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Statement by

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Member, Board of Governors of the Federal Reserve System

Before the

Committee on Banking, Housing

and Urban Affairs

U.S. Senate

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Mr. Chairman, I am pleased to present this statement on behalf of the Board of Governors concerning its activities pursuant to Sections 805 and 808(c) of Title VIII of the 1968 Civil Rights Act.

The Board has responded by letter at some length to a number of questions which the Committee has asked. Should the Committee have further questions, we would be pleased to respond to them.

The Board has viewed affirmatively its responsibilities to foster nondiscriminatory lending practices in the financing of housing by State member banks under its supervision. The Board has worked with the Secretary of Housing and Urban Development and other agencies in the Secretary's role as the principal agent for enforcement of this Title of the Act. We have also worked in a positive way toward securing member banks' recognition of nondiscriminatory housing lending policies as a proper role for all institutions.

Very few complaints have been received by the Federal Reserve System to date regarding possible violations by State member banks of the statute. In those instances where complaints have been received, the Board has investigated the nature of the complaint. It has worked in the spirit of this Title of the Civil Rights statute toward conciliating any differences which may have arisen and has not found it necessary to initiate any formal proceedings against any lender that was the subject of complaint.

The Board has worked toward a better factual understanding of the degree of possible discriminatory lending practices which may exist in residential lending. Unfortunately, our participation in a large study of residential lending practices did not produce conclusive findings as to whether discrimination in mortgage lending had been present during the period which covered the last half of 1974.

The requirements of the Civil Rights Act of 1968 are included in the System's training for its examiners. Each bank examined is checked for compliance with the Act as part of our normal examination routine. This is done in connection with our responsibility for enforcement of a wide range of other statutes applicable to State member banks.

The Board of Governors actively works to prevent discriminatory lending practices in a much broader context than that provided by Title VIII of the 1968 Civil Rights Act. As the Committee knows, the Board is the agency responsible for regulations under the Home Mortgage Disclosure Act and the Equal Credit Opportunity Act of 1975. This latter Act presently provides that no applicant shall be discriminated against in any aspect of any credit transaction due to the applicant's sex or marital status. The Board's responsibilities under the Equal Credit Opportunity Act would be expanded to cover additional bases of discrimination under bills presently being considered by the Congress.

These bases include race, color, religion or national origin, all of which were part of the original prohibitions of the Civil Rights Act. The provisions of the Equal Credit Opportunity Act would also be amplified to include the beneficiaries of public assistance and those persons who utilize the benefits of the consumer credit protection statutes.

In its implementation of the Equal Credit Opportunity Act, the Board will pursue the goal of nondiscrimination not only in housing credit, but in all of the credit transactions covered under that Act. If, as we expect, the Equal Credit Opportunity Act amendments come to fruition, we foresee a need to revise the implementation of Title VIII of the 1968 Civil Rights Act in order to broaden the scope of our enforcement efforts. To do so may call for fresh approaches toward enforcement which can be better understood after the new requirements are legislated and regulations are adopted covering them.