

In this issue:

- HUD Settles Investigation of City of Falls Church and Condo Developers
- HUD Settles Case of Arkansas Real Estate Broker and Homeowner Charged with Violations of the Fair Housing Act
- HUD Charges Texas Apartment Owner, Manager with Violation of Fair Housing Act
- HUD Joins PHRC in Announcing Predatory Lending Decision
- Year in Review- Office of Fair Housing and Equal Opportunity
- Assistant Secretary Announces FHIP Grant in Puerto Rico

Our Mission

To create equal housing opportunities for all persons in America by administering laws that prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, disability, and familial status.

HUD Settles Investigation of City of Falls Church and Condo Developers

On November 19, 2004, HUD announced it had settled a Secretary-initiated investigation into the City of Falls Church, VA, Waterford Development, LLC, Waterford Development-Falls Church, LLC, and Nova-Habitat, Inc., for alleged discrimination against families with children, a violation of the Fair Housing Act.

Based on an article in [The Washington Post](#), in January 2004 HUD began an investigation into the development of The Broadway, an 80-unit, high-rise condominium building in Falls Church. To have the property rezoned for the construction of condominiums, the developers proposed a term sheet that calculated school-impact fees based on the number of children who would move into the property instead of on the number of units that were built. The City of Falls Church initially approved this arrangement.

Concerned that the arrangement could create an incentive to discriminate against families with children, HUD commenced a Secretary-initiated investigation. The Commonwealth of Virginia Fair Housing Office, which receives funding from HUD, also reviewed the matter.

In January 2004, the Falls Church City Council amended the term sheet to remove the fee related to families with children and reaffirmed its commitment to fair housing.

On May 17, 2004, the Equal Rights Center, a non-profit fair housing group based in Washington, DC, filed a complaint against the developers of the property and Falls Church, based on the earlier alleged violation.

HUD negotiated a conciliation agreement with all parties that resolved the ERC complaint and its own investigation. As part of the conciliation agreement, the City of Falls Church agreed not to assess school-impact fees in the manner it had assessed them for "The Broadway." The City of Falls Church and the ERC also agreed to work together to further fair housing in Falls Church. The developers will contribute \$120,000 to ERC to further the partnership and the ERC will provide the respondents with fair housing training. Finally, ERC and Falls Church will co-host the *Northern Virginia Fair Housing Conference* that will include a workshop on how localities may calculate and assess development-related fees that follow the letter and the spirit of the Act.

HUD Settles Case of Arkansas Real Estate Broker and Homeowner Charged with Violations of the Fair Housing Act

On November 1, 2004, HUD charged Lillie Arnett, a Realtor and real estate broker, and her son, Teddy Arnett, with violating the Fair Housing Act for refusing to sell a home to Marvin and Stephanie Benton, an African American couple, based on their race and color.

On January 24, 2004 the Bentons looked at a house Teddy Arnett was selling in Scott, Arkansas. Later that afternoon, the Bentons made an offer through their

agent, Wayne Smith, to purchase the property for \$139,000, the full list price. The offer was contingent upon Arnett agreeing to pay up to six percent of the closing and prepaid fees.

The Bentons also asked Arnett to pay up to three percent of the down payment

Continued on page 4

Fair Housing News

On November 30, 2004, HUD announced it had charged Johnny Brown, an apartment building owner in Bonham, Texas, and Georgia Crumbly, a tenant of Brown's who also acted as his leasing agent, with violating the Fair Housing Act for refusing to rent an apartment to an African American, Bennie Rogers, based on his race and color.

HUD's investigation showed that Rogers saw a newspaper advertisement for the rental of an apartment in Bonham. On March 12, 2004, Rogers called and arranged to meet Crumbly and view the apartment. While viewing the unit, Crumbly told Rogers that the owner, Brown, didn't rent to blacks. He was not offered an application or any paperwork.

Brown denied that Crumbly worked for him and asserted that he did not have control over her actions. However, the investigation, found that Crumbly had acted as Brown's agent, showing units, collecting rent, and alerting Brown of vacancies. The investigation also found that once this complaint was filed Brown took the keys to the units from Crumbly and transferred her duties to show units and collect rent to another tenant.

