

AG Jennings Announces Major Settlement With Former Top Mortgage Lender Over Allegations Of Redlining

Deal commits Trident Mortgage to pay for mortgage subsidies in minority neighborhoods, spurring hundreds of millions in lending

Attorney General Jennings today announced a \$20 million settlement with former top home mortgage lender, Trident Mortgage Company, to resolve allegations of “redlining” in the greater Philadelphia region, including New Castle County. The deal requires Trident to provide individual subsidies of up to \$10,000 in support of new mortgages for owner-occupied homes in majority-minority neighborhoods to qualified applicants.

“Redlining is one of the modern era’s most damaging and insidious forms of racism,” said Attorney General Jennings. “Few practices have done more to enforce de facto segregation in our communities, and the legacy of that segregation — yawning racial disparities in wealth, inter-generational poverty, public services funded in whole or part by property taxes, and opportunity as a whole — has caused unspeakable harm. I’m grateful for the work of our staff and our partners who took on this fight and who have secured crucial assistance for the communities impacted by redlining.”

The settlement is part of a global resolution. Attorney General Jennings was part of a multistate coalition with the Attorneys General of New Jersey and Pennsylvania, in partnership with the Consumer Financial Protection Bureau and the U.S. Department of Justice. The settlements with the states are in the form of Assurances of Voluntary Compliance, with Delaware’s linked here. The federal agencies entered into a Consent Order with Trident, filed in the United States District Court for the Eastern District of Pennsylvania.

Trident was one of the region’s top mortgage lenders until it ceased its mortgage lending business in December 2020. The company will continue operations to implement the settlement over its five-year term. In addition, the agreement requires Trident’s former real estate affiliate, Fox & Roach, LP, to assist Trident in facilitating increased access to residential mortgages. A parent of both companies, HomeServices of America, Inc., has guaranteed implementation. **Delawareans living in a majority minority tract who are seeking information on the settlement or eligibility to participate in the loan subsidy program may contact the DOJ’s Consumer Mediation Unit at (800) 220-5424 for assistance.**

Based on the investigation, the states allege that, in the greater Philadelphia region, including New Castle County:

- Trident engaged in redlining, meaning it avoided providing credit serves in majority-minority census tracts because of the race of the people who live there, and related acts and practices; and
- Fox & Roach and Trident shared a close business relationship, including some co-located offices, which contributed to Fox & Roach customers making up a large majority of Trident’s mortgage lending business.

Because Trident is no longer making loans, it will work with another lender, yet to be named, to disburse the subsidy funds to qualified applicants who apply for home mortgages in majority-minority neighborhoods. Applicants generally must also meet the lender’s underwriting standards.

Trident will be guided by an assessment of the credit needs of the region’s majority-minority neighborhoods that will be conducted in the coming months. 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.

The agreement also includes a commitment to nondiscrimination, outreach and equally attentive customer service to residents of the region's majority-minority neighborhoods, anti-bias training, consumer financial education, and community development partnerships.

“Redlining” is a term that goes back decades and refers to a practice – originally sanctioned in the 1930s by the federal government – by which banks and mortgage lenders systematically underserve and discriminate against neighborhoods with high percentages of 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. Historic redlining and underinvestment in majority-minority neighborhoods correlate with troubling patterns of poverty, blight, and violence.

DOJ's Director of Impact Litigation Christian Douglas Wright and Assistant Attorney General Deepinder K. Goraya led this matter for Delaware. There has been no finding or adjudication by any court, and the companies deny any wrongdoing.