Usually when government is criticized, it's because someone is dissatisfied with a lack of effective performance. But for the U.S. Department of Justice, recent high-profile criticism is due to a series of effective actions.
On August 31, a member of the Wall Street Journal's editorial board publicly criticized DOJ's Civil Rights Division for "intimidating banks" into lending to borrowers of color at below-market rates – a charge that is simply untrue. The piece ignores facts that the newspaper has reported: the rise of reckless lending during the housing bubble, and the fact that more than 60 percent of borrowers who received subprime loans had credit scores high enough to have qualified for standard conventional loans.

The Justice Department did not let the charges go unanswered. Thomas E. Perez, Assistant Attorney General for the Civil Rights Division responded a few days later with a letter to the Journal that said in part, "All qualified home buyers should have access to sustainable credit without being subject to illegal discrimination. The Justice Department will unapologetically continue to ensure they can do so."

The full text of the Perez response is available at: http://rspnsb.li/nd5fgA. Unfortunately the space allowed for the rebuttal did not afford a complete account. There are a series of verifiable and appropriate reasons why the Civil Rights Division is so hard at work.

Had the Journal editorial board been familiar with the considerable body of research on foreclosures, it might have learned how communities of color were targeted and financially abused – particularly in mortgage lending. The research developed by the Center for Responsible Lending spans several years and offered early warnings about foreclosures and a 2010 report that showed how Black and Brown communities lost $350 billion in wealth through foreclosures.

I suspect that the victims of predatory mortgage lending are less concerned about editorial rhetoric than they are with more urgent concerns like financially piecing together lives hit hard by foreclosures; the shortage of adequate and affordable rental housing for former homeowners; or their former neighbors who now owe more than the homes are worth. Neighborhoods hard hit by foreclosures have suffered an equity drain on the single most important investment most people make in a lifetime – their home.

Each year, the DOJ's report to Congress on the Equal Credit Opportunity Act Amendments of 1976 provides an in-depth review of the scope and volume of discriminatory lending over the past year. The 2010 report stated that the DOJ Civil Rights Division received more referrals that year (49) in 2010 than it had received in "at least the last 20 years". By comparison, from 2001-2008, the total number of referrals received was only 30.

In terms of governmental accountability, DOJ efforts in 2010 brought actions correcting ill-advised practices and fair lending violations, including the following:

- The largest monetary award for victims in a fair lending case - AIG Federal Savings Bank and Wilmington Finance settled to pay up to $6.1 million to African-American customers who were charged higher broker fees than non-Hispanic white customers; and

- The first time a lender was held responsible for failing to monitor brokers who originated its home loans. The fore-mentioned lenders turned a blind eye to brokers that charged borrowers of color higher fees than other similarly-situated white borrowers.

The DOJ annual report also advised Congress that “Lawsuits challenging redlining and reverse redlining practices are significant weapons in the battle against predatory lending. And we expect that some of the investigations begun in 2010 will lead to suits or settlements in 2011.”

Here’s hoping that DOJ’s Civil Rights Division keeps up the good fight.

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