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HARTFORD CONNECTICUT

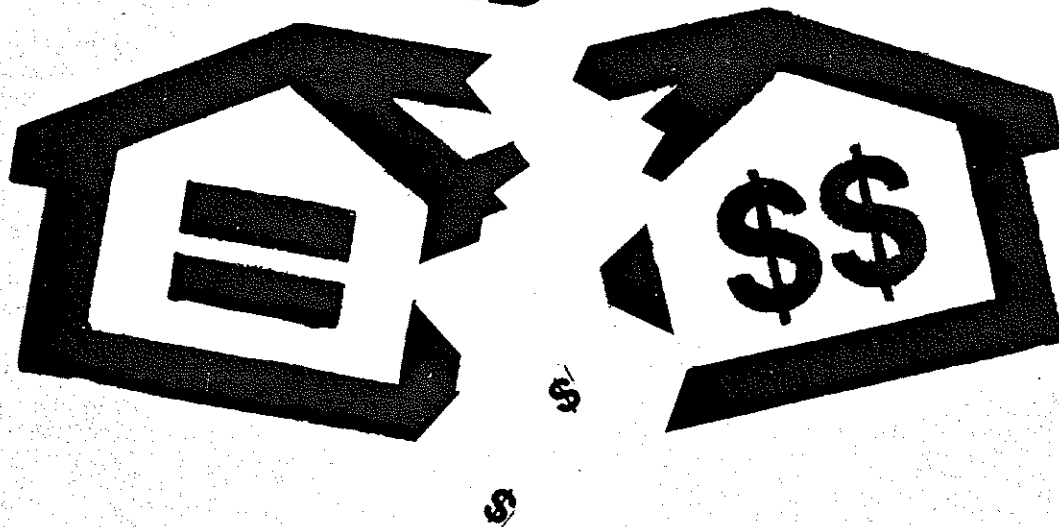
REPORT EIGHT: 5/17/74

8

FAIR HOUSING AT ITS WORST

The flagrant violation of Title VIII of
the 1968 Civil Rights Act in Greater
Hartford, Connecticut

**EQUAL
HOUSING
LENDER**



education / instrucción

1170 Albany Avenue, Hartford, Connecticut 06112

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Education/Instruccion expresses appreciation to the following students who have and will work long and hard in research and writing for this series of reports:

Jeanne Bost

Rick Casilli

Donna Fatsi

Daniel Horwitch

Gale Smith

Joseph Zanghi

We also wish to thank a large group of Anglo, Black and Puerto Rican individuals who have registered bona fide complaints, have served as testers, and/or have submitted to extended interviews. They shall remain anonymous to protect the integrity of a large number of upcoming administrative and legal actions.

PRELIMINARY STATEMENT

HEAR NO EVIL ...

SEE NO EVIL ...

SPEAK NO EVIL ..



...collect my
daily interest

The following statements were made in response to Education/Instruccion questions regarding what steps the "lender" took to insure that builders and developers it was financing were not, in fact, discriminating on the basis of race, religion, and/or national origin with that "lender's" money:

"We carefully scrutinize all loan applications and make every effort to avoid discrimination on the basis of race, religion or national origin, and should there be even the faintest trace of discrimination we do not make the loan."

Joseph W. Rosgen, President

Winsted Savings Bank, Granby Office, April 15, 1974

"Our bank as a matter of policy would not finance construction for a builder or contractor whose business and sales practices were not known to us. If to our knowledge such practices involved discrimination on the basis of race, religion or national origin we would not finance the project."

James J. Preble, President

United Bank & Trust Co., April 8, 1974

"So far as we know none of these builders discriminate relative to the sale of their houses. We will continue to monitor the practices of those builders we finance to insure that we do not knowingly support discriminatory practices."

Thornton B. Morris, President
Simsbury Bank & Trust, April 19, 1974

"Discrimination in any form is not practiced here, and we have a positive program of urging builders, etc. with whom we do business, to practice the same policies."

Raymond E. Cummings, President
Burritt Mutual Savings Bank, April 17, 1974

...not much but I expect there will be growing interest in this subject in the spring.

John H. Filer, Chairman
Aetna Life & Casualty Annual Meeting, March 29, 1974

Given:

- 1) the six long years since passage of Title VIII
- 2) the prima facia case for segregation represented by Capitol Region housing statistics
- 3) the documented evidence of widespread steering and blockbusting in both private and federally funded programs
- 4) the recent (May 2, 1974) filing of Justice Department suits against seven major Capitol Region Realtors
- 5) the Education/Instruccion reports which follow the upcoming HUD "meeting" on discrimination in lending practices...

it is clear that financial institutional leadership either refuses to understand what discrimination is and how they are participating in that discrimination... or they have lost touch with and control over their subordinates who exercise daily decision-making powers. Either position is inexcusable and does not insulate them from charges of violating Title VIII of the Civil Rights Act of 1968.

