Fair Lending
In The Lower Hudson Valley
Testing Report
2013-2014

This project was made possible by a generous grant from the United States Department of Housing and Urban Development.
This Report presents and analyzes the findings of the testing project conducted under a Private Enforcement Initiative grant from HUD. The presentation and analysis in this report focus on the results of the specific project, and do not purport to make any further general statements about a particular area or lender.

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# Fair Lending In Lower Hudson Valley Testing Report ©, 2013-2014

## Table of Contents

**PROJECT SUMMARY AND GENERAL FINDINGS** ........................................... 7  
**METHODODOLOGY** .................................................................................. 8  
**SELECTION OF COMMUNITIES** ............................................................... 9  
**FINDINGS** .................................................................................................. 10  

**RESULTS BY LISTING AREA** ................................................................. 11  
Northeast Westchester .................................................................................. 12  
River Towns .................................................................................................. 13  
Mount Pleasant ............................................................................................. 14  
Sound Shore Communities .......................................................................... 14  
Eastchester .................................................................................................... 15  
Scarsdale ........................................................................................................ 15  
Ramapo, Rockland County .......................................................................... 16  
Levittown, Long Island ................................................................................ 17  

**RESULTS BY BANK BRANCH AREA** .................................................. 18  
Northeast Westchester .................................................................................. 18  
River Towns .................................................................................................. 19  
Sound Shore Communities .......................................................................... 20  
White Plains ................................................................................................ 21  
Yorktown Heights ......................................................................................... 22  
Purchase ........................................................................................................ 22  
Scarsdale ........................................................................................................ 23  
Ramapo, Rockland County .......................................................................... 24  
Clarkstown, Rockland County ..................................................................... 25  
Orangetown, Rockland County ................................................................... 25  
Bronx, NY ..................................................................................................... 26  
Levittown—Long Island ................................................................................ 26  

**RESULTS BY ENTITY** ............................................................................. 27  
Entity #1 ....................................................................................................... 28  
Entity #2 ....................................................................................................... 28  
Entity #3 ....................................................................................................... 29  
Entity #4 ....................................................................................................... 29  
Entity #5 ....................................................................................................... 30  
Entity #6 ....................................................................................................... 30  
Entity #7 ....................................................................................................... 31  
Entity #8 ....................................................................................................... 31  
Entity #9 ....................................................................................................... 32
Westchester Residential Opportunities, Inc. (“WRO”) was founded in 1968 and remains the only private nonprofit Housing Counseling Agency certified by the U.S. Department of Housing and Urban Development (HUD) to conduct fair housing enforcement in the Lower Hudson Valley region of New York State. On May 1, 2013 WRO began an 18-month fair lending grant funded by HUD under its Fair Housing Initiatives Program (FHIP). Between May 2013 and December 2014, WRO conducted extensive complaint-based and audit-based fair lending tests of mortgage lenders in Rockland and Westchester counties. The tests were conducted under different scenarios, one of which was where the prospective borrowers would be interested in purchasing in selected towns or communities but did not have a specific property that they were interested in purchasing. Testers also posed as prospective borrowers who were looking to purchase an identified property in selected communities. This report presents and analyzes the findings of the testing project. The presentation and analysis of the testing project simply focuses on the results of the specific project, and does not purport to make any further general statements about a particular area or lender. Additionally, though ideally we would have been able to further investigate some of our unclear test results, our time and resources did not allow us to do so.

Testing is conducted by housing advocates at non-profit organizations across the country. Such testing is undertaken to enforce federal fair housing and fair lending laws under the Fair Housing Act (FHA) and the Equal Credit Opportunity Act (ECOA) as well as under state and local laws. “Audit-based testing” is used generally where segregated lending or housing patterns occur or where historic, anecdotal or prior complaints of discrimination may have occurred. “Complaint-based testing” seeks to investigate individualized complaints of potential discrimination. WRO’s fair lending staff received comparatively few complaints from the general public (the low numbers being possibly due to the complex nature of lending transactions), and acted upon the complaints it received as well as referrals of complaints from WRO’s mortgage default department. Upon receiving a complaint or referral from the mortgage default department, WRO’s staff reviewed documentation for potential predatory lending and, when appropriate, referred a complaint or a borrower to its panel of Pro Bono attorneys and/or tested the entity involved in the complaint or referral.

For both audit and complaint-based testing, WRO utilized multiple well-established types of testing, such as single-part, paired or triad (sometimes called “sandwich testing”) to uncover evidence of discrimination against members of a protected class. A protected class is a group of individuals at risk of discrimination and deemed worthy of protection under federal, state and/or local laws. Testing is a method of investigation that has been approved by the U.S. Supreme Court and is used by fair housing agencies nationwide. WRO uses best practices that were developed after training of staff and consultation with agencies across the country as well as local agencies, and has adapted them to fit the mission of the organization and the needs of its service area. WRO’s approach to testing is discussed in the Methodology section below. WRO was awarded the 2013-2014 grant to conduct complaint-based testing and audit testing on the basis of race (primarily black individuals), national origin (here individuals of Latino and Hispanic descent) and other protected classes, such as disability or familial status, that are afforded federal protection. Tests were conducted at lending institutions that originate mort-

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1. The grant was subsequently extended by three months.
2. 42 U.S.C. §3601 et seq.
4. Ten (10%) percent of the 50 tests described in this report were based on complaints.
5. The federally protected classes under the Fair Housing Act are race, color, religion, sex, national origin, disability and familial status. ECOA also federally protects individuals on the basis of race or color, religion, national origin, sex, marital status, age and the applicant’s receipt of income derived from any public assistance program. New York State adds protection based on marital status, age, sexual orientation and military status, and Westchester County adds victims of domestic abuse, sexual abuse and stalking, citizenship or alienage status and source of income (with exemptions). Source of income protection refers to protection against discrimination on the basis of the source of lawful, verifiable income derived from social security or any form of federal, state or local public assistance or housing assistance, including “Section 8”, any disability payment and assistance, grant or loan program from a private housing assistance organization.
6. WRO’s mission is to promote equal, affordable, and accessible housing opportunities for all residents of its region. Its service area includes Westchester County as well as the wider region of the Lower Hudson Valley.
gages in Westchester and Rockland Counties. Some of the particular protected classes, such as race and national origin, were proposed to be tested due to the settlement agreement arising out of a 2006 lawsuit brought by the Anti-Discrimination Center of Metro New York (“ADC”) against Westchester County under the federal False Claims Act. The federal government joined the lawsuit in 2009. ADC alleged that Westchester County falsely certified that it had “affirmatively furthered fair housing” (AFFH) when it accepted federal Community Development Block Grants and other funds for housing programs. Such certification is required of grant applicants. In 2009, the County (without admitting any wrongdoing) and HUD entered into a settlement agreement (“Housing Settlement”) that mandates the actions that the County must take to affirmatively further fair housing in Westchester. Certain impediments to fair housing may still exist.

