil Rights Division, but it has lead, as you'll see a little bit later in my presentation, to the reduction of the number of fair housing cases and in particular fair lending cases that have been brought in the United States.

In 2003 DOJ announced they would not bring disparate impact cases in housing, and this is a very profound act that the Department of Justice took. Because the one thing that DOJ has is resources, you know, sort of a whole slew of attorneys that it can call on to go in and conduct a systemic investigation. And those attorneys can be used to stand up against larger entities like lending institutions and insurance institutions. Because one of the things that happens, there are a few fair housing agencies in the room who have litigated against large Defendants, and one of the things that they do is they literally paper you to death.

Well, the DOJ is an entity that has the resources to withstand that kind of onslaught. And the DOJ also has the ability to bring disparate impact cases, but it made the decision that it would not do so.

So there are a couple of issues that raise disparate impact concerns such as minimum loan amounts that have a disparate impact on African-American and Latino consumers. And you've heard a little bit about why that is in the presentations today.

Credit scoring. You heard a little bit earlier about how credit scoring has a negative impact on African-American and Latino communities. But DOJ isn't even interested in looking at these kind of issues, because they do raise disparate impact claims.

In addition, DOJ has changed its stance on what constitutes a pattern and practice or a systemic violation under the law. This is very important, because the law mandates DOJ with only looking at pattern and practice cases.

And the definition used to be that if there were at least three instances of discrimination brought by an entity that that could in and of itself constitute a pattern and practice of discrimination. And the standard also used to be that if there were only one instance of discrimination, but that one instance of discrimination was sufficient to show a pattern and practice of discrimination, that that was sufficient for the DOJ to open an investigation. So I'll give you an example.

In the City of Toledo we conducted testing, insurance testing, against Nationwide Insurance Company, and in one of the tests the agent said, well, there is an underwriting policy that we do not, at Nationwide, issue homeowner's insurance policies to homes that are valued under \$50,000.

So in that one test there was evidence that Nationwide was employing a policy that had the effect of broad scale discrimination, that there was a pattern of practice.

So DOJ has stepped off of these definitions that they historically employed and that's problematic, but what's also problematic is they won't tell us what the new definition is.

The OCC and OTS -- and this has been alluded to a little bit in some of the presentations earlier -- issued regulations in, I think, 2003 or 2004 preventing its members from state and local anti-predatory lending statutes. And before they actually issued the final ruling, they actually took independent decisions on various cases that arose throughout the country exempting their member institutions from state and local anti-predatory lending statutes.

One of the problems was that not only was the member institution -- is the member institution exempted from this ruling, but the exemption extends to the affiliates, the subsidiaries, the holding companies, and the third-party vendors of their member institutions. A third-party vendor is an appraiser or mortgage broker.

Simultaneously while extending this broad-scale preemption to its member institutions, the regulators did not simultaneously conduct fair lending reviews of those entities.

So, for example, Citibank was exempt and because associates in Citifinancial are subsidiaries or affiliates of Citibank they get exempt from state anti-predatory lending laws. But when the examiners go out and examined Citibank for fair lending review, they don't also examine associates in Citifinancial.

There is a steady stripping of qualified government staff working on these issues. First the downsizing of HUD. And those of you who have been around working in this field for any length of time probably recall that that's the one thing that's sort of the one great thing that we attribute to Henry Cisneros, because there was a concerted effort to

get rid of HUD altogether. Henry Cisneros is sort of credited with sort of saving HUD, and he will, but during that process he really had to downsize the agency, and fair housing and equal opportunity was one of the departments that got critically downsized. A lot of the staff took early retirement and so your seasoned veteran staff who really knew about fair housing left.

But coupled with that there are lots of rules and regulations about how the government gets to hire people. And, unfortunately, for example, one of the qualifications for hiring somebody to work in the fair housing and equal opportunity division is not their previous experience in fair housing. It's other things like longevity and tenure and things of that nature.

We also saw broad scale purging of DOJ's civil rights staff. And the civil rights staff, especially at the leadership levels, was undermined. They were disciplined in some cases, and what we saw was sort of whole-scale purging of DOJ in terms of civil rights attorneys who had been dedicated to working on these issues.

We also saw reduced resources going to the enforcement of fair housing cases. Obviously, there was a failure of the fed -- you've heard this before -- to use its authority under HOEPA to expand coverage and to increase restrictions.

In fact, I was serving on the fed CAC when it was undertaking hearings about expanding HOEPA protections. And one of the things that we heard over and over again from the subprime industry was the CRA lenders are not lending in these communities. We're here, we're lending, we're extending credit to these consumers. If you put restrictions on us, it will have -- it will hamper and impair the market, and it's going to stop the flow of credit so you can't do that, and, of course, as you know, the fed did not.

