

## Governor Phil Murphy

photo: view of NJ Trenton DOM

# ICYMI: Acting AG Platkin Announces Major Settlement with Trident Mortgage Company LP and Fox & Roach LP over Allegations of Race-Based ‘Redlining’ in Lending Practices in the Camden Area

07/26/2022

**TRENTON** – Acting Attorney General Matthew J. Platkin announced today that New Jersey has entered into a historic settlement with former home mortgage lender Trident Mortgage Company LP, providing for more than \$20 million in loan subsidies and other relief to resolve allegations that Trident and real estate brokerage Fox & Roach LP engaged in racially discriminatory “redlining” in their lending practices in New Jersey, Pennsylvania, and Delaware.

The landmark settlement announced today requires Trident to create an \$18.4-million fund to provide individual subsidies of up to \$10,000 per qualified applicant in support of home purchase, refinance, and home improvement loans for owner-occupied homes in majority-minority neighborhoods.

It also requires Trident to spend an additional \$875,000 on targeted advertising and public outreach to generate awareness of the loan subsidy fund; \$375,000 to fund consumer financial education; and \$750,000 to start a Community Development Partnership Program, which will fund collaborations with local community-based or governmental organizations that will help extend credit to qualified borrowers.

Today’s settlement announcement is the result of the Division on Civil Rights’ four-year investigation of Trident and its former real-estate affiliate, Fox & Roach. That investigation was initiated by the Pennsylvania Attorney General’s Office under the leadership of Attorney General Josh Shapiro and subsequently joined by the Attorney General’s Offices of New Jersey and Delaware. The State inquiries also ran parallel to federal investigations of Trident by the Consumer Financial Protection Bureau (CFPB) and the U.S. Department of Justice (DOJ). Working collaboratively, the States and the federal agencies achieved the global resolution announced today.

“Today’s landmark settlement is a critical step in advancing the cause of housing equity in our region,” said **Acting Attorney General Platkin**. “It sends a clear signal: We will never tolerate race-based bias or race-driven business practices that deny equal opportunity to individuals and families of color seeking housing in our State. We are proud to have been part of this collaborative effort with our federal and state law enforcement partners.”

The investigation that led to today’s settlement found that Trident, which was one of the Camden region’s top mortgage lenders until it ceased its mortgage lending business in December 2020, engaged in “redlining” in Camden, Burlington, and Gloucester counties in New Jersey.

Specifically, Trident avoided providing credit services in majority-minority census tracts in those counties because of the race or national origin of the people who live there, thereby deterring Black and brown borrowers from obtaining loans in those places.

“Redlining” is a term that goes back decades. It initially described the federal government’s practice, in the 1930s, of outlining areas with large Black populations, regardless of their socioeconomic status, as risky, cutting off people in Black neighborhoods from increased investment and economic growth.

Today it refers to a practice by which banks and mortgage lenders systematically underserve and discriminate against neighborhoods with high percentages of African Americans, Hispanics, or other marginalized racial and ethnic minorities. The practice deprives such areas and their residents of adequate credit. The lack of competition also makes residents of redlined neighborhoods vulnerable to unscrupulous, predatory lending.

“DCR will not tolerate race-based discriminatory lending practices that perpetuate racial segregation and rob Black and brown communities of the basic opportunity to build generational wealth through homeownership,” said **DCR Deputy Director Rosemary DiSavino**. “Today’s settlement marks an important step toward narrowing the racial wealth gap and making New Jersey a fairer and more equitable place for its residents.”

It is estimated that the \$18.4-million loan subsidy program created through today’s agreement could spur hundreds of millions of dollars in total lending in the Camden-Philadelphia- Wilmington region, which spans Burlington, Camden, and Gloucester counties in New Jersey as well as portions of Pennsylvania and Delaware.

In the coming months, Trident will assess the credit needs of majority-minority neighborhoods across the Camden-Philadelphia-Wilmington area. Based on that assessment, Trident may use the fund to subsidize mortgages with reduced interest rates, down payment assistance, closing cost assistance, payment of the initial mortgage insurance premium and possibly other means with approval.

In addition to the loan subsidy fund, Trident has also agreed to pay \$250,000 in costs to the New Jersey Division on Civil Rights, which prioritized the multi-year investigation to remedy the harm done to majority-minority communities through generations of race-based redlining in lending practices. Trident must also ensure that four new branch locations in majority-minority neighborhoods, including one within the Camden area.

The agreement also requires Trident’s former real estate affiliate Fox & Roach to assist Trident in facilitating increased access to residential mortgages. Fox & Roach and Trident shared a close business relationship, including some co-located offices. As a result, Fox & Roach customers made up a large majority of Trident’s mortgage lending business.

Under the agreement, Fox & Roach is required to create a \$150,000 fund to conduct targeted marketing to qualified applicants seeking loans for primary homes in the majority-minority neighborhoods that were previously underserved by the company.


Significantly, today’s agreement also prohibits Trident and Fox & Roach from engaging in any practice that constitutes redlining. Moreover, it requires outreach and equally attentive customer service to residents of the region’s race-based majority-minority neighborhoods, compliance monitoring during the term of the settlement, and anti-bias training.

Although Trident ceased its mortgage lending business in December 2020, the company will continue operations to implement the settlement over its five-year term, including by facilitating administration of the loan subsidy fund. HomeServices of America, Inc., a corporate parent of both Trident and Fox & Roach, has guaranteed compliance with the agreement.


Trident’s settlement with New Jersey is in the form of an **Assurance of Voluntary Compliance**

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This matter was handled by DCR's Interim Chief of Strategic Initiatives and Enforcement Aarin Williams, and Legal Specialist Iris Bromberg; Section Chief Peter A. Basso, Deputy Attorneys General Eve Weissman, Nadya Comas, and Shireen Farahani, and former Deputy Attorney General Sarah Levine, of the Affirmative Civil Rights & Labor Enforcement Section within the Division of Law's Affirmative Civil Enforcement Practice Group.

## Governor Phil Murphy

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