WRO conducted 50 lending tests under this grant. Of the 50, 23, or 46%, were found to be unequal, showing disparate treatment on the basis of race, national origin, disability or familial status. Equal treatment was found in 11, or 22%, of the tests. In the remaining 16, or 32%, WRO found the results to be unclear, and therefore could not draw conclusions. Further breakdowns regarding the unequal tests and the outcomes of tests by entity, protected class, bank branch location and property location (when the testers were provided with a property that they were interested in purchasing) are provided in this report.

**Methodology**

WRO used paired, single-part and triad or sandwich testing as a means of uncovering lending discrimination in testing under this grant. A paired test consists of two testers, a Control tester and a Protected tester, with the Protected tester being a member of the Protected class being tested. A single-part test may occur when we are attempting to investigate either a policy issue or discriminatory treatment that is apparent on its face, without need for comparison. A single-part test would consist of one tester being a member of a Protected class, with the test determining whether or not there ultimately was a discriminatory policy issue or whether discriminatory treatment is apparent. A triad or sandwich test would consist of three testers, either two Protected and one Control or two Control and one Protected. These types of tests are used to either elicit additional information, to provide clarity in a situation where multiple factors and/or multiple protected classes might be involved, or for other applicable reasons. The tests conducted on the basis of race or national origin were generally match-paired tests, where the Control testers were White and the Protected testers were either Black or Hispanic.

WRO fair housing staff recruited testers from a variety of sources, including community organizations, non-profit groups, referrals and ads placed on various websites. The testers went through a 4-hour training on both fair housing and fair lending testing. The testers also had to go through a criminal background check and acknowledge, under perjury, that they met certain conditions in order for them to be able to meet the requirements to be used as testers under the FHIP grant. Upon completing the background check and training, and upon receiving their first assignment, testers were paid $35 for the training and subsequently at a rate of $15 per hour for testing, with a stipulated minimum of four hours. Testers were reimbursed for their out-of-pocket and travel expenses (the latter at 55 cents per mile plus tolls).

WRO fair lending staff created profiles for each tester for each test. In both match-paired and triad or sandwich tests, the Protected testers were given slightly better financials than their Control tester counterparts to rule out the possibility of financial qualification as a factor in determining treatment between testers. For the

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7. A duty incumbent on the Secretary of the Department of Housing and Urban Development, Affirmatively Furthering Fair Housing is discussed in various statutes and executive orders, including the Fair Housing Act of 1990, and Executive Order 12892. By extension, jurisdictions and housing related entities that receive or are assisted by HUD funds are legally obligated to Affirmatively Further Fair Housing. As laid out in the congressional intent and court decisions, grant recipients must not only maintain housing markets that are free from discrimination but also promote the expansion of housing that is open to all without regard to race or color, national origin, sex, religion, family status and disability, ultimately furthering integration. HUD has required its grant recipients to do three things: analyze barriers to fair housing in their jurisdictions, take positive steps to reduce those impediments and further inclusive patterns of housing, and keep records of their analysis and actions taken (See U.S. HUD, Office of Fair Housing and Equal Opportunity, Fair Housing Planning Guide, vol. 1, 1996, Chapter 1).
single-part tests, even though there was no need for a comparison, the testers were still provided with financials that would qualify them for either a certain property or a certain purchase price range, depending upon the test. In tests where both Protected and Control testers were used, the profiles for the Protected and Control testers were designed so that they would both: either not have a property in mind but be looking to purchase in the same general area, qualified at relatively the same price range and with certain basic assumptions regarding property taxes, homeowner’s insurance and private mortgage insurance, or; they would each be looking at a particular listing to purchase in the same area, same school district, relatively the same listing price and similar property taxes and age and condition of the home. The Protected tester would be interested in purchasing a property that had a slightly higher listing price or would be qualified at a slightly higher purchase price. In situations where the testers did not have a specific property in mind, they were instructed to indicate that they were interested in finding out how much in the way of purchase price and loan amount they could afford. In creating the profiles, WRO fair lending staff used formulas and calculations to ensure that testers would be financially qualified to get a conventional fixed-rate mortgage to purchase a specific property, or to be able to purchase in a particular price range, under most conventional guidelines.

Following each test, the testers were debriefed by the testing coordinator within 24 hours to recount their experiences and answer questions regarding the test reports to be completed. During this grant most of the tests were recorded using audio recording devices obtained by WRO. For each recorded test, the testers completed a report form, providing descriptions of the person or people the testers met, what they saw, specific information regarding the loan, and other necessary information. For each unrecorded test (where, for example, the recording device may have malfunctioned) the tester had to complete the report form as well as a written narrative detailing the transaction that occurred. The narrative included a detailed description of the people they met during the test as well as a complete description of the conversation that occurred, including information about the specifics of the loan, questions that were asked, responses that were provided and other discussion with the loan officer. WRO’s fair lending staff compared the reports of the testers for evidence of discrimination.

WRO characterized each test on the basis of four potential outcomes: equal, unequal, unclear and invalid. If both testers were provided the same or substantially similar treatment, the test was deemed to be equal. If a loan officer treated a Control tester in a materially different manner than a Protected tester, the test was deemed unequal. Results were considered unclear if: 1) the test was completed (both testers made initial contact) but the result was too ambiguous to conclude whether the treatment was discriminatory or not; or 2) the test was completed (both testers made initial contact) but some of the formal written documentation was incomplete or missing, making the quality of the treatment ambiguous and any possible conclusion unsupportable. A test was considered invalid if: 1) it was incomplete (one or both testers did not complete the test in a timely fashion); or 2) one or both testers gave misinformation during the test that might skew the analysis. This report reflects only tests deemed equal, unequal or unclear.

Selection of Communities

In determining test parameters, WRO initially looked at data from information compiled through the Home Mortgage Disclosure Act (HMDA), to determine the largest lenders in WRO’s service area and the lenders with the highest denial rates. WRO focused on lenders with branches in the 31 “Eligible Communities” in Westchester County, as well as branches in Rockland County. The list was also narrowed down based on demographic data, anecdotal information and input from WRO’s Diversity Committee and local Fair Housing Assistance Program (FHAP) agencies and partners in the community. WRO ultimately focused on the following areas to be audit-tested: Northeast Westchester, River Towns, Sound Shore Communities, Scarsdale, White Plains/
Findings

WRO performed 50 valid tests of the lenders in the areas chosen for testing. A majority of the tests conducted were audit-based tests, but WRO did receive, and act upon, three (3) complaints. Approximately 10% of our tests (or 5), including retests, were complaint-based. Some of the audit-based tests were also conducted based on information related to complaints, such as complaints that were filed with HUD but not initiated through WRO, anecdotal information, and information gathered from WRO’s Mortgage Default department. Of the 50 valid tests conducted, 23 (46%) were unequal, 16 (32%) were unclear, and 11 (22%) were equal.