We also tried to work around the back end and work with lenders like Ameriquest, Option One, et cetera, to get them to employ policies, sound guidelines and policies such as putting caps on yield spread premiums. And all the lenders said, no, they would not do that, because they were concerned about adverse selection.

You've heard a lot today about the bifurcated U.S. financial system. The one thing that I just want to iterate that I don't think has been iterated enough today is that there has never, ever been a time when African-Americans and Latinos have participated in the prime financial system.

So this is not a situation where prime credit was withdrawn from African-American and Latino communities. It's never been there. So African-Americans and Latinos have always utilized the fringe lending market, if you will, in order to access credit.

Let me skip these through, because it's a just reiteration of some of the things you have heard today.

The result of not having prime credit available is obviously everything that we've seen, right, the proliferation of subprime loans in predominantly African-American and Latino communities and all the resulting impact of that. Wealth disparities obviously being a real impact of that and obviously losing ground on home ownership. These charts simply illustrate that even though over the years we've been seeing this -- this voluminous growth of subprime lending and fringe market lending in urban communities, what we have seen over the years is a down ticking in not only the number of administrative complaints filed at HUD but in a down ticking in the actual number of charges issued by HUD to the point that in 2007 HUD only issued 31 charges of discrimination. And you can also see the blue line there shows you the down ticking in cases being brought by DOJ. This chart illustrates the down ticking of administrative law judge cases. Okay.

So what are the future fair housing implications that we see? Obviously, we

believe that credit scoring and automated underwriting is going to be a huge, huge problem. No one but no one but no one is listening to the analyst some -- and Moodys happens to be the company who has been reporting on this data most often that I've seen that FICO score has nothing to do -- I mean, if you look at the last three or four years of lending, FICO score is not predictive of performance. Why? Because what is more predictive of performance is product type. That is what is most predictive of performance.

And so we can see that there are folks who had 810 FICO scores, 790 FICO scores who did not perform well on their loans, but simultaneously we see people who had 560 FICO scores and 600 FICO scores who got a loan at institutions like Self-Help or Shore Bank who performed perfectly well on their loans and are never, ever delinquent on their loans. So there is data out there that shows that credit scoring and automated underwriting are not totally predictive of performance, but nobody is paying attention to that.

We see a return to sort of the old practices of red lining. The National Fair House Alliance has been conducting lending testing of depository CRA-covered lending institutions. And guess what? The kinds of results we got when we were conducting testing in the early 1990s we're seeing that same exact kind of results in the testing that we're doing today.

Hampered credit. We all have seen the credit market seize up. And instead of lenders continuing to push the envelope on looking at nontraditional sources of credit, they are tightening that and they are restricting that and they are restricting their use of nontraditional credit.

The current enforcement construct is not sufficient to address increasingly complex problems, and we have to deal with that, and we have to change that, because if we don't change that, we're going to just see a continuation of the problems that we've been seeing.

And let me hasten through these slides that relate a lot to what Danilo was just talking about.

So what needs to happen if we're going to make some substantive improvements? First, we have got to see increased enforcement and good quality enforcement by HUD and DOJ of systemic fair lending violations. They have the resources to take this on, and they are going to have to take it on.

An improved enforcement framework. Right now we have a regulatory patchwork even within HUD where one region of HUD interprets the law differently from another region of HUD.

There is this sort of -- there has been this sort of devolution period, if you will, at HUD where it has not really paid attention to how state and local organizations that it funds to do enforcement work, how they actually carry out that enforcement work and whether or not those state laws are truly substantially equivalent to the protections that are offered under the federal law.

And HUD really needs to ratchet up its monitoring of state and local enforcement agencies. Congress obviously needs to appropriate more funding to deal with this issue. We need to see increase funding for private fair housing organizations to conduct research and investigation, and we need to substantially change the financial system. We have to remove those regulatory rules that provide broad-scale exemption without having broad-scale oversight and compliance.

Fair lending reviews, let me focus on this one, that fair lending reviews have to encompass affiliate organizations. If you don't look at the associates of the world that

are subsidiaries of the Citibanks of the world, we're never, ever, ever going to see this problem fixed.

We also have to find a way to allow for modifications of mortgages in the bankruptcy process. This has to be done. This is the only way to get loan modifications in. If we don't allow for it in the bankruptcy construct, it will not happen. We will not see loan modifications.

And as you've heard today, we need to see an appropriate assessment of how we got here, because right now we're hearing all the myths and these erroneous pronouncements of what got us into this problem. I heard today Governor Sununu say that it was President Clinton's fault that we are in this foreclosure crisis. And we need to have an honest and accurate assessment of how we got here.

