

**UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF ADMINISTRATIVE LAW JUDGES**

The Secretary, United States Department of Housing and Urban Development, on behalf of David Haddox, Kourtney Valentine, Diane Webster-Rangel, Herman Hoge and Polly Koesters,)	
Charging Party,)	FHEO Nos.
v.)	05-07-0680-8
Autumn Ridge Condominium Association, Inc., Richard Archie, Ronald Patterson and James Reed,)	05-07-0681-8
Respondents.)	05-07-0682-8
)	05-07-0685-8
)	05-07-0686-8

CHARGE OF DISCRIMINATION

I. JURISDICTION

On or around March 26, 2007, Complainants Kourtney Valentine, David Haddox, Diane Webster-Rangel, Herman Hoge, and Polly Koesters, "aggrieved persons" under the Fair Housing Act, as amended, 42 U.S.C. §§ 3601, *et seq.* (the "Act"), filed complaints with the United States Department of Housing and Urban Development ("HUD"), alleging that Respondents Autumn Ridge Condominium Association, Incorporated, Richard Archie, Ronald Patterson and James Reed, discriminated against them by refusing to approve the sale of Complainant Webster-Rangel's property to Complainants Haddox and Valentine based on Complaint Valentine's race and familial status and by making discriminatory statements based on familial status. 42 U.S.C. § 3604(a) and (c).

The Act authorizes the issuance of a Charge of Discrimination on behalf of an aggrieved person following an investigation and a determination that reasonable cause exists to believe that a discriminatory housing practice has occurred. 42 U.S.C. § 3610(g)(1) and (2). The Secretary has delegated to the General Counsel (54 Fed. Reg. 44234), who has re-delegated to the Regional Counsel (67 Fed. Reg. 44234), the authority to issue such a charge following a determination of reasonable cause by the Assistant Secretary for Fair Housing and Equal Opportunity ("FHEO") or her designee.

The Office of Fair Housing and Equal Opportunity Region V Director, on behalf of the Assistant Secretary for Fair Housing and Equal Opportunity, has determined that reasonable cause exists to believe that a discriminatory housing practice has occurred in this case based on familial status and race, and has authorized and directed the issuance of this Charge of Discrimination.

II. SUMMARY OF THE ALLEGATIONS THAT SUPPORT THIS CHARGE

Based on HUD's investigation of the allegations contained in the aforementioned Complaints and Determination of Reasonable Cause, Respondents Autumn Ridge Condominium Association, Inc., Richard Archie, Ronald Patterson and James Reed are charged with violating Section 3604(a) and (c) of the Act as follows:

A. LEGAL AUTHORITY

1. "Aggrieved person" includes any person who claims to have been injured by a discriminatory housing practice. 42 U.S.C. § 3602(i).
2. "Familial status" means one or more individuals (who have not attained the age of 18 years) being domiciled with a parent or another person having legal custody of such individual or individuals. 42 U.S.C. § 3602(k).
3. It is unlawful to refuse to sell or rent after the making of a *bona fide* offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race. 42 U.S.C. § 3604(a).
4. It is unlawful to refuse to sell or rent after the making of a *bona fide* offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of familial status. 42 U.S.C. § 3604(a).
5. It is unlawful to make, print, or publish, or cause to be made, printed or published, any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation or discrimination based on familial status, or an intention to make any such preference, limitation or discrimination. 42 U.S.C. § 3604(c).

B. PARTIES AND SUBJECT PROPERTY

6. At all times relevant to this Charge, Complainants Valentine and Haddox were engaged to be married. At all times relevant to this Charge, Complainant Haddox, an African-American, intended to purchase a condominium unit whose address was 633 South Street, Unit 206, Munster, Indiana ("Subject Property"), where he, Complainant Valentine

and her children would live together as a family. Complainant Valentine is an African-American and has two minor children.