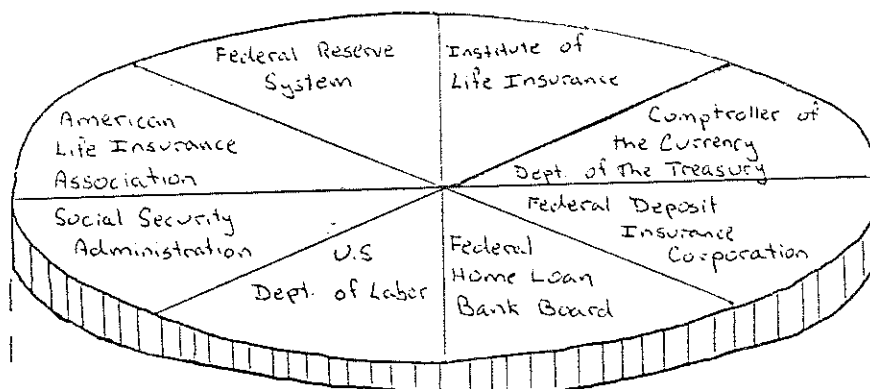
Section 25: The Lending Elements: An Overview

Our discussion of the comprehensive planning process in the Capitol Region, coupled with the "wish-fulfillment" nature of such procedures, puts major financial institutions who try to control public planning and development into a position of deep conflict of interest. All elements of lending must be further examined within the framework of participation in the real estate industry.

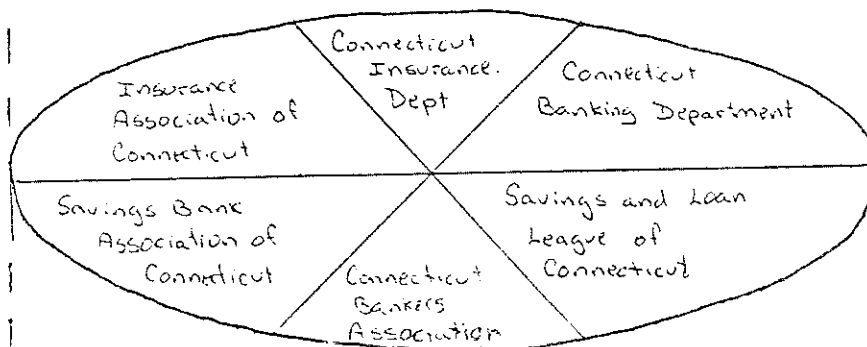
In addition to the Federal Law (Title VIII - already discussed in Report One, Section 1), the important elements include: Federal Regulatory agencies, the American Life Insurance Association, the Institute of Life Insurance, the Insurance Association of Connecticut, the Connecticut Insurance Department, Connecticut Banking Department, the Connecticut Bankers' Association, the Savings and Loan League of Connecticut, and the Savings Bank Association of Connecticut.

Reference here must be made with the first "tier" analysis diagram (Report Two, Section 5, p. 15). We only add elements which were not previously diagrammed at this level:

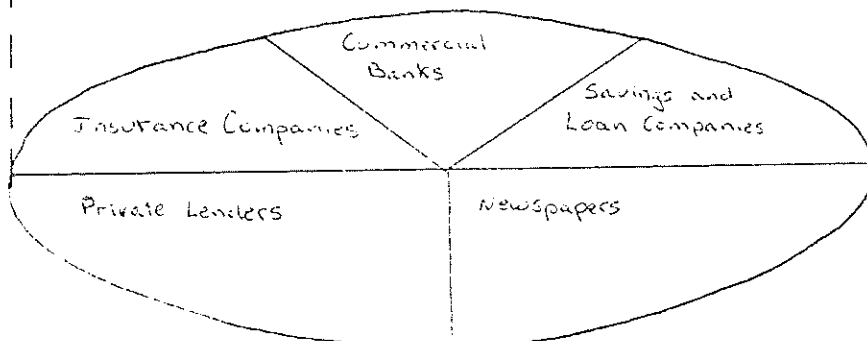
NATIONAL RESPONSIBILITY



REGIONAL & STATE ACCOUNTABILITY



"FREE ENTERPRISE"