Figure 1: Total Results

Examples of tests that were classified as unequal include situations in which the loan officer: provided different terms and conditions to the testers, such as different interest rates or fees; used different policies, practices or procedures in evaluating and determining credit-worthiness, such as specifying different minimum credit scores for the same loan product, different policies regarding verification of income or different policies regarding whether or not a credit check would be required before being able to provide information; or failed or refused to provide a tester with information regarding the availability of loans or other financial assistance, application requirements, procedures or standards for the review and approval of loans or financial assistance. Tests were also classified as unequal if a loan officer: provided inaccurate or different information to a tester based on protected class, such as where the loan officer provided one tester with information regarding a loan s/he could qualify for while not meeting with the other tester or failing to provide information regarding the loan to the other tester; and providing, failing to provide, or discouraging the receipt of loans or other financial assistance in a manner

that discriminates in denial rate or availability, such as where the loan officer indicated that the tester would be denied a loan or that a tester would have to change his/her closing date to qualify. Other evidence of unequal treatment includes: steering a tester toward or away from a particular community or otherwise, through word or conduct, perpetuating segregated housing patterns; steering a tester toward a particular loan product; making comments that reflect ethnic, racial or other protected biases; and material differences in the application process. Some of the actions carried out by the loan officers may have fallen into more than one category.

For the results below we distilled the classification above into six specific categories: 1) different terms and conditions; 2) different policies and procedures; 3) statements that may perpetuate segregated housing patterns (including steering a borrower toward or away from a particular neighborhood or community); 4) providing different or inaccurate information; 5) failing to provide information; and 6) providing, failing to provide, or discouraging the receipt of loans in a discriminatory manner (including steering borrowers into specific products).

Of the 23 tests categorized as unequal, 7 (30.4%) implicated the use of different terms and conditions, 15 (65.2%) implicated the provision of different policies or procedures, 3 (13%) implicated the use of statements that may perpetuate segregated housing patterns, 11 (47.8%) implicated the provision of different or inaccurate information, 12 (52.2%) implicated the failure to provide information, and 11 (47.8%) implicated providing, failing to provide or discouraging the receipts of loans in a discriminatory manner. (The numbers exceed 50 tests and 100% because some of the tests involved more than one form of discriminatory behavior.)

**Figure 2: Unequal Tests by Category**

**Results By Listing Area**

Of the 50 tests conducted by WRO, 19 involved providing testers with listings of properties they were ostensibly interested in purchasing. The areas listed below reflect the location of such properties. Please note that the demographic information below may not reflect a full 100% due to the fact that we were only looking at White, African-American and Hispanic or Latino racial or ethnic groups. In some instances the percentages may be over 100% due to the fact that a person of Hispanic or Latino descent may be of any race and may be counted more than once.

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10. The demographic statistics or demographic percentages indicated in the report are based on information regarding the 2010 Census, obtained via the U.S. Census Bureau - http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml
Northeast Westchester

WRO conducted 2 tests with listings in Northeast Westchester, both in Bedford Hills. As of the 2010 Census, Bedford Hills was 76.5% White, 6.2% African-American and 33.9% Hispanic or Latino of any race. Two different entities were tested, one on the basis of race and the other on the basis of familial status. The familial status-based test was complaint-based and tested an entity’s branch in the Bronx and the other was an audit-based test of the entity’s branch in Pelham Manor. The results of both tests were equal.

Figure 3: Northeast Westchester Listings
River Towns

WRO conducted a total of 5 tests of 3 different entities with property listings in the River Towns. More specifically, the listings were located in Ardsley, Ardsley/Dobbs Ferry, Croton-on-Hudson and Irvington. Four of the tests (80%) were unequal, and consisted of tests and subsequent re-tests of 2 of the entities on the basis of familial status. The result of the single test of the third entity was equal, on the basis of military status (this was a complaint-based test, and military status is a protected class in New York State). The bank branches tested were located in Ardsley, Tarrytown, Yorktown Heights and White Plains.

Figure 4: River Towns Listings
Mount Pleasant

WRO conducted 1 test where both testers were provided with a listing in Mount Pleasant, specifically Pleasantville. The test was conducted on the basis of familial status, and the result was unclear. The test was based on a complaint, whereby the complainant was looking to purchase in the Mount Pleasant area, but had contacted a branch of this particular entity in Levittown, Long Island. We subsequently tested the same lender at its Levittown branch (results below).

Figure 5: Mount Pleasant Listings

![Mount Pleasant Listings Graph]

Sound Shore Communities

WRO conducted 4 tests with property listings in the Sound Shore Communities, more specifically, Larchmont (94.4% White, 1.8% African-American and 6.3% Hispanic or Latino of any race), Mamaroneck (79.4% White, 4.9% African-American and 24.3% Hispanic or Latino of any race) and New Rochelle (67.7% White, 20.6% African-American and 27.8% Hispanic or Latino of any race). Four different entities were tested. Two of the tests (50%) were unequal, and consisted of a race-based retest of an entity and 1 test on the basis of familial status of another entity. A third test (25%), on the basis of familial status, was classified as unclear. This test was conducted at a branch in Rye and was a retest of an entity that WRO had previously tested at different branches. The fourth test (25%) with property listings in the Sound Shore communities was equal and was conducted on the basis of familial status.

Figure 6: Sound Shore Listings

![Sound Shore Listings Graph]
Eastchester

WRO conducted three tests with property listings in Eastchester, of three different entities, all on the basis of familial status. Two of the tests (67%) resulted in equal outcomes and one test (33%) was unequal. The test with the unequal outcome was a retest of an unequal test at a different branch of the same entity. All three tests were conducted at branches in White Plains.

**Figure 7: Eastchester Listings**

Scarsdale

WRO conducted one test in which a tester was given a property listing in Scarsdale. The test was on the basis of race, and the outcome was unequal. The test was conducted at a branch located in Scarsdale. As of the 2010 Census, Scarsdale was 84.3% White, 1.8% African-American, and 3.9% Hispanic or Latino of any race.

**Figure 8: Scarsdale Listings**
Ramapo, Rockland County

WRO conducted 2 tests with listings in Ramapo, more specifically, 1 with listings in Spring Valley (40.9% White, 35.9% African-American and 29.3% Hispanic or Latino of any race), and 1 test with 1 listing in Suffern (79.3% White, 4.6% African-American, and 17.9% Hispanic or Latino of any race) and 1 in Pomona (76.5% White, 14.8% African-American and 5.7% Hispanic or Latino of any race). We tested 2 different entities, with 1 on the basis of national origin and one on the basis of race. Both tests were classified as unequal. One test was a retest of previous tests at different branches and the other test was an initial test that was subsequently retested without providing the testers with listings. The branches where these tests were conducted were in Chestnut Ridge and Pomona.