7. At all times relevant to this Charge, Complainant Webster-Rangel was the owner of the Subject Property. At times relevant to this Charge, Complainant Webster-Rangel was willing to sell the Subject Property to Complainant Haddox.
8. At all times relevant to this Charge, Complainant Hoge was the owner of the real estate firm that represented Complainants Haddox and Valentine. Complainant Hoge assigned and supervised real estate agents in his firm, Michelle Bauer and Vicky Wilson, to represent Complainants Haddox and Valentine.
9. At all times relevant to this Charge, Complainant Koesters was the real estate agent representing Complainant Webster-Rangel. At all times relevant to this Charge, Complainant Koesters worked to close the sale of the Subject Property to Complainant Haddox.
10. At all times relevant to this Charge, Respondent Autumn Ridge Condominium Association, Inc. ("Respondent Autumn Ridge") was the governing body of the condominium complex to which the Subject Property belonged. Respondent Autumn Ridge is controlled by its condominium association board, which consists of three directors. At all times relevant to this Charge, Respondent Autumn Ridge, pursuant to its Declaration, had the authority to accept or reject a prospective purchaser of its units, including the Subject Property.
11. At all times relevant to this Charge, Respondent Richard Archie ("Respondent Archie") was the president and a director of the condominium association board of Respondent Autumn Ridge. Respondent Archie, collectively with two other directors of the board, had the authority to accept or reject a prospective purchaser of Autumn Ridge condominium units, including the Subject Property.
12. At all times relevant to this Charge, Respondent Ronald Patterson ("Respondent Patterson") was the vice president and a director of the condominium association board of Respondent Autumn Ridge. Respondent Patterson, collectively with two other directors of the board, had the authority to accept or reject a prospective purchaser of Autumn Ridge condominium units, including the Subject Property.
13. At all times relevant to this Charge, Respondent James Reed ("Respondent Reed") was the treasurer and a director of the condominium association board of Respondent Autumn Ridge. Respondent Reed, collectively with two other directors of the board, had the authority to accept or reject a

prospective purchaser of Autumn Ridge condominium units, including the Subject Property.

C. FACTUAL ALLEGATIONS

14. Respondent Autumn Ridge is a condominium association that was established in or around 1986. Its mission is to administer the condominium complex located on Lot 1 and outlot "A," Southwood Addition to the Town of Munster, Indiana ("Autumn Ridge condominium complex").
15. Respondent Autumn Ridge is governed by its board of directors, which consists of three directors. In 2006, the three directors were Respondent Archie, who was the president, Respondent Patterson, who was the vice president, and Respondent Reed, who was the treasurer.
16. The Subject Property is one of the units of the Autumn Ridge condominium complex. Pursuant to its Condominium Declaration, the board of directors of Respondent Autumn Ridge has the authority to approve or reject a prospective purchaser of the Autumn Ridge condominium complex, including the Subject Property.
17. Ever since its inception, and throughout 2006, the Condominium Declaration of Respondent Autumn Ridge contained the following provision:
 - I. Minor Children. No Apartment shall be sold or conveyed to a Person having a minor (as that term is defined herein) child or children, if such minor, or minors, are to live in or occupy such Apartment, and no Person thereafter becoming a parent of a minor or minors, shall continue to own such Apartment, if such minor or minors are to live in or occupy such Apartment, and such Apartment Owners shall be subject to the provisions of Article XIV [Enforcement] of this Declaration. As used in this paragraph, the term "minor" shall mean and include only those Persons between the ages of two (2) and seventeen (17) years, inclusive.
18. In spite of the provision prohibiting minor children, it was the practice of Respondent Autumn Ridge to accept prospective purchasers with minor children. Additionally, it was the practice of Respondent Autumn Ridge to not compel members who gave birth or otherwise gained custody of minor children to leave the Autumn Ridge Condominium complex.

19. Since its inception, and at least until the end of 2006, Respondent Autumn Ridge has had no African-American condominium member. If Respondents accepted Complainant Haddox, Complainants Haddox and Valentine would have been the first African-American residents in the Autumn Ridge condominium complex.
20. When Complainant Webster-Rangel first purchased the Subject Property, she moved into the unit with her then-fiance, now husband, and his two minor children and occupied the unit with them until she ultimately moved out of the Subject Property.
21. In summer of 2006, Complainant Webster-Rangel placed the Subject Property on the market for sale. Complainant Webster-Rangel retained the services of Complainant Koesters to act as her real estate agent in the sale of the Subject Property.
22. On July 16, 2006, Complainants Valentine and Haddox became engaged to be married. They decided to find a place to live together as a family. Toward that end, on or around October 6, 2006, Complainant Haddox retained the services of a local RE/MAX office, owned by Complainant Hoge, to act as a real estate agent in locating a home for his new family. Complainant Hoge assigned real estate agents Michelle Bauer and Vicky Wilson from his office to represent Complainants Valentine and Haddox in their search. If a successful sale was made, the commission was to be split between Complainant Hoge and agents Wilson and Bauer, with 5% going to the former and 95% being shared by the latter two.
23. Because Complainant Haddox was working as a mechanical engineer in Kentucky at that time, it was primarily Complainant Valentine who engaged in their housing search. When she found properties she liked, she and Complainant Haddox would view them together during his biweekly visits.
24. On or around November 20, 2006, Complainants Valentine and Haddox viewed the Subject Property and decided to purchase it. On or around November 21, 2006, Complainant Haddox made a purchase offer to Complainant Webster-Rangel through Agent Bauer.
25. On or around November 25, 2006, Complainant Haddox accepted Complainant Webster-Rangel's counter purchase offer of \$122,000 for the Subject Property.
26. On November 26, 2006, Agent Wilson received and reviewed the Condominium Declaration and noticed the provision in the Condominium Declaration prohibiting minor children. Knowing that Complainant

Valentine had two children, Agent Wilson called Complainant Koesters and left her a message questioning the no-child provision.

