

Comptroller of the Currency
Administrator of National Banks

Washington, D. C. 20219

May 26, 1978

Banking Circular No. 107

TO: Presidents of All National Banks

RE: Enforcement of Fair Housing Lending Laws

On November 28, 1977, the Comptroller of the Currency entered into an agreement in settlement of the litigation against it brought by the National Urban League and other civil rights organizations. As a result of that agreement, the OCC is by this banking circular, reaffirming its commitment to enforce consumer protection and civil rights laws.

On July 9, 1976, the OCC issued Banking Circular No. 73 - "Compliance with Consumer Laws -- Expanded Examination Procedures." In that Circular, we stated that the Comptroller's Office had begun to implement new examination procedures "designed to better determine compliance by national banks with a number of statutes enacted to protect consumer interests."


The examination procedures, as they pertain to fair housing lending, are designed to incorporate the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act, as well as Title VIII of the Civil Rights Act of 1968, otherwise known as the Fair Housing Act. That Act makes it unlawful for a bank to deny a loan or to discriminate in fixing loan terms made for the purpose of purchasing, constructing, improving, or maintaining a dwelling because of the race, color, religion, sex or national origin of the loan applicant. Banking Circular No. 73 ended by saying that "in sum, the Comptroller's Office intends to assure whatever degree of examiner scrutiny may be necessary to obtain conscientious bank compliance with the requirements of these statutes."

Since the issuance of Banking Circular No. 73, the OCC has continued and expanded its program of consumer and fair housing examinations. It is the clear policy of this Office to enforce the laws on fair housing by using the full range of its investigatory and enforcement methods, including, but not limited to, special examinations and cease and desist proceedings under Section 8 of the Financial Institutions Supervisory Act (12 U.S.C. sec. 1818). These methods will be used to detect or remedy prohibited discrimination in the same manner as these methods are used to detect and remedy possible or actual violations of other statutes applicable to national banks.

Recognizing the significant responsibility the Comptroller's Office has in monitoring compliance with the Fair Housing Act, there has been and will continue to be a review of examining and investigative techniques relating to fair housing lending. Training programs in this area have been expanded, as well as the amount of examination time devoted to compliance with fair housing laws. The Department of Justice has observed the OCC's procedures during examinations and submitted constructive suggestions for improvement. In August, 1977 a comprehensive program was established to investigate complaints which allege violations of the Fair Housing Act. Pursuant to the settlement agreement and pilot surveys conducted in the past a method of data collection will be established that will enable this office to detect patterns or practices of unlawful discrimination.

I am certain that each national bank will exert every effort to provide equal opportunity in housing lending to all applicants, and I reaffirm the OCC's commitment to that goal.

Very truly yours,



John G. Heimann
Comptroller of the Currency