*Figure 9: Ramapo, Rockland County Listings*
Levittown, Long Island

WRO conducted one test with a listing in Levittown. This test, on the basis of familial status, was prompted by a complaint. The test was conducted at the entity’s branch in Levittown, and resulted in an equal finding. Although Long Island is not within WRO’s usual service area, the decision was made to conduct the test after receiving a credible complaint.

Figure 10: Levittown, Long Island Listings
RESULTS BY BANK BRANCH AREA

The areas listed below reflect the location of the bank branches that were tested. Some entities were tested at multiple branches, while others may have had only one branch within WRO’s service area. Please note that the demographic information below may not reflect a full 100% since tests focused on White, African-American and Hispanic or Latino racial and ethnic groups. In some instances the percentages may be over 100% due to the fact that a person of Hispanic or Latino descent may be of any race and may be counted more than once.

Northeast Westchester

WRO conducted 3 tests at branches in Northeast Westchester, more specifically, in Somers (94.81% White, 1.7% African-American and 3% Hispanic or Latino of any race) and Bedford (95.2% White, 1.6% African-American and 7.3% Hispanic or Latino of any race). Of the 3 tests, 2 (66.7%) were unequal and 1 (33.3%) was unclear. Two of the tests were conducted in Somers, and consisted of a test and retest of 1 entity. WRO also tested this entity at another location, and the result was also unequal. Both of those tests were conducted on the basis of race, with the initial test deemed unclear and the re-test resulting in an unequal outcome. The third test, conducted in Bedford, was also a race-based test, and the result was unequal. That test was a re-test of a test conducted at 1 of the entity’s other branches.

Figure 11: Northeast Westchester Bank Branches

![Northeast Westchester Bank Branches](image)
River Towns

WRO conducted 4 tests of branches in the River Towns. These branch areas include Ardsley and Tarrytown. Two of the 4 tests (50%) resulted in unequal outcomes, 1 (25%) was deemed equal, and 1 (25%) was unclear. One of the tests, at a branch in Ardsley, was a complaint-based test on the basis of military status (a protected class in New York State), and the result was equal. The other 3 tested 2 different entities with branches in Tarrytown. One of those was based on familial status, and the result was unequal. The other 2 tests were an initial test and re-test of the same entity. These were conducted on the basis of race, with the initial test deemed unequal and the re-test unclear. As of the 2010 census Tarrytown was 77.2% White, 8.6% African-American and 20% Hispanic or Latino of any race.

**Figure 12: River Towns Bank Branches**
Sound Shore Communities

WRO conducted 8 tests of branches in the Sound Shore communities. These branch areas include New Rochelle, Pelham Manor, Rye and Rye Brook. Of the 8 tests, 4 (50%) were unequal, 3 (37.5%) were unclear and 1 (12.5%) was equal.

Two tests were conducted in New Rochelle, of the same entity, one on the basis of race based on previous tests of a loan officer who changed locations, and the other on the basis of familial status. The results of both tests were unequal.

One test was conducted in Pelham Manor on the basis of race, based on a previous test conducted under a separate grant. The result of the test was equal. As of the 2010 census Pelham Manor was 91.7% White, 2.6% African-American and 7.2% Hispanic or Latino of any race.

Three tests were conducted in Rye, of 3 different entities, 1 on the basis of race, 1 on the basis of national origin and 1 on the basis of familial status. The results of all 3 tests were unclear. As of the 2010 census, Rye was 91.1% White, 1.8% African-American and 6.5% Hispanic or Latino of any race.

Two tests were conducted in Rye Brook, both of the same entity and both on the basis of race. The results of both tests were unequal. As of the 2010 Census, Rye Brook was 90.5% White, 1.9% African-American and 11.1% Hispanic or Latino of any race.

Figure 13: Sound Shore Bank Branches
White Plains

WRO conducted 17 tests of bank branches in this area. Seven of the tests (41.2%) resulted in unequal outcomes, 6 of the tests (35.3%) were equal, and 4 of the tests (23.5%) were unclear.

White Plains is a commercial hub, with branches of many of the entities that we wanted to test. Four of the tests were at a single branch of a single entity. This branch was included because it has multiple loan officers, unlike other branches that have no loan officer, a loan officer who rotates through the branch or only 1 permanent loan officer. The 4 tests of this branch consisted of 2 sets of initial tests and re-tests, 1 on the basis of familial status and the other on the basis of disability. For the familial status tests, the initial test was unclear and the re-test was equal; for the disability test, the initial test was unequal and the re-test was unclear.

Three tests were conducted, of another entity, at 3 separate branches in White Plains. Two of these were based on familial status and 1, a complaint-based test, was based on alienage and citizenship. (Alienage and citizenship is a protected class in Westchester County.) All three tests were deemed unequal.

Two additional tests, consisting of an initial test and re-test, were conducted of another entity. Both of these were on the basis of race, with the initial test resulting in an unequal classification, and the re-test being unclear.

Two additional tests were conducted at 1 branch office of yet another entity, with 1 based on familial status and the other on the basis of disability. Both tests showed an equal outcome.

The 6 remaining tests were single tests of 6 separate entities. Some of the 6 tests were motivated by an unequal test of the same entity at a different branch. Of these 6 tests: 2 were based on disability, with one unclear and one equal; 2 on race, with 1 deemed equal and 1 unequal; 1 based on familial status, that tested equal; and 1 on national origin, with an unclear result.

Figure 14: White Plains Bank Branches
Yorktown Heights

WRO conducted one test of an entity in Yorktown Heights. This test, based on familial status, was a re-test of a familial status test at a different branch of the entity. The result of this test was unequal, as was the initial test of the entity.

Figure 15: Yorktown Heights Bank Branch

Purchase

WRO conducted an initial test and a re-test at the same branch of an entity in Purchase. The tests were conducted on the basis of race, with the initial test yielding an unequal result, and the re-test being equal. Purchase is a hamlet of Harrison. As of the 2010 Census, Harrison was 86.2% White, 3.2% African-American and 11.7% Hispanic or Latino of any race.

Figure 16: Purchase Bank Branches
Scarsdale

WRO tested 2 different entities in Scarsdale, both on the basis of race. Both tests were classified as unequal. One of the entities was retested at another branch, and the result of the test was also unequal. As of the 2010 census Scarsdale was 84.3% White, 1.8% African-American, and 3.9% Hispanic or Latino of any race.

**Figure 17: Scarsdale Bank Branches**
Ramapo, Rockland County

WRO conducted 6 tests at branches in Ramapo, more specifically, 1 at a branch in Chestnut Ridge (68.7% White 17.5% African-American and 11.1% Hispanic or Latino of any race), 1 test at a branch in Monsey (95.1% White, 2.5% African-American and 3.6% Hispanic or Latino of any race), and 4 tests in Pomona (76.6% White, 14.8% African-American and 5.75% Hispanic or Latino of any race). Three of the tests (50%) were unequal, and 3 (50%) were unclear.

