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### Our Mission

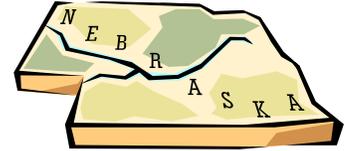
*To promote equal housing opportunities for all persons in America by administering laws that prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, disability, and familial status.*

## HUD Debars Omaha Landlord for Sexual Harassment

On June 11, 2007, HUD announced that it has debarred John Koch, an Omaha, NE, landlord from doing business with the federal government for three years for making unwanted sexual advances toward female residents of his rental properties and female rental applicants.

The debarment is based on a civil judgment entered against Koch following a jury trial in the U.S. District Court for the District of Nebraska. The court found that Koch, who manages several Section 8 properties, violated the Fair Housing Act by engaging in an illegal pattern and practice of housing discrimination over a ten-year period. During that period, Koch subjected numerous female tenants and prospective tenants to severe, pervasive, and unwanted verbal and physical sexual advances.

In total, the court awarded the aggrieved women \$16,967 in actual damages and \$49,185 in punitive damages. Additionally, the District Court imposed a civil money penalty of \$40,000 against Koch, payable to the federal government.



***Koch subjected numerous female tenants and rental applicants to unwanted sexual advances***

Debarment ensures that a participant in federal programs who has acted irresponsibly is disqualified from continued participation. HUD found that the judgment against Koch was sufficient grounds to debar him from doing business with the federal government.

HUD's brief in support of Koch's debarment contends that he used tenancies partly financed by federal payments to take advantage of low-income women and that if allowed to continue to do business with HUD the Department could not be assured that "its funds are being spent properly or that the public is being adequately protected."

## New Lending Division Created to Investigate Allegations of Discrimination

On July 11, 2007, HUD announced that it is creating a new Fair Lending Division that will review mortgage lending practices throughout the nation. HUD has hired a senior-level economist and is seeking to hire five fair lending specialists to enhance its capacity to investigate allegations of mortgage lending discrimination.

Specifically, the new Fair Lending Division will investigate complaints that allege that lenders have refused to make mortgage loans, failed to provide the same information on loan products, imposed different terms or conditions for

acquiring or repaying a loan, or otherwise discriminated against borrowers because of their race, national origin, or other protected characteristic. The Division will also analyze lending data for evidence that suggests that lenders are engaging in unlawful discrimination and will use HUD's authority to initiate investigations and take legal action against lenders engaged in such practices. In addition, the Division will conduct HUD's fair lending oversight of the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac, to ensure their underwriting policies and practices comply with fair lending laws.

### HUD Charges Connecticut Landlord with Disability Discrimination

On June 7, 2007, HUD charged Mahmoud Hussein, a landlord in Windsor Locks, CT, with violating the Fair Housing Act by refusing to renew the lease of a woman whose child requires a service animal because of a disability.

In June 2005, Ann Mitchell viewed a property owned by Hussein. She explained to him that she has a 9-year-old daughter with a disability that requires the use of a service animal. Hussein allegedly told Mitchell that he would not rent the house to her if the service animal was going to be on the premises.

Because she needed to get her daughter settled before the school year began, Mitchell placed the

service animal with another family and signed a one-year lease with Hussein in July 2005.

By September of that year, Mitchell's daughter was experiencing more frequent and severe seizures. The doctor confirmed that her daughter's seizures had increased due to the loss of the service animal and recommended that her daughter get a therapy dog. Mitchell repeatedly attempted to give Hussein a copy of a letter from the doctor explaining that her daughter's disability required a service animal, but Hussein allegedly continued to refuse to allow the service animal.

In June 2006, Mitchell talked to Hussein about renewing her lease



and informed him that her daughter would be getting a service animal in February 2007. Mitchell alleged that when Hussein heard this, he refused to renew her lease.

In June 2006, Mitchell filed a housing discrimination complaint with HUD. After conducting an investigation, HUD charged Hussein with violating the Fair Housing Act. The case will be heard before an administrative law judge unless either party elects to have the case heard in federal district court.

### HUD Charges Pennsylvania Landlord with Familial Status Discrimination

On June 18, 2007, HUD charged a Philadelphia couple who owns rental properties with violating the Fair Housing Act for allegedly refusing to rent an apartment to an engaged couple because they have a child.

