

1. **Complainant(s):**
National Community Reinvestment Coalition (“NCRC”)
740 15th Street NW, Ste. 400
Washington, DC 20005
2. **Other Aggrieved Persons:**
NONE
3. **The following is alleged to have occurred or is about to occur:**
42 U.S.C. § 3605 (a) and 24 C.F.R. 100.50(b)(3) – To discriminate against any person in making available a residential real estate-related transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, handicap, familial status, or national origin.

42 U.S.C. 3604 Section 804 (b) and 24 C.F.R. 100.50(b)(2) & 100.65(a) – To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status, or national origin.

42 U.S.C. 3604 Section 804 (d) and 24 C.F.R. 100.50(b)(2) & 100.65(a) – To represent to any person because of race, color, religion, sex, handicap, familial status, or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.
4. **The alleged violation occurred because of:**
Race
5. **Address and location of the property in question (or if no property is involved, the city and state where the discrimination occurred):**
Charlotte, NC MSA
6. **Respondent(s):**
Fairway Independent Mortgage Corporation
4750 South Biltmore Lane
Madison WI 53718
7. **The following is a brief and concise statement of the facts regarding the alleged violation:**

NCRC is organized as a private, tax-exempt, nonprofit charitable organization. NCRC has 25 years experience in complaint intake, complaint investigation testing for fair housing and fair lending violations and the enforcement of meritorious complaints.

NCRC’s fair housing and fair lending teams engage in program activities aimed at combating discriminatory housing practices throughout the United States. This

includes training housing providers on the Fair Housing Act and conducting fair housing testing to evaluate housing providers' policies and practices.

NCRC diverted resources to identify and investigate the violations outlined below, and as a result their missions of ensuring economic justice and equal housing opportunities in the Charlotte, NC MSA have been frustrated.

TESTING EFFORTS INDICATING DISCRIMINATORY LENDING PRACTICES

Test PEI-03-048-LT:

On February 18, 2021, the NCRC conducted one race-based lending test examining Fairway Independent Mortgage Corporation's lending practices in the Charlotte, NC MSA. The test showed a significant difference indicating that the Control Tester ("C") received significantly more information and guidance in the loan process when compared to the Protected Tester ("P").

The testers were assigned racially identifiable names, which were chosen based on data regarding which names are most common among Whites and Blacks, and which names are most strongly associated with Whites and Blacks. The testers identified themselves by their assigned names when they first spoke to Fairway Independent Mortgage Corporation agents.

C, a White man, called and spoke with Loan Advisor Chaz ("Chaz") for approximately 7 minutes on February 18, 2021. Chaz provided information on a 30-year conventional loan in the amount of \$329,000 and mentioned that monthly payments with this financing option would total \$1,774 a month. Chaz inquired about how much C would be ready to put down as a down payment, C's credit score, and C's income. C responded, per their testing profile, that they would put down an estimated \$24,000. Chaz advised C that there is not much to gain if C put down between 5% and 10% and recommended C put down 5% so that C could use the excess for closing costs. Chaz stated he would "crunch some numbers" to provide C better loan specifics via email.

P, a Black man, called the following day, on February 19, 2021, and spoke with Fairway Independent Mortgage Corporation employee Blake ("Blake") for approximately 4 minutes. In contrast to C's experience, Blake asked P for a pre-qualification letter and did not provide information on potential loan products that P could qualify for. There was no inquiry into credit, income, or other factors that impact the loans available to customers. Blake told P that he would send an email that would allow P to complete an application. Blake confirmed that he would reach out to P once P submitted the application. Blake sent an email to P which only contained a link to an application with no additional information rates like the email the C tester received.

Test PEI-03-153-LT:

The NCRC conducted a retest at the same Fairway Independent Mortgage Corporation branch using a different Control tester ("C2") and Protected tester ("P2") on September 16, 2021 to determine whether a pattern of housing discrimination existed.