The tests were of 4 different entities, with 3 of those entities being tested just once at those branches and 1 being tested 3 times. Four of the tests were conducted in Pomona, all based on race. Three of those tests consisted of an initial test and re-tests of a single entity. The testers were treated unequally in the initial test, and the result of the re-tests was unclear. The fourth test in Pomona was also unclear. The test conducted in Chestnut Ridge was based on national origin, and the treatment of the testers was found to be unequal. The Monsey test was based on race, and the result was unequal treatment. Some of these 6 were re-tests of tests conducted at other branches of the entities.

Figure 18: Ramapo, Rockland County Bank Branches

![Graph showing distribution of equal, unequal, and unclear tests at branches in Ramapo.](image)
Clarkstown, Rockland County

WRO conducted 3 tests of branches in Clarkstown, all in New City. Two (66.7%) were unclear, and 1 (33.3%) was unequal. WRO tested 2 different entities, with 1 test conducted on the basis of disability, with an unclear result, and the other two tests conducted on the basis of race, with one deemed unclear and one finding unequal treatment. The 2 tests conducted on the basis of race were tests of the same branch of the same entity, but the entity was also tested at other branches on the basis of race, and the result was unequal. WRO had also tested the entity under a previous grant, and the results of those tests were unequal as well. WRO intends to file a complaint with HUD against this entity. As of the 2010 Census, New City was 78.7% White, 6.4% African-American and 9% Hispanic or Latino of any race.

Figure 19: Clarkstown, Rockland County Bank Branches

Orangetown, Rockland County

WRO conducted 1 test in Orangetown, more specifically, in Nyack. The test was conducted on the basis of disability, and the result of the test was unclear.

Figure 20: Orangetown, Rockland County Bank Branches
Bronx, NY

WRO conducted 1 complaint-based test in the Bronx. The test was conducted on the basis of familial status, and the result was equal. This test was part of a series of tests of different branches of this entity, all on the basis of familial status.

Figure 21: Bronx Bank Branches

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Levittown—Long Island

WRO conducted 2 complaint-based tests in Levittown, 1 of which was a telephone test and the other of which was a site-visit appointment test. Both tests were based on familial status. The result of the phone test was unclear, and the result of the site-visit appointment test was equal. These tests were also part of a series of tests conducted on the basis of familial status across multiple branches.

Figure 22: Levittown Bank Branches
**Results By Entity**

WRO tested 23 entities during this 18-month grant. Some of those entities were tested once, some were tested multiple times at one branch, and some were tested multiple times at multiple branches. WRO attempted to provide for a broad spectrum of entities and branches tested, though resources, results, locations of entities and other circumstances were all limiting factors.

Of the 23 entities tested, 14 had at least one unequal result. Of the 14 entities with at least 1 unequal result, seven 7 (50%) had 1 unequal result, 6 (42.9%) had 2 unequal results, and 1 entity (7.1%) tested unequal 4 times, 3 on the basis of familial status and 1 on the basis of alienage and citizenship (a protected class in Westchester County). WRO intends to file complaints or enter into conciliation agreements with 6 of the entities tested, and offer training/education to several more.

A pie chart titled "Number of Unequal Tests per Entity" shows the distribution of unequal tests among entities:

- 50.00% with one unequal test
- 42.90% with two unequal tests
- 7.10% with three or more unequal tests

The information above showing test results by listing and branch areas provides an overview of the tests conducted. The following results, presented by entity, offer a further breakdown to provide more clarity on how these entities treated the testers, and the types of discrimination that occurred with specific entities.
Entity #1

WRO conducted 1 match-paired phone test of this entity on the basis of race. The test showed unequal treatment. WRO had initially attempted to conduct a site-visit test of the entity’s branch in Scarsdale, but this ultimately became a phone test for both testers, as it appears that the loan officer initially would not meet with one of the testers. It appears as though this entity may no longer be originating its own mortgages.

Figure 23: Entity #1

![Graph showing race-based treatment]

Entity #2

WRO conducted one match-paired site visit test at the entity’s branch in White Plains, on the basis of disability. The result was deemed unclear.

Figure 24: Entity #2

![Graph showing disability-based treatment]
**Entity #3**

WRO conducted a total of 5 tests of this entity, on a variety of protected classes across multiple branches. Three were single-part familial status phone tests, at 3 different branches. Two of these showed discriminatory treatment and 1 was unclear. WRO also conducted 1 match-paired phone test based on disability, and the result was equal. Finally, WRO conducted 1 match-paired site-visit test based on race at the entity’s branch in Pelham Manor, and the result was equal. This was a re-test of a test conducted under a prior HUD grant at the branch in Pelham Manor, the result of which was unequal.

*Figure 25: Entity #3*

**Entity #4**

WRO conducted 2 tests of this entity, both on the basis of race and both at the entity’s branch in Purchase. The tests were both match-paired site-visit tests. The initial test showed unequal treatment of the testers, and the re-test showed equal treatment. WRO had also tested this entity on the basis of race twice under a prior HUD grant, at its branch in Purchase, and found similar results, with an initial unequal test and a subsequent equal re-test.

*Figure 26: Entity #4*
Entity #5

WRO conducted 2 tests of this entity, both on the basis of race and both at the entity’s branch in Rye Brook. The tests were match-paired site visit tests, and both tests were deemed unequal.

*Figure 27: Entity #5*

![Figure 27: Entity #5](image)

Entity #6

There were 3 match-paired site-visits to this entity’s Pomona branch based on race. All of the tests were based on race. The initial test was unequal, while the results of the subsequent tests were unclear.

*Figure 28: Entity #6*

![Figure 28: Entity #6](image)
Entity #7

This entity was tested once at its branch in Monsey. The match-paired site visit showed unequal treatment of the testers based on race, and it appears as though the entity may no longer be originating its own mortgages.

Figure 29: Entity #7

Entity #8

WRO conducted 2 match-paired site-visit tests of this entity at its branch in White Plains, both on the basis of race. The initial test was unequal, and the result of the retest was equal. WRO had conducted three tests under a prior HUD grant, all on the basis of race and all at the entity’s White Plains branch. The results of 2 of the tests were unequal, and the result of the third test was equal.

Figure 30: Entity #8
Entity #9

WRO tested this entity’s New Rochelle branch twice, once based on race and once on familial status. The race-based test was a match-paired site-visit that showed unequal treatment of the testers. This test was triggered by tests of the loan officer (then at another entity) in a prior HUD grant, the results of which were also unequal. The test based on familial status was a single-part phone test, which also showed discrimination.

