



NEWS RELEASE

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Negotiations & Agreements FDIC
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FDIC ENTERS AGREEMENT FOR DISMISSAL FROM FAIR HOUSING LENDING SUIT

Chairman Robert E. Barnett of the Federal Deposit Insurance Corporation today announced that agreement had been reached with the plaintiffs for dismissal of FDIC and the members of its Board of Directors from pending litigation brought by several civil rights and public interest groups against FDIC and other financial regulatory agencies. The plaintiffs--the National Urban League, the National Committee Against Discrimination in Housing, the NAACP, the Metropolitan Washington Planning and Housing Association, and the National Association of Real Estate Brokers--had asked the United States District Court of the District of Columbia to compel the agencies to establish procedures to monitor and enforce laws relating to fair housing lending.

The monitoring and enforcement procedures agreed to by the plaintiffs were independently developed by the FDIC in recognition of its obligations and responsibilities under existing laws prohibiting illegal discrimination in home mortgage financing. These procedures constitute an appropriate and effective monitoring and enforcement program which has evolved from careful consideration and testing of various alternatives over a period of several years. The implementation of its enforcement program made further participation in the law suit by FDIC unnecessary and resulted in the agreement by the plaintiffs to dismiss FDIC as a defendant in the litigation.

Included as part of the enforcement program are data collection and analysis procedures which are a refinement of techniques proposed and tested in 1974 which were revised and again tested last year. The data collection system to be established by FDIC will cover written applications for loans to finance the purchase of one to four unit residential buildings in which the applicant intends to occupy one unit as a residence. The system will utilize race and sex identification information voluntarily given by the applicant and other information collected by the bank under existing regulations of the Board of Governors of the Federal Reserve System implementing the Equal Credit Opportunity Act. Information retained in the banks will be collected by FDIC examiners and sent to Washington for analysis. The purpose of the analysis will be to identify institutions where sufficient evidence of discrimination exists to warrant further investigation. It is not designed to establish the actual existence of discrimination.

The FDIC also will appoint a full-time civil rights specialist in the Office of Bank Customer Affairs who will be responsible for overall coordination of the FDIC's fair housing enforcement procedures.

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Among the enforcement procedures already adopted by FDIC are expanded training of examiners in examination techniques and complaint investigations, and the designation of regional office personnel having special responsibility for fair housing lending enforcement and other consumer related matters.

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