The testers were also assigned racially identifiable names, which were chosen based on data regarding which names are most common among Whites and Blacks, and which names are most strongly associated with Whites and Blacks. The testers identified themselves by their assigned names when they first spoke to a Fairway Independent Mortgage Corporation agent.

During this test, C2, a White woman, called and spoke with Lending Officer Dominick (“Dominick”) for approximately 34 minutes on September 16, 2021. Dominick asked C2 about their credit score, down payment, and employment history. Dominick explained that daily interest rates had not been released at the time of the call. Dominick then provided estimates based on rates from the prior day, and stated that C2 should qualify for “a pretty good rate.” Dominick recommended that C2 apply for a Fannie conventional loan and stated that the conventional loan would require mortgage insurance if the down payment was less than 20%. Dominick stated the minimum down payment would be \$27,000 but certain fees could be removed while factoring in the cost. Dominick calculated the monthly payment would be \$1,993.83 with \$26,000 as a down payment and would be about \$50 cheaper with \$31,000 as a down payment.

At around 2:30 PM, four hours after C2 called and spoke with Dominick, P2, a Black woman, called and spoke with Dominick. Dominick inquired into P2’s employment, monthly salary, credit score, and requested that P2 provide the same information for her husband. Dominick stated that “everything looks good” and stated he would like to pull P2’s credit to get updated information. P2 stated they would need to call back after speaking with their husband and Dominick said that he could send the application to P2’s email. Dominick failed to provide any of the loan product information that he provided to C2 earlier.

HOME MORTGAGE DISCLOSURE ACT DATA REVEALS DISCRIMINATORY LENDING PRACTICES

2020 HMDA Data

Home Mortgage Disclosure Act (HMDA) data reveals Fairway Independent Mortgage Corporation’s lending patterns were discriminatory in the Charlotte-Concord-Gastonia, NC-SC MSA in 2020. The data¹ reveals two different disparate impact behaviors. There are discrepancies based on the race and national origin of the applicants and redlining discrepancies based on the location of the home.

Originations and Denial Discrepancies Based Upon the Race and National Origin of the Applicant

National Level Origination and Denial Disparities Origination Disparity:

¹ There are no filters on this data, thus the data includes all lending.

Fairway Independent Mortgage Corporation had an origination rate for their Black applicants of 63.28%, 10% less than the origination rate for their White applicants (73.30%). Hispanic borrower's origination rate was 66.63%, nearly 7% less than their White origination rates.

Denial Disparity:

A Black applicant with Fairway Mortgage is over twice as likely to be denied a loan compared to a White applicant. The denial rate for Black applicants is 10.63% and for White applicants is 4.68%. 8.22% of Hispanic applicants who applied with Fairway Mortgage experienced a denial. The data also reveals that 8.50% and 8.99% of applications submitted by Native Americans and Hawaiian applicants respectfully were denied. These minority applicants are almost twice as likely to be denied mortgage loans compared to White applicants.

Charlotte-Concord-Gastonia NC-SC MSA Origination and Denial Disparities

The discrepancies that the data reveals at the national level are also present at the Charlotte MSA level where we conducted the testing.

Origination Disparity:

In the Charlotte MSA, Fairway Independent Mortgage Corporation had an origination rate for their Black applicants of 64.84%, nearly 10% lower than the origination rate for their White applicants (74.45%). This rate difference is the same at the national level. Hispanic borrower's origination rate was 70.29%, nearly 5% less than their White origination rates.

Denial Disparity:

In the Charlotte MSA, Black applicants were nearly twice as likely to be denied a loan from Fairway Independent Mortgage Corporation than White applicants. Black applicants had a denial percentage of 7.32% compared to 3.91% for White applicants. The denial percentage was 5.14% for Hispanic borrowers.

Redlining – Discrepancies Based Upon the Location of the House

The HMDA data detailed below reveals disparities in lending when compared to peer lenders' and when compared to Fairway Independent Mortgage Corporation's own lending in White majority census tracts.