27. On November 27, 2006, Complainant Koesters returned the call to Agent Wilson and reassured her, commenting that the seller, Complainant Webster-Rangel, had two minor children, as well. In this phone call, Complainant Koesters provided to Agent Wilson the telephone number of Respondent Archie. On that day, Agent Bauer telephoned and left a message for Respondent Archie regarding the issue of Complainant Valentine's children.
28. On November 28, 2006, Respondent Archie returned Agent Bauer's telephone call. When Agent Bauer requested a prompt board approval, explaining that Complainants Valentine and Haddox did not want to spend money on an inspection and appraisal only to be rejected by the board because of Complainant Valentine's children, Respondent Archie stated that children would not be an issue. Later on the same day, Agent Bauer received a telephone call from Respondent Patterson. Respondent Patterson stated that children would not be an issue, but that the board needed to meet with the buyer in person. Agent Bauer stated that Complainant Valentine, as the fiancé of Complainant Haddox, would attend in place of Complainant Haddox because he was in Kentucky. Respondent Patterson appeared agreeable. Respondent Patterson and Agent Bauer scheduled the meeting for 7:30 p.m. on November 30, 2006 in Respondent Archie's unit in the condominium complex.
29. At or around 12:30 p.m. on November 30, 2006, Complainant Valentine and her property inspector arrived at the Subject Property to conduct the home inspection. As the result of some difficulty entering the condominium complex, Respondent Archie was contacted before they could gain entry. During the inspection, Complainant Valentine was approached by Respondents Archie and Patterson, who introduced themselves as the president and the vice president of the condominium association. Complainant Valentine introduced herself as the fiancé of the buyer, and they confirmed the meeting scheduled for later that evening before departing.
30. Between 12:30 and 1:00 p.m. on November 30, 2006, Agent Wilson received a telephone call from Respondent Patterson, who stated that the location of the meeting was changed from Respondent Archie's unit to the Subject Property, which was then vacant. Respondent Patterson gave the excuse that Respondent Archie's wife was sick.
31. At or around 7:30 p.m. on November 30, 2006, Complainant Valentine, accompanied by Agent Wilson, met with Respondents Archie, Patterson and Reed in the Subject Property. The meeting lasted approximately an

hour, during which Complainants' jobs and Complainant Valentine's children were discussed. Respondents did not, at that time, reject Complainants Valentine and Haddox, but Respondent Reed mentioned that Complainants would not be approved if the children were of different genders. Respondent Reed also mentioned that they had had problems with the previous owner's children playing in halls and leaving bicycles in garages and further commented that the condominium complex was "not conducive" to children. Agent Wilson responded the matter was outside Respondents' discretion because the condominium complex was not an "adults only" development under the fair housing laws. Respondents showed an interest in this statement and inquired as to the criteria for "adults only" housing, prompting Agent Wilson to explain the housing for older persons exception to the Act.¹

32. Ultimately, Respondents stated that Complainant Haddox needed to come in person to meet them to receive the necessary approval. Both Agent Wilson and Complainant Valentine became upset because they felt there had been no need for them to come in person if the absence of Complaint Haddox rendered the approval impossible from the beginning. Complainant Valentine immediately called Complainant Haddox to arrange for a December 9, 2006 meeting with Respondents. Nevertheless, both Agent Wilson and Complainant Valentine left the meeting with the impression that the children were not going to be an issue.
33. On December 1, 2006, Complainant Haddox locked in the interest rate on the loan he secured to purchase the Subject Property. The lock-in cost Complainant Haddox \$600.
34. At or around 10:00 a.m. on December 2, 2006, Agent Bauer received a telephone call from Respondent Archie. Respondent Archie stated that Respondent Autumn Ridge was rejecting Complainants Valentine and Haddox because of her children, adding that Respondent Autumn Ridge had had problems in the past with children living in the condominium complex. Agent Bauer stated that she would not be surprised if Complainants Valentine and Haddox decided to hire a fair housing attorney to take action against Respondent Autumn Ridge. Respondent Archie responded, "Fine." Agent Bauer immediately called Agent Wilson and Complainant Valentine to notify them of the rejection.
35. At or around 11:30 a.m. on December 2, 2006, Agent Wilson received a call from Complainant Haddox, who sounded upset. Complainant Haddox asked for and received Respondent Archie's telephone number.