In May 2006, Marta White and her fiancé, Adam Robertson, were searching for an apartment in the Philadelphia area. White e-mailed Julie Sokoloff, who owns several units, to find out if she had any units available. Sokoloff responded to the e-mail, telling White that she had two

units available—a two-bedroom and a one-bedroom, that could be viewed on Craigslist.org.

At the end of May 2006, White and Sokoloff exchanged emails regarding security deposits, rental amounts, move-in dates, and the possibility of having a friend view the two-bedroom unit while White and Robertson were out of the country.

On May 30, 2006, White e-mailed Sokoloff to inform her that she and Robertson were in the process of

***HUD guidance states that it violates the Fair Housing Act for a landlord to deny a family the opportunity to live in a unit that has not undergone lead hazard control***

adopting a two-year old boy. Later that same day, Sokoloff replied, "Sorry, we don't rent to anyone with children – this apartment is really not big enough for a family."

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### FHEO Employees Receive Volunteer Service Award



In May 2007, HUD's Office of Fair Housing and Equal Opportunity (FHEO) was awarded the President's Bronze Volunteer Service Award.

In 2006, FHEO employees logged over 300 volunteer hours, including helping

build homes for Habitat for Humanity, participating in the American Cancer Society walk, and providing holiday gifts to four low-income families.

"At FHEO, we are not only committed to enforcing fair housing laws to ensure people have access to housing, we are committed to helping all people in need, at all times of the year, throughout our community," said Kim Kendrick,

Assistant Secretary for FHEO.

The President's Volunteer Service Award recognizes individuals, families, and groups that have performed a certain number of volunteer hours over a 12-month period or over the course of a lifetime. A group that performs between 200 and 499 volunteer hours over a 12-month period is eligible for a Bronze Award.

### HUD Approves 2006 IBC as Safe Harbor for Compliance with the Accessibility Requirements of the Fair Housing Act

On July 18, 2007, HUD published a report in the Federal Register that announced its approval of the 2006 International Building Code (IBC) as a safe harbor for compliance with the accessibility requirements of the Fair Housing Act.

At the request of the International Code Council (ICC), HUD reviewed the 2006 IBC to determine if it could be deemed a safe harbor for compliance with the accessibility requirements of the Fair Housing Act. After its review, HUD concluded that the 2006 IBC, as corrected in an erratum issued on January 31, 2007, constitutes a safe harbor if interpreted in accordance with relevant 2006 IBC commentary.

The Fair Housing Act requires that certain multifamily properties constructed for first occupancy after March 13, 1991, contain particular design and construction features identified in the Fair Housing Act that make the property accessible to persons with disabilities. These features include an accessible route into and through the unit, doors that are sufficiently wide to allow passage by disabled persons in wheelchairs, and usable kitchens and bathrooms.

In total, HUD recognizes ten safe harbors for compliance with these requirements. HUD has approved a number of safe harbors so that builders and others will have a range of options for complying with the



accessibility requirements of the Fair Housing Act. These safe harbors will result in residential buildings that comply with the accessibility requirements of the Fair Housing Act, so long as they are applied without modification or waiver.

The report is available at <http://www.hud.gov/fairhousing>.

### First Indiana Bank Pays \$100,000 to Settle Lending Discrimination Complaint

On May 3, 2007, HUD reached a \$100,000 settlement agreement with First Indiana Bank, National Association to resolve allegations that it engaged in mortgage lending discrimination.

The agreement resolves a complaint filed in March 2007 by the National Community Reinvestment Coalition (NCRC) alleging that First Indiana discriminated on the bases of race and national origin by refusing to make loans on row houses or for less than \$100,000. NCRC contended that the bank's lending practices discriminated against African Americans and Hispanics because row houses and houses valued under \$100,000 are more heavily concentrated in African-American and Hispanic neighborhoods.

***NCRC contended that First Indiana Bank's lending policies discriminated against African Americans and Hispanics***

Under the HUD-brokered conciliation agreement, First Indiana denies any liability for violations under the Fair Housing Act, but agrees to do the following.