Brown denied discriminating against Rogers and asserted that he had not advised Crumbly to discriminate. Crumbly, however, told HUD investigators that she told Rogers, "Johnny Brown does not rent to coloreds." She also said that Brown advised her not to lease to blacks.

In his defense, Brown claimed that he had previously rented to blacks. HUD's investigation found that he had rented to one black person approximately ten years ago. That individual was part of an interracial couple. Other than that one tenant, no other blacks have rented a unit owned by Brown.

The case was settled on December 15, 2004 with the respondents agreeing to pay Rogers a total of \$1600 and attend fair housing training.

HUD Joins PHRC in Announcing Predatory Lending Decision

On December 20, 2004, HUD Assistant Secretary Carolyn Peoples joined the Pennsylvania Human Relations Commission (PHRC) in announcing that agency's award of \$909,752.14 in a predatory lending case. HUD funds the PHRC under its Fair Housing Assistance Program.

In the case, Pennsylvania officials awarded 10 victims a combined \$884,752.14 in damages after proving that McGlawn & McGlawn, a licensed mortgage broker based in Philadelphia County, engaged in a practice of targeting African Americans for predatory loans. An additional \$25,000 civil penalty was also assessed against McGlawn & McGlawn and Mr. McGlawn.

PHRC investigators reviewed nearly 100 mortgage loan applications and files and determined that McGlawn & McGlawn targeted African Americans. Out of the 66 applicants who indicated race, 65 indicated their race as African American.

"HUD applauds the Commission's commitment to addressing these types of unfair lending practices," said Assistant Secretary Peoples. "No one should be targeted for loans that carry excessive fees and higher interest rates simply because of their race or where they live."

Lucrecia Taylor was one of the homeowners victimized by McGlawn & McGlawn. Taylor went to McGlawn & McGlawn seeking a \$10,000 loan to make emergency home repairs. What she received was a 30-year mortgage loan for \$20,500.00 with an interest rate of 13.090 percent and a balloon payment of \$20,193.79.

When PHRC reviewed the Taylor loan they found that Taylor had not had the opportunity to review any of the documents before signing the loan. She was simply told to sign. Taylor was charged \$440.00 in broker's fees and \$4,276.60 in total settlement costs, representing 20 percent of the total loan.

McGlawn & McGlawn was also paid a yield spread premium of \$410.00, which effectively increased the interest rate on the loan. Taylor had no idea what a yield-spread premium was and did not know it increased her interest rate. McGlawn & McGlawn sold Taylor a homeowner's insurance policy in the amount of \$370.31. Taylor testified that she was unaware of this and it was unnecessary since she was already covered by another policy.

Taylor was charged for debts that she did not owe at the time of settlement, including a water bill of \$83.81 and two emergency ambulance bills (\$477.00 and \$250.00). All three bills were taken out of the proceeds of the mortgage loan. McGlawn & McGlawn told Taylor she could not cancel the loan because Delta Funding Corporation had disbursed the funds and paid the debts owed to her creditors.

The PHRC ordered McGlawn & McGlawn to cease their tactics and to pay damages to Taylor and nine other families within 30 days.

Year in Review-The Office of Fair Housing and Equal Opportunity

In FY 2004, HUD continued to make strides in its fair housing education and enforcement initiatives. These efforts have contributed to an increase in the reporting of housing discrimination complaints to HUD and its State and local partners under the Fair Housing Assistance Program (FHAP). In FY 2004, HUD also significantly increased the number of charges it brought.

In FY 2004, HUD and FHAP agencies received 9,187 housing discrimination complaints, which represented a 13 percent increase over FY 2003. During this same time, HUD and FHAP agencies completed 9,431 investigations of housing discrimination, an 11 percent increase over FY 2003. Together, investigations resolved by HUD and FHAP agencies resulted in \$11,955,387 in monetary relief or in recovered housing opportunities.

To assist in the enforcement of the Fair Housing Act, HUD established FHAP partnerships with the State of New Jersey Division of Civil Rights, Broward County (Florida) Office of Equal Opportunity, and Fairfax County (Virginia) Human Rights

Commission. HUD now has 37 State and 64 local FHAP agencies.

