

FEDERAL RESERVE BANK  
OF NEW YORK

December 29, 1971

Nondiscrimination in Real Estate Financing

*To All State Member Banks  
in the Second Federal Reserve District:*

The following statement was made public December 20 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today issued a statement directing the 1,150 State chartered banks that are members of the System to give public notice that their real estate financing is nondiscriminatory.

At the same time, the Board disclosed that it has been seeking to improve compliance by banks under its supervision with civil rights legislation applying to real estate lending by use of a civil rights questionnaire in bank examinations.

The Board's statement, and the questionnaire, are steps in a series of actions through which the Federal Reserve System is working with banks to encourage nondiscriminatory lending and to help the public to understand and use its civil rights in the real estate lending area.

The Board said it was issuing its statement because "increased public awareness of nondiscrimination requirements, and the availability of complaint procedures," are necessary for affirmative implementation of those provisions of the 1968 Civil Rights Act directed at the real estate lending activities of financial institutions.

The statement, to become effective March 1 — simultaneously with actions by other Federal agencies with regulatory responsibilities in the real estate lending field — called for banks and other lenders to display posters in their lobbies announcing that they are an "Equal Housing Lender" and giving directions for filing complaints. It also required that advertising signify nondiscriminatory real estate lending.

Federal Reserve Bank examiners have been using a civil rights questionnaire (copy attached) in all regular bank examinations since October. Answers to the questions come from the examiners' observations of the banks' conduct of its affairs, or from information supplied by the bank management. The examiner is authorized to conduct such investigation as is needed to secure information necessary to answer the questions.

The questionnaire to monitor banks' compliance with the law also requires answers to questions which indicate the banks' knowledge of the Civil Rights Act. This statute makes it unlawful for a bank to deny a loan or other financial assistance for the purpose of buying, building, improving, repairing or maintaining a dwelling because of the loan applicant's race, color, religion or national origin. The questionnaire also directs attention to provisions making it unlawful to stiffen the terms of a loan in any way for such reasons. Prohibitions against discrimination, it is noted, apply also to any person associated with a loan applicant, any property owner, lessee or tenants and occupants.

If a bank makes real estate loans, the examiner seeks answers to such questions as, how real estate loans made to minority group members compare to the bank's total real estate loans, relative to the proportion of minority groups' population in the total service area population; whether the bank refuses to make loans in neighborhoods with high percentages of minority populations; and if it makes loans to minority group members to purchase real estate in areas where there are no or few minority group persons.

The new requirements in the Board's statement were described as "minimum procedures" for all financial institutions subject to the Board's supervision. They were:

1. Posting in the lobbies of banks — and each of their branches — display-size notices that the lending institution is an "Equal Housing Lender." These posters are to display a logotype symbol indicating nondiscriminatory real estate lending.

The posters are also to assist the public in registering complaints, by providing a toll free number for reporting complaints to the Department of Housing and Urban Development from anywhere in the United States.

2. Prominent indication in the lender's advertising — whether the advertising is done directly or through a third party — that its real estate lending is free from discrimination.

3. Banning of "words, phrases, symbols, directions, forms, models or other means" that would imply discrimination.

4. Inclusion in advertising of the logotype symbol for nondiscriminatory lending.

The Board's statement affects State chartered banks that are members of the Federal Reserve System. Similar statements, applying to other banks — and savings and loan associations — are being issued by the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board.

The Board has earlier taken other steps to implement civil rights legislation affecting real estate lenders. These include:

— A special course of study in Federal Reserve schools for bank examiners. The course, given to all examiners in recent schools, has been aimed at acquainting them with the provisions of civil rights legislation as they apply to financial institutions, with the objective of increasing their ability to encourage and monitor compliance.

— In response to a request from the U.S. Treasury Department, at each bank examination, an inquiry is made by the bank examiner to determine whether all required Equal Employment Opportunity reports have been submitted to the Equal Employment Opportunity Commission and the U.S. Department of the Treasury. Additionally, examiners determine if banks employing 50 or more persons have on file a written Affirmative Action Plan for minority group employment. Examiners forward copies of their report to the Director of Equal Employment Opportunity, U.S. Treasury. Copies of those reports that indicate questions as to compliance are forwarded to the Board's Director of Equal Employment Opportunity.

Printed on the following page is the text of the Board of Governors' statement on non-discrimination requirements in real estate financing. Copies of the logotypes to be used in lenders' premises and in advertising, and of the questionnaire in use by Federal Reserve Bank examiners, are enclosed.

Additional copies of this circular and its enclosures will be furnished upon request.

Alfred Hayes,  
President.

**STATEMENT**  
on  
**Civil Rights Act Nondiscrimination Requirements**  
**in Real Estate Loan Activities**

Section 805 of Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3605) makes it unlawful for any bank, building and loan association, insurance company or other corporation, association, firm, or enterprise whose business consists in whole or in part in the making of real estate loans, to deny a loan or other financial assistance to a person applying therefor for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate against him in the fixing of the amount, interest rate, duration, or other terms and conditions of such loan or other financial assistance, because of his race, color, religion, or national origin.

