



OFFICE OF ATTORNEY GENERAL  
JOSH SHAPIRO

## **AG Shapiro 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*

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HARRISBURG – Following a four-year investigation, Attorney General Josh Shapiro announced a settlement of over \$20 million with former top home mortgage lender, Trident Mortgage Company, to resolve allegations of “redlining” in the Philadelphia-Camden-Wilmington region. 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.

The settlement is part of a global resolution. Attorney General Josh Shapiro led negotiations for a state coalition that included the Attorneys General of New Jersey and Delaware, in partnership with the Consumer Financial Protection Bureau and the U.S. Department of Justice.

“Having an equal chance to buy a home is vital. Companies that use their power to discriminate and rob individuals of opportunity based on the racial makeup of their neighborhoods is not only unacceptable, it is illegal,” said AG Shapiro. “Through our investigation, we allege that hard working

Pennsylvanians were denied the chance at the American dream simply because of where they live, which unfortunately in America is inextricably tied to who they are.”

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.

“This settlement will afford many individuals the chance at more affordable mortgages in minority neighborhoods. This settlement also serves as a message to mortgage lenders everywhere – we are here, we are watching, and this behavior will not be tolerated,” said AG Shapiro.

Based on the investigation, the office alleges that, in Philadelphia and its surrounding Pennsylvania counties:

- Trident did not pursue mortgage business in Majority-Minority Census Tracts equally to the way it did with respect to majority White census tracts, 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.

This and other evidence led the Pennsylvania Office of Attorney General to allege civil rights and consumer protection law violations, and to work with its federal and state partners to secure the settlement.

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, or who possess other characteristics consistent with the special social needs of the program. Applicants generally must also meet the lender’s underwriting standards.

With each potential loan subsidy generally capped at \$10,000, it is estimated that the \$18.4 million loan subsidy program could support approximately 1,800 loans to qualified applicants and thus could spur hundreds of millions

of dollars in total lending in the Philadelphia region. At least 70% of that lending is likely to happen in Pennsylvania.

Trident will be guided by an assessment of the credit needs of the Philadelphia 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.

Significantly, the agreement also included assurances of 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 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. Historic redlining and underinvestment in majority-minority neighborhoods, including those in Philadelphia, correlate with troubling patterns of poverty, blight, and violence, as the Philadelphia Inquirer [reported](#) last fall.

In 2018, an [article](#) by Reveal, the Center for Investigative Reporting, alleged that lenders in and around Philadelphia were not making mortgage loans available as readily to minority borrowers as they were to other borrowers. Following this report, the Pennsylvania Office of Attorney General's Bureau of Consumer Protection launched an investigation, later joined and led by the office's Civil Rights Enforcement Section, which continued for four years.

The settlements with the states are in the form of Assurances of Voluntary Compliance, with [Pennsylvania'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. There has been no finding or adjudication by any court, and the companies deny any wrongdoing.

As part of today's settlement, an independent lender will help qualified home buyers receive financial assistance. In the meantime, the Office of Attorney General has set up an email inbox for Pennsylvanians interested in buying a

home in one of the impacted communities. Pennsylvanians should submit their information by emailing [redlining@attorneygeneral.gov](mailto:redlining@attorneygeneral.gov).

The Pennsylvania Office of Attorney General's investigation was performed by a multi-sectional team within its Public Protection Division, which is led by James A. Donahue, III. Work by the Civil Rights Enforcement Section was led by Corbett L. Anderson, its Chief Deputy Attorney General, and Catherine Twigg, Deputy Attorney General. The Bureau of Consumer Protection's work was led by its Assistant Director for Consumer Financial Protection, Nicholas F. B. Smyth, under the direction of Bureau Director Sarah A. E. Frasch. Cheryl P. Jacobs, Senior Deputy Attorney General in the Special Litigation Section, contributed significantly to the investigation.

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