¹ Autumn Ridge does not, and never has, met the criteria for the housing for older persons exception to the Act.

36. At or around 1:00 p.m. on December 2, 2007, a three-way telephone call was held between Complainant Haddox, Complainant Valentine and Respondent Archie. In this conversation, Respondent Archie told Complainants Valentine and Haddox that they were not being approved because of Complainant Valentine's children, explaining that the board had a bad experience with Complainant Webster-Rangel's children. Respondent Archie further asserted that Autumn Ridge could exercise its adults-only policy because, he alleged, 80% of the residents were over 55 years old. Complainant Haddox became angry and challenged how Respondents could reject him based on their experience with another person's children. When Complainant Haddox asked again whether he was being rejected, Respondent Archie responded, "Yes."
37. On December 4, 2006, Complainant Haddox called Agent Bauer and asked to be released from the purchase agreement. Agent Bauer relayed the message, and Complainant Webster-Rangel, in view of the situation, agreed to release Complainant Haddox. Later that day, Agent Bauer called and left a message for Respondent Archie, requesting that Complainants Valentine and Haddox be reimbursed for the expenses they incurred in connection with the attempted purchase of the Subject Property.
38. On December 5, 2006, Respondent Archie returned Agent Bauer's telephone call regarding reimbursement and stated that Complainants Valentine and Haddox must put their reimbursement request in writing.
39. On or around December 13, 2006, acting upon Respondent Archie's instruction, Complainant Haddox wrote and sent a certified letter addressed to Respondent Archie, requesting reimbursement. The letter stated, in relevant part:
- "Prior to December 2, 2006 I incurred the following fees in the purchase of 633 South Street, #206 in Munster: \$239 for a home inspection and \$600 to lock in my rate with my lender. Both are non-refundable. On December 2, 2006, I was told that I could not purchase this property because the association is no longer accepting children. Prior to December 2, 2006 I was told children would be allowed. This is why I'm asking the association to reimburse me a total of \$839 for fees incurred."
40. The December 13 letter was signed for and received by Respondent Archie on December 15, 2006. No response, however, was made by any Respondent.

41. The Subject Property was eventually sold to a white couple with no children in the spring of 2007 for a price below what was accepted by Complainants Haddox and Valentine. Respondents approved the transaction.
42. Due to the delay in the sale of the Subject Property, Complainant Webster-Rangel incurred monetary expenses and inconvenience, including mortgage and tax payments and time spent on upkeep and cleaning of the Subject Property for showings. Furthermore, she suffered stress and emotional distress from the delay. Moreover, Complainant Webster-Rangel had to accept a lower sales price than she had accepted from Complainant Haddox.
43. Complainant Webster-Rangel was also shocked and offended because she started to suspect the rejection was based on Complainants Haddox and Valentine's race. Additionally, she was offended when she learned of the negative comments made about her, her husband and her step-children by Respondents in the November 30, 2006 meeting with Complainant Valentine. She was "upset" and "appalled" by the characterization of her family and children.
44. Due to the delay in the sale of the Subject Property, Complainant Koesters was required to devote additional time and resources to solicit another buyer. She had to forfeit other business opportunities she could have pursued in order to close the sale of the Subject Property. Furthermore, Complainant Koesters had to accept a lower commission, resulting from the lower sales price of the Subject Property when it eventually closed. Finally, Complainant Koesters suffered emotionally from the pressure of prolonged sale efforts and from observing closely what she believed was an act of discrimination.
45. After the rejection by Autumn Ridge, Complainants Valentine and Haddox made further efforts to find a suitable housing for their new family but became discouraged and gave up their search in early 2007. Their relationship started to suffer because of the continued long distance between the two and because the failure to secure housing prompted Complainant Valentine to reconsider the feasibility of the union. In the summer of 2007, Complainant Valentine broke off her engagement with Complainant Haddox.
46. Complainant Valentine was "angry" when she deduced that the real reason she had been rejected by Autumn Ridge was her race. This was Complainant Valentine's first experience of direct race discrimination and it forced her to challenge long-held beliefs that the state of race relations between African-Americans and whites had improved.

