HOUSING DISCRIMINATION COMPLAINT

CASE NUMBER:

1. Complainants

California Reinvestment Coalition (CRC)
474 Valencia St, Ste 230
San Francisco, CA 94103

Representing CRC:

Kevin Stein, Deputy Director
California Reinvestment Coalition
474 Valencia St, Ste 230
San Francisco, CA 94103
415-864-3980
kstein@calreinvest.org

Fair Housing Advocates of Northern California (FHANC),formerly Fair Housing of Marin
1314 Lincoln Ave, Ste A
San Rafael, CA 94901

Representing FHANC:

Casey Epp, Supervising Attorney
Fair Housing Advocates of Northern California
1314 Lincoln Ave, Ste A
San Rafael, CA 94901
(415) 483-7535
casey@fairhousingmarin.com

2. Other Aggrieved Persons

In addition to CRC and FHANC, communities of color and others are harmed by Respondents' discriminatory practices.

3. The following is alleged to have occurred or is about to occur:

Discrimination in the locating, maintaining, consolidating and closing of retail branches and attendant services in a manner which did not and does not give equal access to all consumers and home loan seekers based on race, national origin and/or color.

Discrimination in the marketing and origination of residential real estate products to Asian American, African-American and Latino borrowers and communities for multiple years.

Discrimination in maintaining and/or marketing its real estate owned ("REO") properties and perpetuation of segregation.

4. The alleged violation occurred because of:

Race, color, and national origin

5. Address and location of the property in question (or if no property is involved, the city and state where the discrimination occurred):

1. Los Angeles Metropolitan Statistical Area (MSA), including the counties of Los Angeles and Orange.
2. Southern California counties in Respondent's Community Reinvestment Act (CRA) assessment area, including Los Angeles and Orange Counties, and the additional counties of Riverside, San Bernardino, San Diego and Ventura.
3. Various California counties which were the site of Respondent's mortgage servicing and foreclosure practices, including, but not limited to, Solano County and Contra Costa County.

6. Respondent(s)

CIT Group, Inc.
One CIT Drive
Livingston, NJ 07039
973-740-5000

Serve: Ellen Alemany, President and CEO
One CIT Drive
Livingston, NJ 07093
973-740-5000

7. The following is a brief and concise statement of the facts regarding the alleged violation*:

CIT Group, by and through its CIT Bank, N.A. subsidiary, as successor to OneWest Bank, and its subsidiaries and affiliates (hereinafter and collectively, "Respondent") has violated and continues to violate the Fair Housing Act ("FHA") by locating branches and services in a manner which did not and does not give equal access to all consumers and loan seekers based on race, national origin and/or color. Respondent further violated and continues to violate the FHA by failing to market and originate residential real estate products to Asian American, African-American and Latino borrowers and communities for multiple years. In addition, Respondent has violated and continues to violate the FHA by maintaining and marketing Real Estate Owned ("REO") properties in a state of disrepair in predominantly African-American, Latino, and other non-White communities (hereinafter "communities of color") while maintaining and marketing such properties in predominantly White communities in a materially better condition.

Respondent is in the business of operating retail bank branch offices in California and is charged with meeting the credit needs of the communities in which these branch offices are located. Respondent discriminated on the basis of race, national origin and/or color, in locating and maintaining most of its bank branches in areas that serve majority-white communities, do not serve areas of high minority concentration, and provide unequal access to residential real estate loans to Asian Americans, African Americans and Latinos, and to small business loans for people and neighborhoods of color where 50% or more of residents are people of color. Respondent's branch presence in majority minority communities is below that of its peers, which resulted and results in making residential real estate, small business and other loan products less available to persons based on race, national origin and/or color, and which results in making banking services less available to protected groups and neighborhoods. Additionally, of the 12 branches that have been "consolidated" by Respondent, 5 of the 12 (or 41.6% of the total consolidations) were in majority minority tracts. Respondent has sited and maintained branches in a way that avoids neighborhoods of color and minority census tracts, and the resulting pattern of branch locations and consolidations supports a claim of redlining.

Respondent has an unreasonably low penetration of branches into neighborhoods that are predominantly Asian American, predominantly African America and predominantly Latino, compared to its peers. In the 6 counties that comprise Respondent's CRA assessment area:

- In African American majority neighborhoods: 0 Respondent branches; .7% of industry branches
- In Asian American majority neighborhoods; 1.4% of Respondents branches; 6.6% industry branches
- In Latino majority neighborhoods: 14.9% Respondent's branches; 19.6% of industry branches

In addition, Respondent failed to market and originate residential real estate products to Asian American, African-American and Latino borrowers and communities for multiple years. Market share and other analysis of Home Mortgage Disclosure Act (HMDA) data and data provided to federal banking regulators by the Respondent itself, show that since at least 2011, Respondent made few loans to Asian American, African American, and Latino borrowers and communities in absolute terms, in relation to the demographics of the counties in Respondent's CRA assessment area, and/or in relation to the industry as a whole.

For example, for home loans originated in Respondent's 6 county CRA assessment area, Respondent had the following market shares in 2014:

- Respondent market share for all home loans - .03%
- Respondent market share for loans originated in majority minority census tracts - .02%
- Respondent market share for loans originated to Asian American borrowers - .02%
- Respondent market share for loans originated to Latino borrows .01%

- Respondent market share for loans originated to African American borrows - 0% (no loans originated to African American borrowers)

Between April 2014 and May 2016, Complainant FHANC investigated Respondent's REO properties in Solano and Contra Costa County in California. Complainant FHANC employed a methodology for investigating how REO properties are maintained and marketed and measuring whether there are differences between how REO properties are maintained and marketed in working and middle class communities of color compared to REO properties in predominantly White working and middle class communities.

In each of the metropolitan areas where Complainant evaluated Respondent's REO properties, Complainant found that Respondent has a pattern or practice of maintaining and marketing (or failing to market) its REO properties in a state of disrepair in communities of color while maintaining and marketing REO properties in predominantly White communities in a materially better condition. Respondent's REO properties in White communities were far more likely to have a small number of maintenance deficiencies or problems than REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems compared to those in White communities.

*See the attached Supplemental Narrative in Support of this Fair Housing Complaint for additional information.

8. The most recent date on which the alleged discrimination occurred:

Respondents' discriminatory acts are ongoing and will not abate absent intervention. Complaint CRC's investigation began in 2014 and continued until the present. Complainant FHANC's investigation began in April 2014 and continued until February 2016.

9. Types of Federal Funds identified:

10. The acts alleged in this complaint, if proven, may constitute a violation of the following:

Section 804(a),(b),(c),&(d), and Section 805(a) of Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Act of 1988 [42 USC § 3604(a),(b),(c),(d) and § 3605(a)].

Please sign and date this form:

I declare under penalty of perjury that I have read this complaint (including any attachments) and that it is true and correct.

11/16/16

Kevin Stein, CRC — Date

Casey Epp — 11/16/16

Casey Epp, FHANC — Date

N O T E: HUD WILL FURNISH A COPY OF THIS COMPLAINT TO THE PERSON OR ORGANIZATION AGAINST WHOM IT IS FILED.