In comparison to peer lenders, Fairway Independent Mortgage Corporation received a statistically significantly lower number of applications from applicants located in both minority majority census tracts and majority Black/Hispanic census tracts.

There is also a statistically significantly higher number of withdrawals of applications located in majority minority and majority Black/Hispanic census tracts compared with applications in White majority census tracts.

NCRC asserts that this data is a direct reflection of Fairway Independent Mortgage Corporation's discriminatory lending behavior. NCRC's testing data showed that Fairway Independent Mortgage Corporation agents provided more information to prospective White applicants than to prospective Black applicants. This disparate treatment results in a disparate impact as revealed in the data below.

Applications:

This table reveals Fairway Independent Mortgage Corporation's distribution of applications received in majority minority and Black/Hispanic census tracks compared to peer lenders²¹:

Tract Majority Race	# Of Applications Received by Lender	# of Applications Peer Lender Comparison	Market Share Difference (vs White)	p-Value³
Majority Minority Census Track	1,011	46,868	-0.32	0.0001
Black/Hispanic Census Track	753	35,510	-0.35	0.0001

Comparisons to peer lenders reveal that Fairway Independent Mortgage Corporation received a significantly lower number of applications from applicants located in both minority majority census tracks and majority Black/Hispanic census tracks. The p-value for the acceptance of applications from these census tracts is 0.0001, demonstrating that this action is not random.

Withdrawals:

This table reveals Fairway Independent Mortgage Corporation's withdrawals by applicants located in majority minority and majority Black/Hispanic census tracks:

Tract Majority Race	# of Lender Applications	# of Withdrawals	Difference (vs White)	P-Value
Majority Minority Census Tracks	1,011	256	2.90	0.0463
Black/Hispanic Majority Census Tracks	753	194	3.35	0.0424

² Peer Comparison includes all lenders. Excludes peers with less than ½, or more than twice Fairway's activity. It excludes Fairway and is based on the 2020 Snapshot published by the FFIEC – purchased loans are excluded from the percentage.

³ P-value is a statistical tool to demonstrate the probability that a null hypothesis is false. The null hypothesis in that actions by a financial institution are random and not the result of disparate treatment or impact. The lower the p-value (particularly a p-value < 0.5), the stronger the evidence that the null hypothesis is false and disparate impact/treatment exists.

There is a statistically significant higher number of withdrawals from applicants located in majority minority and majority Black/Hispanic census tracts, indicated by the p-value is 0.0463 and 0.0424 respectively. Again, these are not random actions, applicants located in minority majority and majority Black/Hispanic census tracts are withdrawing their applications at a higher rate than applicants located in majority White census tracts.

Approvals:

This table reveals Fairway Independent Mortgage Corporation’s underwriting approval disparities of applicants located in majority minority and majority Black/Hispanic census tracts:

Tract Majority Race	# of Lender Applications	# of Approvals	Difference (vs White)	P-value
Majority Minority Census Track	1,011	691	-4.09	0.0088
Majority Black/Hispanic Census Tracks	753	510	-4.71	0.0077

The data reveals that the company statistically significantly approves applications from applicants located in majority minority and majority Black/Hispanic census tracts at a lower rate (p=0.0088 and p=0.0077 respectively) than applications from applicants located in majority White census tracts.

8. **The most recent date on which the alleged discrimination occurred:**
September 16, 2021

9. **Types of federal funds identified:**
PEI FHIP Funds were used

10. **The acts alleged in this complaint, if proven, may constitute a violation of the following:**
The Fair Housing Act, 42 U.S.C. § 3605(a) and 24 C.F.R. 100.50(b)(3)

The Fair Housing Act, 42 U.S.C. § 3604(b) and 24 C.F.R. 100.50(b)(2) & 100.65(a)

The Fair Housing Act, 42 U.S.C. § 3604 Section 804 (d) and 24 C.F.R. 100.50(b)(2) & 100.65(a)

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

Jesse Van Tol
President and CEO
National Community Reinvestment Coalition

Date