47. Complainant Haddox was "angry" and "sad" about being rejected by Autumn Ridge because of his race and because his fiancé had children. He did not expect such treatment in a Northern state, very near to where he was raised. The rejection made him feel "less" and "devalued." He felt that he had not been given the opportunity to "prove" himself and, despite his excellent education and high salary, he was treated as a "scoundrel" and like he had "no class." He had a hard time responding to the "slap in the face."
48. The rejection further made Complainant Haddox feel as though he could not provide a home for his family. He blames the rejection from Autumn Ridge, and the opportunity it presented to provide a home for Complainant Valentine and her children, for the demise of their relationship. The breakup caused further emotional humiliation and depression, in addition to what he and Complainant Valentine were already suffering as the result of Respondents' discriminatory actions.
49. Agents Wilson and Bauer continued to assist Complainants Haddox and Valentine in their search for new housing, but their business relationship terminated when Complainants Haddox and Valentine called off their search. Due to the Respondents' rejection, Complainant Hoge lost his part of the sales commission. Furthermore, he had to forego business opportunities because Agents Wilson and Bauer were engaged in assisting Complainants Haddox and Valentine.

D. FAIR HOUSING ACT VIOLATIONS

50. Respondents Autumn Ridge, Archie, Patterson and Reed violated 42 U.S.C. § 3604(a) when they refused to approve Complainant Haddox's purchase of the Subject Property for himself, Complainant Valentine and her children, on the basis of their familial status.
51. Respondents Autumn Ridge, Archie, Patterson and Reed violated 42 U.S.C. § 3604(a) when they refused to approve Complainant Haddox's purchase of the Subject Property for himself, Complainant Valentine and her children, on the basis of Complainant Valentine's race, using familial status as a pretext for rejecting them on the basis of race.
52. Respondent Autumn Ridge violated 42 U.S.C. § 3604(c) when it published a facially discriminatory policy stating a limitation upon families with minor children living in the Autumn Ridge Condominium complex.
53. Respondents Autumn Ridge, Archie, and Reed violated 42 U.S.C. § 3604(c) when Respondents Archie and Reed made discriminatory statements on the basis of Complainant's familial status, including, but not

limited to, Respondent Archie's statements that Complainants Haddox and Valentine were not being approved because of Complainant Valentine's children, and that Autumn Ridge was planning to exercise its "adults-only" policy, and Respondent Reed's statements that the condominium complex had a bad experience with the current owner's children, that the condominium complex was not conducive to children, and that Complainants Haddox and Valentine would not be approved if Complainant Valentine's children were different genders.

54. As the result of Respondents' discriminatory conduct, Complainants Haddox and Valentine suffered damages, including loss of an important housing opportunity, economic loss, emotional distress, humiliation and inconvenience.
55. As the result of Respondents' discriminatory conduct, Complainant Hoge suffered the loss of commission and further loss of potential income from other sales that agents Bauer and Wilson could have made while they were working with Complainants Haddox and Valentine after the rejection.
56. As the result of Respondents' discriminatory conduct, Complainant Webster-Rangel suffered emotional distress, frustration, financial loss and inconvenience.
57. As the result of Respondents' discriminatory conduct, Complainant Koesters suffered monetary and emotional damages, including frustration, financial loss, and inconvenience.

III. CONCLUSION

Wherefore, the Secretary of the U.S. Department of Housing and Urban Development, through the Office of General Counsel and pursuant to 42 U.S.C. § 3610(g)(2)(A), hereby charges Respondents with engaging in discriminatory housing practices as set forth above and prays that an order be issued that:

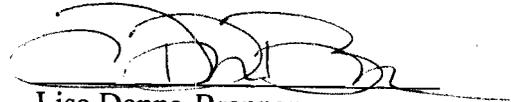
- A. Declares Respondents' discriminatory housing practices, as set forth above, violate the Fair Housing Act, 42 U.S.C. §§ 3601-19 and its implementing regulations;
- B. Awards such monetary damages as will fully compensate Complainants for their economic losses, including but not limited to, all out-of-pocket expenses, loss of income, medical expenses, emotional and physical distress, embarrassment, humiliation, inconvenience, the loss of a housing opportunity and any and all other damages caused by Respondents' discriminatory conduct;
- C. Awards a \$16,000 civil penalty against each Respondent; and

D. Awards such additional relief as may be appropriate pursuant to 42 U.S.C. § 3612(g)(3).

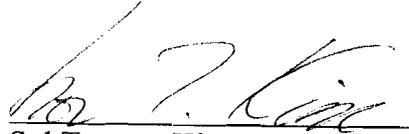
Respectfully Submitted,



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