Section 26: Nationwide Agencies and Action

BANKING INSTITUTIONS SERVING THE CAPITOL REGION FEDERAL FINANCIAL REGULATORY AGENCIES

FEDERAL DEPOSIT INSURANCE CORPORATION

FEDERAL DEPOSIT INSURANCE CORPORATION

Berlin Savings Bank
Bloomfield State Bank
Burritt Mutual Savings Bank
Charter Oak Bank & Trust
Citizens Bank & Trust of Glastonbury
Collinsville Savings Society
Cromwell Savings Bank
Farmington Savings Bank
Glastonbury Bank & Trust
Guaranty Bank & Trust
Hartford Home Savings & Loan
Mechanics Savings Bank
New Britain Bank & Trust
New England Bank & Trust
Peoples Savings Bank
Plainfield Trust
Savings Bank of Manchester
Savings Bank of New Britain
Savings Bank of Rockville
Savings Bank of Tolland
Society for Savings
Simsbury Bank & Trust
South Windsor Bank & Trust
State Dime Savings Bank
Suffield Savings Bank
Torrington Savings Bank
United Bank & Trust
Windsor Bank & Trust
Winsted Savings Bank

FEDERAL HOME LOAN BANK BOARD

Connecticut Savings & Loan
Danielson Federal Savings & Loan
East Hartford Federal Savings
Enfield Federal Savings & Loan
First Federal Savings
Hartford Federal Sav. & Loan
Manchester Savings & Loan
New Britain Federal Savings & Loan
Windsor Federal Savings & Loan
Windsor Locks Savings & Loan

COMPTROLLER OF THE CURRENCY

First National Bank of Enfield
First National Bank of Suffield
New Britain National Bank
Northern Connecticut National Bank
Vernon National Bank
Constitution National Bank
Hartford National Bank and Trust

FEDERAL RESERVE SYSTEM

Connecticut Bank & Trust
Manchester State Bank

Overlapping accountability seems to be confusing. The Federal Deposit Insurance Corporation (FDIC) has supervisory authority over any insured bank not a member of the Federal Reserve System. Accountability to the Capitol Region, therefore, is the following:

As previously stated (Report One, Section 1), 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/her in the fixing of the amount, interest rate, duration, or other terms and conditions of such loan or other financial assistance, because of his/her race, color, religion, or national origin.

Recognizing that increased public awareness of nondiscrimination requirements and the availability of complaint procedures are necessary for effective implementation of the Civil Rights Act's provisions imposed on financial institutions, the Federal Deposit Insurance Corporation has adopted the following as minimum procedures to be utilized by all financial institutions subject to its supervisory authority (FDIC, Comptroller of the Currency, Federal Home Loan Bank Board):

1. Advertisement Notice of Nondiscrimination Compliance.

After May 1, 1972, any insured bank, not a member of the Federal Reserve System, which directly or through third parties engages in any form of advertising of loans for the purpose of purchasing, improving, repairing, or maintaining a dwelling shall prominently indicate in such advertisements, in a manner appropriate to the advertising media and format utilized, that the bank makes such 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 such loans shall 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 May 1, 1972, every insured bank, not a member of the Federal Reserve System, engaged in extending loans for the purpose of purchasing, improving, repairing, or maintaining a dwelling shall conspicuously display in the public lobby of each floor where deposits are received and in the public area of each office where such loans are made, in a manner so as to be clearly visible to the general public entering such lobby or area, a notice that incorporates a facsimile of the attached logotype and attests to that bank's policy of compliance with the nondiscrimination requirements of Title VII

of the Civil Rights Act of 1968. Such notice shall include the address 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.

The Board of Governors of the Federal Reserve System has adopted the following (similar to FDIC) 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 equal lending logotype 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 equal lending logotype and attests to that institution's policy of compliance with the nondiscrimination requirements of title VIII of the Civil Rights Act of 1968.

No mechanism has been established to monitor these minimum procedures. Neither bank "examiner" nor the independent auditors used by the lending institutions monitor these minimum requirements.

In addition to the minimum Federal Procedures already in effect, FDIC published a notice of proposed rule making regarding fair housing lending practices in the September 20, 1972 Federal Register. The proposed rules included record keeping of racial and ethnic data on loan applicants. Minutes from a hearing held (December 19 and 20, 1972) and a "blue book" of comments in letter form have been published. They contain hundreds of statements. Only one Connecticut lending institution found the topic important enough to participate in in any manner. Burritt Mutual Savings Bank President Raymond E. Cummings, in strong opposition to the measures, wrote (October 31, 1972):

"...it is our feeling that a number of the conditions with which you propose to burden financial institutions would not in any material way assist minority groups in gaining safe, sanitary and adequate housing; in fact, the contrary could be true.