Figure 31: Entity #9

<table>
<thead>
<tr>
<th></th>
<th>Equal</th>
<th>Unequal</th>
<th>Unclear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Familial Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Entity #10

This entity was tested 3 times, twice at its branch in New City and once at its branch in White Plains. All 3 tests were based on race and all were conducted as match-paired site-visit tests. After an initial test at the New City branch, the result of which was unclear, the branch was re-tested providing an unequal outcome. The test at the White Plains branch also produced an unequal outcome. WRO tested this entity twice based on race under a prior HUD grant, also conducted as match-paired site-visits at the same branches. Both of the prior tests resulted in unequal outcomes.

Figure 32: Entity #10

<table>
<thead>
<tr>
<th></th>
<th>Equal</th>
<th>Unequal</th>
<th>Unclear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Entity #11

WRO conducted 2 tests of this entity, both at its White Plains branch, the only branch in our service area. One of the tests was based on familial status and 1 was based on disability, with the results of both tests being equal. Both tests were phone tests, with the test based on familial status structured as a single-part test and the test based on disability structured as a match-paired test.

Figure 33: Entity #11

Entity #12

This entity was tested 3 times, all on the basis of national origin. Two of the tests were conducted at the entity’s branch in Somers and 1 was conducted at the entity’s branch in Chestnut Ridge. Two were match-paired site visits, while 1 was a match-paired phone test. The test at the Chestnut Ridge branch, conducted as a site-visit test, yielded an unequal result. The initial test at the Somers branch, conducted as a phone test, yielded an unclear result, and the retest at the Somers branch, conducted as a site-visit test, yielded an unequal result. WRO also conducted 3 other tests of this entity under a prior grant, two on the basis of race and one on the basis of national origin, at different branches than the ones tested during this grant. All those tests were conducted as match-paired site-visit tests. The national origin test was deemed unequal. The initial race-based test in that prior grant resulted in an unequal result while the re-test was equal.

Figure 34: Entry #12
Entity #13

WRO conducted 2 tests of this entity, both at its Tarrytown branch and both on the basis of race. Both tests were conducted as match-paired site-visits, with the initial test yielding an unequal outcome and the re-test deemed unclear.

Figure 35: Entity #13

![Figure 35: Entity #13](image)

Entity #14

WRO conducted 2 tests of this entity, both on the basis of race, with one at the entity’s Scarsdale branch and 1 at its Bedford branch. The initial test was conducted as a match-paired site visit while the re-test was conducted as a three-part test, also known as a triad or sandwich test. Both tests yielded unequal results.

Figure 36: Entity #14

![Figure 36: Entity #14](image)
Entity #15

WRO conducted 4 tests of this entity, all at its White Plains branch. The 4 tests consisted of an initial test and re-test on the basis of disability and an initial test and re-test on the basis of familial status. The 2 disability-based tests were match-paired phone tests, with the initial test yielding an unequal result and the result of the re-test deemed unclear. For the familial status tests, the initial test was conducted as a match-paired site visit while the re-test was a single-part phone test. The initial test on the basis of familial status was unclear and the re-test found no discrimination.

Figure 37: Entity #15

Entity #16

This entity was tested twice, with 1 test conducted at its White Plains branch based on familial status and 1 test at its New City branch based on disability. The test conducted on the basis of familial status was conducted as a single-part phone test, and the result found no discrimination, while the test conducted on the basis of disability was a match-paired site-visit test, and the result was unclear.

Figure 38: Entity #16
Entity #17

WRO conducted 1 test of this entity, based on race, at the White Plains branch. The test was conducted as a match-paired site-visit, and the result was equal.

Figure 39: Entity #17

Entity #18

WRO tested this entity once, on the basis of race at its branch in Rye. The test was conducted as a match-paired site visit and the result was unclear.

Figure 40: Entity #18
**Entity #19**

WRO tested this entity at its branch in Rye, on the basis of national origin. The test was conducted as a match-paired site-visit, and the result was unclear.

*Figure 41: Entity #19*

![Bar chart showing National Origin](image)

**Entity #20**

WRO conducted 1 complaint-based test of this entity at its branch in Ardsley. The test was conducted on the basis of military status, which is a protected class in New York State. The test was set up as a single-part test, to both obtain further information and serve as a comparison to the complainant. The test found no discrimination.

*Figure 42: Entity #20*

![Bar chart showing Military Status](image)
**Entity #21**

WRO conducted 1 match-paired site visit test of this entity at its branch in Pomona. The test was based on race and the result was unclear.

*Figure 43: Entity #21*

![Graph showing race distribution](image)

**Entity #22**

WRO conducted 3 complaint-based tests of this entity, at 2 of its branches, all based on familial status. There were 2 tests at the branch in Levittown, 1 of which was a match-paired phone test and the other a match-paired site visit. The initial match-paired phone test was unclear and the subsequent match-paired site visit was equal. The result of the match-paired phone test conducted at the Bronx branch was deemed equal.

*Figure 44: Entity #22*

![Graph showing familial status distribution](image)
Entity #23

This entity was tested 5 times, once arising from a complaint. Three of the tests were conducted on the basis of familial status, 1 on the basis of disability and the complaint-based test was on the basis of alienage and citizenship, which is a protected class in Westchester County.

All 3 of the familial status tests were conducted as phone tests at different branches in White Plains and all 3 had unequal results. Two of the tests were conducted as match-paired phone tests and 1 was a single-part phone test. The test based on disability was conducted at the entity’s branch in Nyack and was a match-paired site visit test with an unclear result.

Finally, the complaint-based test on the basis of alienage and citizenship was conducted at one of the entity’s branches in White Plains, the same branch as one of the familial status tests. This was a single-part site visit test, designed this way in part to obtain more information and in part as a comparison for the loan officer’s treatment of the complainant. This test showed discrimination.

Figure 45: Entity #23
**Results By Protected Class**

WRO expanded the protected classes tested beyond race and national origin due to complaints received, apparent increased enforcement by HUD regarding a particular issue or protected class and anecdotal information. In this section, we provide the results of tests broken down by protected class to shed further light on the types of lending discrimination revealed by our testing. Of the 23 tests categorized as unequal, 1 (4.3%) was conducted on the basis of alienage and citizenship, 1 (4.3%) on the basis of disability, 6 (26.1%) on the basis of familial status, 2 (8.7%) on the basis of national origin, and 13 (56.5%) based on race.

**Alienage and Citizenship**

WRO conducted 1 test (or 2%), out of 50, on the basis of alienage and citizenship, which is a protected class under Westchester County Human Rights Law. The test was based on a complaint. The complainant indicated that she was denied a loan due to the fact that she had a work visa, as opposed to a green card. The lender required the applicant/complainant to provide a green card, and indicated that the denial was due to the “temporary resident” status even though she had a valid work visa and even though her employer was in the process of sponsoring her for a green card and the green card interview had already been scheduled when the loan application was being filed. The result of the test was unequal.