HUD awarded \$1.7 million to FHAP agencies in six states—California, Texas, Illinois, Pennsylvania, North Carolina, and Florida—to conduct education, outreach, and enforcement activities in response to recent research findings indicating a high level of discrimination experienced by Hispanics in the rental market.

HUD also partnered with public and private organizations through the Fair Housing Initiatives Program (FHIP). In FY 2004, HUD awarded \$17.6 million to 106 groups to conduct a range of enforcement, education, and outreach activities. Their activities included complaint intake, testing, and tailoring fair housing education and outreach activities for specific groups such as persons with disabilities, the Hispanic community, families with children, and persons with limited English proficiency.

In FY 2004, HUD provided fair housing education and legal training to staff of FHAP agencies and FHIP

recipients. In June, HUD held the National Fair Housing Training Conference and Housing Policy Summit. More than 1,800 people attended from various fair housing and other civil rights organizations, housing industry groups, and government agencies. In August, HUD opened the National Fair Housing Training Academy, offering comprehensive training to fair housing investigators from FHAP agencies.

Finally, HUD released a study on the incidence of discrimination experienced by Native Americans in the residential rental market in New Mexico, Montana, and Minnesota. The study found that Native American renters received less favorable treatment than whites 28.5 percent of the time.

These training initiatives as well as new research will continue to enhance HUD's fair housing enforcement and education activities in the upcoming years.

Assistant Secretary Announces FHIP Grant in Puerto Rico

Assistant Secretary Carolyn Peoples was in San Juan, Puerto Rico, November 8-10, 2004, to award a \$92,386 Fair Housing Initiatives Program grant to a Puerto Rico housing and economic development corporation.

CEIBA Housing and Economic Development Corporation (CHEDCO) will use the funding to conduct fair housing education and outreach activities, which will include disseminating information about fair housing laws to residents of the Northeastern part of the Island through mailings, posters, brochures, and a media campaign that will target both national and regional outlets.



FHIP grant recipients receiving check for \$92,386 to conduct fair housing education and outreach in Puerto Rico

CHEDCO will also develop and maintain a Web site that will contain up-to-date fair housing information, in both Spanish and English.

Before awarding the grant, Assistant Secretary Peoples participated in a roundtable discussion about HUD fair housing initiatives with several civil rights groups, including the Puerto Rico Civil Rights Commission and the State Office of the Ombudsman for Persons with Disabilities.

Following the grant announcement, the San Juan Star, the largest publication in Puerto Rico, as well as El Nuevo Día, Primera Hora, El Vocera, and radio station ISLA-AM interviewed Assistant Secretary Peoples.

**HUD Office of Fair
Housing and Equal
Opportunity**

**451 7th Street, SW
Washington, DC
20410**

**If you feel your housing
rights have been violated,
you can file a fair housing
complaint by:**

**Calling: 1-800-669-9777
TTY: 1-800-927-9275**

OR

Complete an online form at:

www.hud.gov/fairhousing



*Arkansas Fair Housing Charge,
continued from page 1*

requirement through a buyer
assistance program.

Later that day, Lillie Arnett, serving
as her son's agent, advised Smith
that the offer was not acceptable.
While relaying the rejection, Ms.
Arnett asked if Smith's clients were
African American. Smith declined to
answer the question but replied that
the inquiry was a violation of the
Fair Housing Act. At 7:30 pm the
same day, Smith submitted another
offer on behalf of the Bentons. The
second offer waived all requests for
additional closing costs, down
payment assistance, prepaid fees
and offered \$135,900 for the home.

On Jan. 26, 2004 Arnett's next-door
neighbors, a white couple, offered to
purchase the house for \$138,000,
contingent on their ability to obtain
financing. Mr. Arnett accepted their
offer and Ms. Arnett contacted
Smith to advise him that another
offer had been accepted. During the

conversation, Smith advised her that
his clients were making a third offer of
\$139,900. Arnett rejected that offer as
well.

However, Arnett's neighbors did not
apply for financing on this property so
on May 19, 2004 Arnett sold the house
to a white male for \$130,000.

The case was settled on December 8,
2004 by the Arnetts' payment of
\$15,000 to the Bentons and the
Arnetts' agreement to attend fair
housing training.

HUD OFFICE OF FAIR
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