

NAACP lawsuit says Wells Fargo, HSBC discriminated against Blacks

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(NNPA) - The NAACP is accusing Wells Fargo and HSBC of forcing Blacks into subprime mortgages while whites with identical qualifications got lower rates.

Class-action lawsuits were filed against the banks on Friday March 13 in federal court in Los Angeles, said Austin Tighe, co-lead counsel for the National Association for the Advancement of Colored People. According to a statement released by the civil rights organization, "These lawsuits allege systematic, institutionalized racism in sub-prime home mortgage lending."

Tighe said, "Black homebuyers have been 3 1/2 times more likely to receive a subprime loan than white borrowers, and six times more likely to get a subprime rate when refinancing...Blacks still were disproportionately steered into subprime loans when their credit scores, income and down payment were equal to those of White homebuyers."

Both Wells Fargo & Co. and HSBC are receiving federal bailout funds.

Similar NAACP lawsuits are pending against a dozen other subprime lenders.

"This is systematic, institutionalized racism," Tighe said. "Once you take out factors relative to income and credit risk, the only difference between the borrowers is the color of their skin."

Tighe estimated that "tens of thousands" of Blacks had been forced into bad loans, but said it was difficult to gauge the scope of the problem because banks keep much of their internal data private. The lawsuits could force banks to divulge closely guarded information, such as how banks can determine the race of a loan applicant and how federal bailout funds are being spent.

The NAACP is seeking reforms from the banks such as increased transparency in the loan process, educational outreach and internal training.

Information from the Associated Press contributed to this report.