- Institute a "second review" procedure for all denied loan applications;
- Not unlawfully use minimum property values as an underwriting criterion for any of its loan products, nor unlawfully price row homes or loans that serve low- to moderate-income communities;
- Not unlawfully exclude row homes from any of its loan products or use unlawful underwriting criteria to evaluate applicants for loans secured by row homes;
- Not unlawfully exclude foster care income as a source of income to qualify and underwrite residential mortgages; and

- Notify the mortgage loan brokers with whom it conducts business that it has discontinued its minimum property value and no row home policies.

In the past year, HUD has negotiated at least one other settlement involving lending policies related to row houses. In September 2006, HUD negotiated a similar settlement with SouthStar Funding LLC of Atlanta, a large, now defunct, national lender, for allegedly refusing to make loans on any row house valued at less than \$100,000 and on all row houses in Baltimore, Maryland.



Visit HUD's Kids Web site at <http://www.hud.gov/kids> to learn more about fair housing from Franklin the Fair Housing Fox

## HUD's Office of Fair Housing and Equal Opportunity

451 7<sup>th</sup> Street, SW  
Washington, DC 20410

Individuals may report housing discrimination to HUD by calling

1-800-669-9777 (Voice)  
1-800-927-9275 (TTY)

or by completing a form at

[www.hud.gov/fairhousing](http://www.hud.gov/fairhousing)



## HUD Charges Illinois Landlord with Familial Status Discrimination

On July 9, 2007, HUD charged Michael Bassali, a landlord in Evanston, IL, with violating the Fair Housing Act by refusing to rent to a family because they had children.

Roziel Reyes was looking for a place to rent for herself, her partner, and their three children. She saw an advertisement for a three-bedroom unit in Evanston that is owned by Bassali. She responded to the advertisement and arranged to view the unit.

Bassali showed Reyes, her partner, and a friend a three and a half-bedroom house with a yard and a long driveway for parking. While viewing the property, Reyes informed Bassali that she has three children. Bassali indicated that this would not be a problem.

Reyes later signed a lease for the

property and paid a \$950 security deposit. A few days later, Bassali left Reyes a voicemail stating that he could no longer rent her the unit. Reyes returned his phone call and asked to meet in person to discuss his concerns. At that time, Bassali told Reyes that he was concerned that there could be lead-based paint or mold present in the unit, which would make it unsafe for her children. Bassali then returned the security deposit.

HUD guidance states that it violates the Fair Housing Act for a landlord to deny a family the opportunity to live in a unit that has not undergone lead hazard control.

This case will be heard before an administrative law judge unless either party elects to have the case heard in federal district court.

## Students Gain Experience in Fair Housing and Community Service

This summer, high school, undergraduate, graduate, and law students joined HUD's Office of Fair Housing and Equal Opportunity (FHEO) as interns. These interns were from numerous schools, including Arizona State University, Boston University, and John Marshall Law School. The interns were located in HUD's headquarters, regional, and field offices throughout the country.

The summer interns gained experience in several areas, such as enforcement of fair housing and civil rights laws, the Fair Housing Assistance Program and the Fair Housing Initiatives Program, and fair housing education and outreach activities.

In addition, summer interns in headquarters volunteered at So Others Might Eat (SOME), an organization that provides food and other services to poor and homeless residents of Washington, D.C. On August 6, 2007, the interns served lunch at the SOME dining hall.



**Assistant Secretary Kim Kendrick and Interns in the HUD Headquarters Fair Housing Office**



**Staff and Interns in the HUD Chicago Fair Housing Office**

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When White told Sokoloff that she thought her position violated the law, Sokoloff explained that the apartment has lead paint, which can be very dangerous around young children. Sokoloff also stated that the apartment is located on the third floor, which means that White would have to carry a stroller up and down stairs. Sokoloff added that strollers could not be stored in the hallway. In August 2006, Sokoloff and her husband, Steven, rented the unit to a household without children.

HUD guidance states that it violates the Fair Housing Act for a landlord to deny a family the opportunity to live in a unit that has not undergone lead hazard control.

In February 2007, White and Robertson filed a housing discrimination complaint with HUD. After conducting an investigation, HUD charged the Sokoloffs with violating the Fair Housing Act. The case will be heard before an administrative law judge unless either party elects to have the case heard in federal district court.