*Figure 46: Alienage and Citizenship*

**Disability**

Of the 50 tests that WRO conducted, 7 (14%) were based on disability. Of those 7 tests, 2 (28.6%) were equal, 1 (14.3%) was unequal, and 4 (57.1%) were unclear. One of the unclear tests was a re-test of the unequal test.

*Figure 47: Disability*
Familial Status

WRO conducted 14 (28%) of the total 50 tests on the basis of familial status. Of those 14, 6 (42.9%) were unequal, 3 (21.4%) were unclear and 5 (35.7%) were equal. Of the entities that tested equal none had tests that were unequal; 2 were the only test of that particular entity on the basis of familial status, and 2 came from tests of the same entity. Of the 6 unequal tests, none were of entities that also had an equal test on the basis of familial status, only 1 was of an entity that also had an unclear test on the basis of familial status, and 3 resulted from tests of 1 entity, while the other 3 resulted from 2 strong unequal tests of 1 entity and 1 very strong unequal test of a third entity.

Figure 48: Familial Status

Military Status

WRO conducted one test (or 2%), out of the total 50, on the basis of military status, which is a protected class under the New York State Human Rights Law. This match-paired site-visit test was based on a complaint, claiming that a developer had refused to allow the complainant to purchase the model home of his choice because he intended to use a VA loan as financing to purchase the home. The test was deemed equal.

Figure 49: Military Status
National Origin

Four (8%) of the total 50 tests were based on national origin. Of those 4, 2 (50%) were unequal and 2 (50%) were unclear. Both of the unequal tests, as well as one of the unclear tests, were tests of one entity.

Figure 50: National Origin

Race

Of the 50 tests conducted, 23 (46%) were based on race. Of those 23, 13 (56.5%) were unequal, 3 (13%) were equal and 7 (30.4%) were unclear. Eight (61.5%) of the 13 unequal tests were conducted as re-tests, while all 7 of the unclear tests were re-tests, and 2 of the 3 equal tests were re-tests. All of the unclear tests occurred while testing entities that had prior unequal results, while only 1 of the equal tests occurred while testing entities that had prior unequal results.

Figure 51: Race
In its simplest terms, fair housing is about equal opportunity.

Demographics of Westchester

The population of Westchester County has been growing since 1980, increasing from 866,599 then to 949,113 in 2010, according to the most recent Census. The county is majority White (57.4%)\(^1\). Looked at as a whole, the county is quite diverse, with residents reporting a great variety of races, ethnicities, and ancestries\(^2\). From 1990 to 2010, the Hispanic population grew by 140%, the Black population by 5%, and the Asian population by 60%, accounting for a minority population of 42.6% of the county’s total population. More recent changes can be seen in the following table.

Comparison of 2000 and 2010 Demographics\(^3\)

**Figure 52: Comparison of 2000 and 2010 Demographics for Westchester County**

<table>
<thead>
<tr>
<th></th>
<th>Westchester County</th>
<th>New York</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Population, 2000</td>
<td>923,549</td>
<td>100.0%</td>
</tr>
<tr>
<td>Population, 2010</td>
<td>949,113</td>
<td>100.0%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>White persons - 2000</td>
<td>658,858</td>
<td>71.3%</td>
</tr>
<tr>
<td>White persons - 2010</td>
<td>646,471</td>
<td>70.0%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>-2%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Black persons - 2000</td>
<td>131,132</td>
<td>14.2%</td>
</tr>
<tr>
<td>Black persons - 2010</td>
<td>138,118</td>
<td>14.6%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>5%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Asian persons - 2000</td>
<td>41,367</td>
<td>4.5%</td>
</tr>
<tr>
<td>Asian persons - 2010</td>
<td>51,716</td>
<td>5.4%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>25%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Persons of Hispanic or Latino Origin - 2000</td>
<td>144,124</td>
<td>15.6%</td>
</tr>
<tr>
<td>Persons of Hispanic or Latino Origin - 2010</td>
<td>207,032</td>
<td>21.8%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>44%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

\(^2\) Westchester residents identified their ancestry in more than 100 designated Census categories and as many as 63 different combinations of race and ethnicity. See American FactFinder, “Profile of General Population and Housing Characteristics: 2010;2010 Demographic Profile Data, Westchester County” http://factfinder2 .census. gov
However, these statistics belie the county’s continuing history of segregation, with Black and Hispanic populations residing in segregated “pockets” in the county, particularly in the cities. Despite the dramatic demographic shifts, the minority population continues to be concentrated in only 11 of the 43 municipalities: Elmsford, Greenburgh, Mount Kisco, Mount Vernon, New Rochelle, Ossining, Peekskill, Port Chester, Sleepy Hollow, White Plains, and Yonkers, and, in some cases, within specific neighborhoods within those municipalities. Outside of Mount Vernon, New Rochelle, and Yonkers, Westchester was 90% White in 2000. (Even these three “big cities” contain Census tracts that are nearly all White). Given the historically entrenched and ongoing nature of this residential segregation, there is a continuing need to uncover lingering vestiges of housing discrimination.

Figure 53: Demographic Map of the African-American population in Westchester County

Figure 54: Demographic Map of the Hispanic or Latino Population in Westchester County

Demographics of Rockland County

The population of Rockland County continues to grow and change. Though such growth has occurred, similar to Westchester, Rockland still has segregation occurring in certain areas. For example, the Villages of Kaser (1 African-American person as of the 2010 census in a Village of almost 4,750 people) and New Square (4 African-American people as of the 2010 census in a Village of almost 7,000 people) are 99.5% and 99.2% White respectively, the Census Designated Place (CDP) of Monsey (465 African-American people in an area with a population of 18,412) is 95.1% White, the CDP of Pearl River (122 African-Americans in an area with a population of 15,876) is 92.6% White, and so on.

Comparison of 2000 and 2010 Demographics

Figure 55: Comparison of 2000 and 2010 Demographics for Rockland County

<table>
<thead>
<tr>
<th></th>
<th>Rockland County</th>
<th>New York</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Population, 2000</td>
<td>286,753</td>
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</tr>
<tr>
<td>Population, 2010</td>
<td>311,687</td>
<td>100.0%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>8.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>White persons - 2000</td>
<td>220,538</td>
<td>76.9%</td>
</tr>
<tr>
<td>White persons - 2010</td>
<td>228,295</td>
<td>73.2%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>3.5%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Black persons - 2000</td>
<td>31,472</td>
<td>11.0%</td>
</tr>
<tr>
<td>Black persons - 2010</td>
<td>37,058</td>
<td>11.9%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>17.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Asian persons - 2000</td>
<td>15,826</td>
<td>5.5%</td>
</tr>
<tr>
<td>Asian persons - 2010</td>
<td>19,293</td>
<td>6.2%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>29.1%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Persons of Hispanic or Latino Origin - 2000</td>
<td>29,182</td>
<td>10.2%</td>
</tr>
<tr>
<td>Persons of Hispanic or Latino Origin - 2010</td>
<td>48,783</td>
<td>15.7%</td>
</tr>
<tr>
<td>Population, percent change, 2000 to 2010</td>
<td>67.2%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

