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HUD & ASSOCIATED BANK REACH HISTORIC \$200 MILLION SETTLEMENT OF 'REDLINING' CLAIM

Largest-ever HUD-initiated redlining settlement resolves claims of unfair lending against minority borrowers in Upper Midwest

WASHINGTON - The U.S. Department of Housing and Urban Development (HUD) today announced an agreement with Associated Bank, N.A. (Associated) to resolve a disparate treatment redlining case, one of the largest redlining complaints brought by the federal government against a mortgage lender. At approximately \$200 million, it is the largest settlement of this kind HUD has ever reached.

The settlement stems from a HUD Secretary-initiated complaint alleging that from 2008-2010, the Wisconsin-based bank engaged in discriminatory lending practices regarding the denial of mortgage loans to African-American and Hispanic applicants and the provision of loan services in neighborhoods with significant African-American or Hispanic populations. [Read the agreement here.](#)

"This settlement sends a strong message that HUD does not tolerate practices that unfairly restrict an equal and open housing market," said HUD Secretary Julián Castro. "Discriminatory lending practices have too often cut off too many credit-worthy families from the opportunities they need to thrive. This agreement will ensure that more Americans can fulfill their hopes and aspirations."

Over the next three years, Associated will pay nearly \$10 million in the form of lower interest rate home mortgages and down payment/closing cost assistance to qualified borrowers in majority-minority census tracts in the housing market areas of Chicago; Milwaukee; Minneapolis-St. Paul; Racine, Wisconsin; Kenosha, Wisconsin; and Lake County, Illinois. In addition, the bank agrees to:

- Invest nearly \$200 million through increased home mortgage lending activity in majority-minority census tracts in these areas;
- Provide nearly \$3 million to help existing homeowners repair their properties in these predominantly minority communities;
- Pay \$1.4 million to support affirmative marketing of loans in the above census tracts;
- Commit \$1.35 million for community reinvestment and fair lending education and training;
- Open four loan production offices in majority-minority census tracts (three in the Chicago area and one in the Milwaukee area), subject to regulatory approval, in addition to three branches Associated has opened or is committed to opening in

or near majority-minority census tracts in Chicago, Milwaukee, and Racine since HUD's complaint was filed; and

- Offer fair housing training to all its employees and agents with substantial residential lending activity within six months and maintain a second level review process for all denied residential loans.

Background

HUD's Assistant Secretary for Fair Housing and Equal Opportunity filed a disparate treatment fair housing complaint alleging that between 2008 and 2010, Associated Bank discriminated on the basis of race and national origin regarding the denial of mortgage loans to qualified African-American and Hispanic applicants and the provision of loan services in majority-minority census tracts. HUD's analysis of Associated Bank's mortgage lending activity indicated that, compared to other mortgage lenders, Associated made few loans in majority-minority census tracts in five metropolitan areas in Illinois, Wisconsin, and Minnesota, but did make loans in nearby predominantly white tracts.

The *Fair Housing Act* makes it unlawful to discriminate in the terms, conditions, or privileges of sale of a dwelling because of race or national origin. The Act also makes it unlawful for any person or other entity whose business includes residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of race or national origin.

Persons who believe they have experienced discrimination may file a complaint by contacting HUD's Office of Fair Housing and Equal Opportunity at (800) 669-9777 (voice) or (800) 927-9275 (TTY). Housing discrimination complaints may also be filed at www.hud.gov/fairhousing or by downloading HUD's free housing discrimination mobile application, which can be accessed through Apple devices, such as the iPhone, iPad, and iPod Touch.