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Cummings Asks Justice Department To Investigate Wells Fargo, Other Lenders

Jan 19, 2010

Press Release

FOR IMMEDIATE RELEASE

January 19, 2010

Contact:

Paul Kincaid

202.225.4289 or 202.225.4025

Trudy Perkins

410.685.9199 or 202.225.4641

Congressman is concerned with potential predatory lending practices, asks that new DOJ unit investigate.

(Washington, DC) – Congressman Elijah E. Cummings (MD-07) today dispatched a letter to Assistant Attorney General Thomas E. Perez, regarding lending practices undertaken by Wells Fargo, and other institutions, in the Baltimore area. Cummings' letter requested an investigation by the new Fair Lending unit, created within the Civil Rights Division Housing Section of the Justice Department.

"I was pleased to hear about the formation of the Fair Lending unit," Cummings said. "The foreclosure crisis has been one of the most challenging problems that I have faced in my decades of public service. Communities in Maryland's Seventh District and across the nation have been decimated by the seemingly unending stream of defaults and foreclosures.

"We must find a way to get this problem under control. The best way to do that is to find out what went wrong, and what we can fix. I hope my letter will help that process."

The Fair Lending unit will be tasked with pursuing lenders and brokers that have unfairly denied minorities access to home loans. It will also identify companies that targeted minorities for mortgages with loose underwriting standards or high interest rates that forced borrowers into foreclosure.

In his letter, Cummings asked that Perez task the unit with answering several questions regarding Wells Fargo and other lenders:

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1. Was there a systematic effort by any mortgage lender to drive minority borrowers into high-cost mortgage loans?

2. To what extent were any borrowers who were eligible for lower-cost products targeted for high-cost products?

3. To what extent do the practices observed in Baltimore mirror or deviate from practices observed in other urban areas?

The Mayor and City Council of Baltimore brought suit against Wells Fargo Bank in January 2008 under the Fair Housing Act, alleging that Wells Fargo targeted African American neighborhoods in Baltimore for predatory mortgage loans. The city contended that Wells Fargo utilized “reverse redlining” practices, driving potential homebuyers in minority communities into high-cost mortgage products. The allegations referenced affidavits of former Wells Fargo employees, describing incentive programs that offered rewards based on the interest rate for each loan originated.

While Judge J. Frederick Motz recently dismissed the case, the Associated Press has reported that Baltimore City intends to file an amended complaint.

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Contact Congressman Cummings

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- Catonsville Office**
- Elicott City Office**

Washington, DC Office
 2235 Rayburn HOB
 Washington, DC 20515
 Phone: (202) 225-4741
 Fax: (202) 225-3178
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