18. Rockland County Department of Planning, 2010 Census – http://census.rocklandgov.com
Results

Lending testing can provide significant quantitative information and, as such, reveal discrimination that might have otherwise gone unnoticed. However, testing results do not reveal the very real effect that discrimination has on the people behind the numbers. In the case of this grant, the “people” were primarily testers, with few actual complainants participating. It is difficult to provide the qualitative impact that our findings would have on bona fide home seekers\(^\text{19}\). For example, how would we measure the impact on an African-American home seeker who is steered outside of the entire county of Westchester and told to check out listings in the Bronx or further up north of Westchester because taxes are high in Westchester, even though s/he could afford to, and would qualify to obtain financing to, purchase in Westchester? Or the reaction and impact to a home seeker who is adopting a child and is asked by a loan office if she could hold off on taking leave to bond with her child until after she closes on the loan, because she is not actually giving birth and thus does not have a due date. Or the reaction and impact to a home seeker who is told that taking maternity leave to be with, bond with, and take care of her newborn baby means that she is not “actively at work,” and therefore her income cannot be counted even though she is going to be paid during the leave. It is also hard to quantify the impact of discrimination on an African-American home seeker when the agent she is scheduled to meet stands her up and, despite being assured by the branch manager that the agent will get back in touch with her, never hears from the agent. The tester herself was very upset by this actual situation, and therefore it is hard to numerically show the emotional impact, let alone financial and other impacts, that this situation would have on a bona fide home seeker.

Conducting this testing project and reviewing the results, brought to light several noteworthy points. First, based solely on the tests that we conducted, it is clear that racial discrimination is still occurring, though often in a more subtle manner than previously. In fact, without the benefit of testing, a loan applicant might never realize that s/he was treated differently than another applicant, based on protected class. This is why the importance of testing cannot be overstated. Unless unequal treatment based on protected classes is uncovered and exposed, the existence of discrimination is easy to overlook or even deny. Although the behavior itself may be subtle, the effect is anything but.

For example, denying access to a loan officer, requiring a credit check prior to even discussing qualification for a mortgage or being quoted a lower loan amount than the home seeker would actually qualify for could all reasonably be expected to deter, or at least delay, a potential loan applicant from purchasing a home for which they are qualified in the community that they have chosen. At the least, a lender’s discriminatory behavior might deny a protected tester the opportunity to meet with a loan officer, precluding the minority home seeker from the opportunity to become as educated a consumer as his or her non-minority counterpart. At its worst, discrimination may perpetuate segregation by limiting access to communities by home seekers from racial, ethnic, or other groups that do not currently live in a community.

A large portion of our tests were conducted on the basis of race, and a majority of those resulted in an unequal outcome. In the context of race, the effects of wrongfully denying a mortgage to a Black home seeker may include keeping a child from a better school district or denying an adult the opportunity to access social capital.

Another point that became clear as a result of this project was that even though there have been multiple complaints and settlement agreements based on familial status over the past few years, familial status discrimination is still occurring. Setting aside the specific results of the tests that we conducted, it is important to note that a majority, if not all, of the familial status lending complaints filed with HUD include or were initiated solely by bona fide home seekers. Whether a result of the lender’s not being aware of the laws and continuing to promulgate discriminatory policies or whether the loan officers are not receiving the appropriate training, or a combination, the result is the same, and thus a combination of continued enforcement and education and outreach is necessary.

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\(^{19}\) Even in audit testing, where there is no actual home seeker, testers are proxies for actual home seekers and the manner in which they are treated reflects the treatment that would presumably be given to their real-life counterparts. The U.S. Supreme Court has held that testers have a right to truthful information and are injured by being given false information on the basis of their protected class. Havens Realty Corp. v. Coleman, 455 U.S. 363 (1982).
**Remedies**

WRO’s Mission Statement calls for the promotion of equal, affordable and accessible housing. This requires a combination of enforcement (via testing and filing of complaints), advocacy and education and outreach. WRO continues to address the results of the tests that it conducted under this grant, and has already prepared to move forward on some of the unequal tests, either via complaints, litigation or by participating in conciliation. WRO is also preparing to offer some of the lenders educational guidance and may continue to monitor some of the lenders should WRO have the opportunity to receive additional grant money. In determining the appropriate means of enforcement, WRO considers several factors, including the number of unequal results attributed to an entity and the egregiousness of the violation.

Regarding the enforcement piece mentioned above, as more lending tests are conducted and more complaints are filed, knowledge of the importance of fair housing and addressing the perpetuation of discrimination increases, not just through the increased number of housing providers being investigated but also through word of what is occurring and word of complaints. The continued ability to conduct lending tests also allows the organizations that conduct them to strengthen their programs, their ability to enforce fair housing and the manner and methodology by which they conduct the tests.

Regarding the education and outreach component, specifically for lending, this is a very important piece as, due to the complex nature of lending, bona fide home seekers may not know what to look for in terms of discrimination or whom to turn to. In addition, as mentioned above, there may be many cases where the lenders simply do not know or understand the impacts of their policies, or the specific agents have not received the proper information and/or training. Providing training and education in these instances would be a very efficient and productive way of addressing some of the issues that we may have seen in the results of the testing grant. Education and outreach is also important because there may be locally protected classes of which lenders and home seekers may not be cognizant. Education and outreach would allow home seekers to be aware of all of their fair lending rights and hopefully ensure that lenders, likewise, are aware of and respect, federal, state and local protected classes and laws.
**Conclusion**

As the results of our testing program indicate, discrimination may continue to impede housing choices and opportunities in the Lower Hudson Valley today, 47 years after the passage of the federal Fair Housing Act.

The challenge is real. Westchester faces an already limited inventory of housing stock, particularly affordable, accessible units. We cannot afford to allow discrimination to further constrain housing alternatives.

The stakes are high. The choice of housing is one of the most significant decisions that individuals make in their lives. Where we live affects virtually every aspect of our lives: from the job we can travel to based on available transportation; to our health (including asthma triggers, lead dust that hasn’t been abated and access to medical care); to the jobs our children can get as they get older (often the result of networking within our communities); to the education our children receive. When the need (and thus the importance) to fairly and properly access credit is also considered, the stakes are even higher.

We need to ensure that all people have an equal opportunity to access a decent home that they can afford, in a safe community. To WRO, the obligation to eradicate lending discrimination is more than a legal mandate. Eradicating barriers to fair housing is a deeper moral mandate that promotes fundamental American values.
For questions or information regarding this report, please contact Marlene Zarfes at mzarfes@wroinc.org.
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This project was made possible by a generous grant from the United States Department of Housing and Urban Development.