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Baltimore Files First Lawsuit in Nation Seeking to Recover Costs for Injury to City Caused by Racially Discriminatory Lending Practices Resulting in Epidemic of Foreclosures in the City's Minority Neighborhoods

Baltimore, MD (January 8, 2008) – Today, the City of Baltimore filed the first lawsuit brought by a major American city against a national lender to recover millions of dollars in costs resulting from irresponsible subprime lending practices targeted at its minority and African American neighborhoods.

The suit, filed in U.S. District Court for the District of Maryland, alleges that Wells Fargo Bank has, since at least 2000, intentionally targeted Baltimore's minority communities for bad loans with discriminatory and unfair terms. These illegal lending practices have resulted in extraordinarily high rates of foreclosure in some of Baltimore's most vulnerable communities – foreclosures that ultimately cost the City millions of dollars in lost tax revenues, added police and fire costs; court administrative costs; and social programs needed to maintain stable and healthy neighborhoods.

The lawsuit alleges that Wells Fargo is liable to the City for millions of dollars in damages under the Federal Fair Housing Act, which makes it illegal to target minority communities for unfair and discriminatory practices.

“Foreclosures caused by reverse redlining create a very real and very dramatic ripple effect in our neighborhoods,” said Mayor Dixon. “By driving down the value of nearby homes, foreclosures also drive down City revenues and place additional financial burdens on the City and its residents. It is our responsibility to do what we can to stop it.”

In Baltimore, the foreclosure crisis has hit African American neighborhoods and homeowners the hardest. Wells Fargo has one of the highest rates of foreclosure of any lender in Baltimore, and its foreclosure rate in majority African American neighborhoods is four times the rate in majority white neighborhoods, and twice the City average.

The lawsuit alleges that Wells Fargo is one of the leading causes of the disproportionately high rate of foreclosures in these neighborhoods. Specifically, the suit alleges that Wells Fargo has caused these foreclosures by targeting Baltimore's African American

neighborhoods for irresponsible and abusive subprime lending practices designed to maximize short term profits for the Bank.

The complaint alleges that Wells Fargo's illegal practices include:

- Discriminatory terms
- Unfair, high cost pricing
- Unsuitable products
- Deceptive and improper underwriting practices

These practices have resulted in an epidemic of foreclosures in Baltimore's most vulnerable minority neighborhoods, which in turn have cost the City millions of dollars in damages. The costs to the City include:

- A decline in the value of nearby homes, resulting a decrease in property tax revenue
- An increase in the number of abandoned and vacant homes
- Increased expenditures for police and fire protection
- Expenditures for administrative, legal, and social services

The lawsuit seeks compensatory damages cover the costs the City has incurred and will continue to incur as a result of Wells Fargo's illegal practices. The complaint also seeks punitive damages in an amount large enough to deter Wells Fargo, one of the largest mortgage lenders in the country.

The City of Baltimore is represented by its Law Department and by Relman & Dane, a civil rights law firm based in Washington, D.C.

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For additional information about the lawsuit, visit our website at www.Baltimorecity.gov or the Relman & Dane website at www.relmanlaw.com

To obtain a copy of the complaint, contact John Relman at jrelman@relmanlaw.com (202) 728-1888 or go to www.relmanlaw.com.