More transparency in the system. We have got to stop. Right now in most states it is okay, it's perfectly legal, to change the terms and conditions at the closing table, and we've got to stop practices like that.

MR. MENENDIAN: Thank you. We have a few minutes for questions. We'll take one at a time. If you don't mind saying your name.

MR. MARK IRELAND: Mark Ireland. I'm from the Housing Preservation Project in St. Paul, Minnesota. And my question is about we've seen a lot of studies of the HMDA data as it relates to lenders, and we conducted a study of the loans that ended up in foreclosure and the hardest hit north Minneapolis areas.

What we found is about 60 percent of them were table funded, and I haven't heard anybody -- where the mortgage broker themselves were the, quote, unquote, lender on the loan.

I was curious if there was any thoughts about table funding of mortgages and how you can build a Fair Housing Act claim or other legal claim when there is really no -- because of MERS there is really no connection of the dots because you don't have -- you don't know where that mortgage went three days after it was originated by the mortgage broker.

MS. RICE: Well, I think that that's one of the reasons why you are seeing in some cities like Chicago there being a push for more regulation, more disclosure of who originated that loan and tracking how that loan performs over time.

And as you've also heard today, we've got to tie compensation to performance. We've got to change the compensation scheme, because until you change that you're going to continue to see people making loans without any concern whatsoever of the ability of that loan to perform over time.

And then third I think you've got to change the securitization process, because right now as long as those assets are bankruptcy remote, who cares, you know. In terms of the origination process nobody cares, because, guess what, you can't get me. And if we don't change that whole scheme, there is going to be no way to rectify the problem.

But I do think that's why you are seeing cities like Chicago trying to say, okay, who originated this loan and tracking it in terms of the performance of that loan so they can then go back to that table funded -- that table funder and say, okay, you got to pony up because you originated a bad loan.

MR. DILLMAN: I guess one other point is in our research we haven't looked specifically at trying to identify the various funding streams other than looking at very broad categories such as depository institutions and their subsidiaries versus the nondepositories. And in examining that, we find that close to 70 percent in most the geographies we've looked at in Ohio about 70 percent of the subprime loans have been done

by nondepository institutions.

However, when we looked at -- I was actually kind of Surprised at 2006 Ohio lending data, and I used to not like to identify mortgage lenders, because, you know, even the bad ones sometimes do a good loan, and even the really good ones do a lot of bad loans. But when we looked at that, we saw that the largest subprime lender in the State of Ohio, the lender that originated the most subprime loans was National City Bank NA, which does not include their subprime subsidiary, which they used to own, First Franklin, which they started hiding the loans under the National City Bank of Indiana. So if you ever do HMDA analysis, you'll say why is National City Bank of Indiana originating tons of loans in Cleveland or some other geography, those are First Franklin loans.

But the main bank, National City Bank, was the largest originator of subprime loans in the State of Ohio. So I like to be careful about trying to say it's just the depositories or the nondepositories, and I think that a lot of depository institutions have a huge amount of blame for this mess that's gone on.

And while the CRA has potential to offer some ways to address some of these issues, I mean, virtually every bank is outstanding. I mean, when you look at the evaluations, what do you have to do to get a bad grade. It's sort of like woebegone and all the children are above average, and all the banks are outstanding, and that can't be. So I think that goes back to the issue of enforcement and are the laws going to be taken seriously that I think most of the speakers today have raised.

MR. MENENDIAN: Apologies, but we can only take a few more questions before they force us out of here.

MR. EVAN LEWIS: I was going to ask Danilo a question. Your map needs to be changed. North Carolina now requires that tenants receive the foreclosure notice as of October last year.

MR. PELLETIERE: But it's not more than 30 days.

MR. EVAN LEWIS: It's not more than 30 days.

MR. PELLETIERE: Right. That was our cut off, but, yes, we are aware of North Carolina.

MR. EVAN LEWIS: I thought it said no protections.

MR. PELLETIERE: I'll make that clear in the future, but our state coalition down there in North Carolina worked very hard on that legislation.

MR. EVAN LEWIS: The other thing is that they limited the notice rights in that you may recall for, I think it was, buildings more than 16 units and the financial companies asked for that limit, because they were concerned that if they gave the people notice they would leave because they wanted to transfer the building occupied basically. So what's your --

MR. PELLETIERE: Limit to 16 and below, right?

MR. EVAN LEWIS: The requirement to give notice to every tenant was for buildings with 16 or fewer units. And I think above 16 units there was posting requirements or something like that, and the justifications the financial institutions gave was they didn't want the tenants to have to leave and didn't want to terminate those leases.