Recognizing that increased public awareness of nondiscrimination requirements and the availability of complaint procedures is necessary for effective implementation of the Civil Rights Act's provisions imposed on financial institutions, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board and the Board of Governors of the Federal Reserve System have adopted the following as minimum procedures to be utilized by all financial institutions subject to their supervisory authority.

1. Advertisement Notice of Nondiscrimination Compliance.

After March 1, 1972, any financial institution which directly or through third

parties engages in any form of advertising of real estate lending services shall prominently indicate, in a manner appropriate to the advertising media and format utilized, that the financial institution makes real estate loans without regard to race, color, religion, or national origin. No words, phrases, symbols, directions, forms, models or other means shall be used to express, imply, or suggest a discriminatory preference or policy of exclusion in violation of the provisions of Title VIII of the Civil Rights Act of 1968. Written advertisements relating to real estate loans should include a facsimile of the logotype which is attached in order to increase public recognition of the nondiscrimination requirements and guarantees of Title VIII.

2. Lobby Notice of Nondiscrimination Compliance.

After March 1, 1972, every institution engaged in extending real estate loans shall conspicuously display in the public lobby of each of its offices a notice that incorporates a facsimile of the attached logotype and attests to that institution's policy of compliance with the nondiscrimination requirements of Title VIII of the Civil Rights Act of 1968. Such notice shall include the address and phone number of the Department of Housing and Urban Development as the agency to be notified concerning any complaint alleging a violation of the nondiscrimination provisions of Title VIII.

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(Name and Address of Bank)

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(Date of Examination)

CIVIL RIGHTS QUESTIONNAIRE

Pursuant to Section 805 Title VIII of the Civil Rights Act of 1968, it is unlawful for a bank in connection with loans or other financial assistance, because of the race, color, religion or national origin of (1) loan applicant, (2) any person associated with the loan applicant, (3) any present or prospective owner of the dwelling, (4) any lessees (5) any tenants or occupants, to deny a loan or other financial assistance for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling. Further, it is unlawful in connection with any of the loans mentioned to discriminate in the fixing of (a) amount, (b) interest rates, (c) duration, or (d) other terms.

In an effort to determine the bank's knowledge and compliance with this law, the examiner is requested to complete the following questions from information obtained from personal observations and investigations as well as information supplied by bank management. (Circle appropriate answer where indicated; otherwise supply data requested.)

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1. Does the bank make loans for residential purposes, including:
 

a. Purchase	Yes	No
b. Construction	Yes	No
c. Improvement, repair, and maintenance	Yes	No
  
2. Are the bank's loan officers and executive management aware of the provisions of Title VIII of the Civil Rights Act of 1968? Yes    No
  
3. Is a notice posted in a conspicuous place in the bank notifying the public of the provisions of the above mentioned law? Yes    No
  
4. Does the bank include a statement as to its nondiscriminatory practices in all advertising of real estate loans? Yes    No
  
5. What is the estimated population of the bank's primary service area? \_\_\_\_\_
  
6. What is the estimated minority group<sup>1/</sup> population of the bank's primary service area? \_\_\_\_\_
  
7. What is the estimated number of residential real estate loans made by the bank during the past calendar year? \_\_\_\_\_
  
8. What is the estimated number of residential real estate loans made to minority group borrowers during the past calendar year? \_\_\_\_\_
  
9. What is the estimated number of residential real estate loan applications received during the past calendar year? \_\_\_\_\_
  
10. What is the estimated number of residential real estate loan applications received from minority group members during the past calendar year? \_\_\_\_\_

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<sup>1/</sup> For the purpose of this form, minority group is defined as Negro/Black, American Indian, Spanish American, Oriental or Other Minorities (such as Eskimos). Members of the white race are considered non-minority.

(Over)

11. Are there neighborhoods or other areas of high concentrations of minority group members in which the bank refuses to make real estate loans? If so, specify area and reasons for such refusal. Yes No
12. Does the bank refuse to make loans to members of minority groups seeking to purchase residential property in areas where there are no or few minority group residents? If so, specify area and reasons for such refusal. Yes No
13. Are there any residential areas with high concentrations of minority group members within the bank's primary service area where the bank has no or relatively few residential real estate loans? If so, specify areas and reasons for such. Yes No
14. Are there any residential areas with no or few minority group members within the bank's primary service area where the bank has no, or relatively few, residential real estate loans? If so, specify areas and reasons for such. Yes No
15. Are loan terms, i.e., amount, interest rate, duration etc., set without regard to borrower's race, color, religion or national origin? Yes No

EQUAL HOUSING POSTER

10" X 10" or proportional enlargement or reduction.

**EQUAL  
HOUSING  
LENDER**



**TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968  
PROHIBITS DISCRIMINATION IN REAL ESTATE LENDING.  
COMPLAINTS SHOULD BE SENT TO:**

**HUD  
WASHINGTON, D.C. 20410**

**CALL TOLL FREE 800-424-8590  
(In Washington D. C. 755-5490)**

ADVERTISING LOGO