MR. PELLETIERE: It's a strange thing, because you think in this environment, especially since you can't sell a home right now in a lot of places, you want to keep the tenants in, and that's what's going on. And in that situation where you got larger units that were likely bought by professional rental companies they want to keep those things at full occupancy. And so they do not evict, and they want to transfer an occupied building. If they got things they want to do with it, they'll do them later.

But what happens in -- it's a very strange thing is that banks, their servicing guidelines don't give any points or any money for keeping tenants in the building. In fact, they give money for fees, the cost you might incur getting them out of the building. And so they just -- it's a business rule thing where you can go talk to people. You really ought to be keeping the tenants in and getting the money from these things. And they say, yeah, but they just can't get around writing the contract or redoing and all that. They can't modify the loans let alone redo that sort of stuff. So it's a very strange thing where you have often units in multi-unit -- 10 units or, you know, buildings that can be very efficiently run as apartment buildings and, you know, keep these things producing on their books, and they'll still evict because that's what they do. And lawyers get money and they'll go race to evict even in D. C. where there is laws just because they can charge the company for that. So, you know, it's a really bizarre system.

MR. MENENDIAN: Ma'am. Please state your name.

MS. LINDA FISHER: Linda Fisher. Did you guys raise a point about the so called speculators buying some of these properties? And I walked in late. I apologize. Did you already address that at all?

MR. PELLETIERE: I did mention that we've got to be careful with that term both ways. We don't want it to get used against a lot of stuff that we're doing, but it is a problem. There are renters in those apartments.

MS. LINDA FISHER: Well, not only that, but if I could elaborate a little on that. Somehow I found myself representing a class of so called small investors in Newark. And the Newark housing stock is primarily two and three flats, and I think a lot of cities around the country are like that. But, you know, who are these investors? They're moderate income African-American folks who were investing for the first time in their life and thought they would buy a little real estate rather than go out and invest in the stock market.

I was told last week by an African-American legal researcher that this is because of tradition, history and culture that it's much more likely that people in this position would be investing in real estate rather than, say, buying CDs or mutual funds.

But because of predatory property flippers, we're seeing enormous amount of this in New York and New Jersey, folks were talked into buying properties without knowing what they were getting. The consumer fraud runs from top to bottom. It's one-stop shopping. They set up the whole thing. Agents of the flipper misrepresent income and assets to get bad loans. Appraisals are, like, through the roof. It's, you know, sort of criminally out of whack. In fact, we've had some convictions of appraisers for this. But what happens, you know, it's -- the flipper's making the profit and the investors are getting all the risk, and now we see these people who are making, like, \$40,000 a year with \$2 million of mortgage debt on their credit. So it's just everything is so complicated here.

MR. PELLETIERE: I can't say enough. I think that obviously there are different group than the renters or perhaps the homeowners, but they're clearly -- my neighbor across the street, she is African-American contractor, same thing. It's their swan song. They go and bought a somewhat larger -- before moving to South Carolina, they bought a somewhat larger place to redo, and they are going to sell that and use that money to move to South Carolina, and prime loan and everything else, but just with the market the way it is they are now on the hook, and, you know, they're -- it's different, but it's still something we have to consider and can't automatically condemn because they were just trying to live the American dream.

MR. MENENDIAN: Last question before we have to leave. State your name, please.

MS. LAEL ROBINSON: Lael Robinson, Legal Aid of Minneapolis. I just had a question about DOJ's take on the disparate impact cases. Was this a policy decision, or was it a lack of resources decision? And do you see it changing when a new administration arrives?

MS. RICE: Well, it certainly was not the policy prior to this current administration. So there is a lot of hope that if there is a new administration and that administration is serious about change that we could see it change back to the way that it was before.

One of the problems though is that, you know, DOJ is under a veil and they're cloaked, and there is no transparency. We don't know what was the impetus for the decision. And, in fact, just at a meeting with Steve Rosenbaum, whom I have a great amount of respect and admiration for, we were trying to get them to take a real estate sales steering case from Detroit in which out of 14 real estate offices that we tested of the same company nine of them steered Whites to White suburban neighborhoods and steered Blacks to Detroit. DOJ would not take that case. Now, that was nine offices that steered out of 14. And they said it wasn't evidence of pattern and practice.

And when I pushed and said, well, Steve, what would constitute evidence of pattern and practice, he never answered me. It was sort of a well we'll know it when we see it kind of a response.

MR. MENENDIAN: Thank you so much for coming. Thank our Panelists one more time.

This is a rough draft - it has not been proofread for errors