First, it is our feeling that the maintenance of racial data would be demeaning to all races; secondly, the identification of the census tract infers that the next step will be to impose upon the lending institutions the necessity of acting on any application notwithstanding the suitability of the property selected by the applicant. Sound lending policies require the careful selection of properties as lendable security and to remove this discretion from the lending institution in any way would be harmful to the trusteeship which lenders maintain over their clients' funds.

There are many ways in which the subject housing for minority groups can be advanced, none of which are included in your release. For that reason, we oppose the imposition of these requirements on the lending institutions ..."

One further current federal action is worthy of notice:

A "Pilot Project" will begin in May, 1974 administered by the Office of the Comptroller of the Currency. It will utilize and test two or three different approaches in the regulation of the Banking and Lending Industry and is planned for eighteen (18) Standard Metropolitan Statistical Areas (SMSA's) across the country. The SMSA's were selected by taking into account the minority population, and areas were picked where a high percentage of minority individuals were present. In Connecticut, the Bridgeport SMSA has been selected. Every lending institution in the selected SMSA will be subject to a specific monitoring approach designed for that area, regardless of what federal agency regulates it. The length of the project is about six months. "Draft plans" of the different regulatory approaches have been drawn up. Education/Instruction access to them has been denied, with the reason that they are internal documents, not subject to the Freedom of Information Act.

At this time, there are no affirmative lending rules or regulations in effect for any lending institution which actually implement Title VIII of the Civil Rights Act.

Because large lending institutions are major U. S. Contractors, Executive Order 11246 and Revised Order No. 4 must apply:

EXECUTIVE ORDER 11246

This Order prohibits employers with a Federal Government contract or subcontract of \$10,000 or more and 50 or more employees from discriminating against any employee or applicant on the basis of race, color, religion, sex or national origin. It also requires that covered employers develop a written Affirmative Action Program to overcome deficiencies. This Order is enforced by the Office of Federal Contract Compliance (OFCC).

ORDER NO. 4 - AS REVISED

This Labor Department regulation describes the required contents of a written Affirmative Action Program to include the establishment of goals and timetables to correct deficiencies in the utilization of minorities. It was further amended in 1971 to include women.

Although clearly part of required affirmative action, no one has enforced such regulations as they apply to corporate relocation policies, the vast network of loan "correspondents" or the loan criteria and decision-making chain of command in major lending institutions.

The Institute of Life Insurance is an organization which serves as the public information arm of the life insurance business. It was founded in 1936 and is funded by member dues. Its headquarters are at 277 Park Avenue, New York City. Its Board is composed of nineteen white, English-speaking males.

A relatively new industry-wide instrument was established (December, 1971) to guide social programs of individual companies and the business. It is called The Clearinghouse on Corporate Social Responsibility, and is located at the Institute of Life Insurance in New York City. Its Director is Stanley G. Karson.

The American Life Insurance Association (formed through a merger of the Life Insurance Association of America and the American Life Convention in 1973) is the other major trade association. It is funded by dues from some 360 insurance companies. It is located at 1730 Pennsylvania Ave., Washington, D.C. It states it is a "legislative representative" to the U.S. Congress for its insurance company members. Its Board is composed of twenty-five white, English-speaking males.

On a national basis, the major insurance industry response to the so-called "urban crisis" brought about by the problems of racism and poverty in America has been the Urban Investment Program - an announced pledge of one billion dollars to housing and job creation for central city residents of low- and moderate income. A second billion, somewhat more oriented toward job creation and small business development was also committed and invested. The Urban Investment Program lasted from 1967-1972. At its height, it included 161 insurance companies representing 90% of the assets of the insurance industry. A total of about two-thirds of the two billion dollars went into housing.

The Urban Investment Program was designed as a business venture, not as a charity, and it was important that it succeed in business terms, as well as in social terms. It appears to have done neither and, therefore, was a failure- although direct financial losses to the insurance industry were small.

As of June 30, 1972, 8.3% of the total loans were delinquent (10 times the rate experienced under "normal" loan conditions.) The vast majority of foreclosures are in FHA-insured properties, so losses were absorbed mainly by the Federal Government (all taxpayers.)

The plight of our central cities did not change. Our cities have continued to become poorer and more heavily minority concentrated.

Most importantly, it should be noted that the Urban Investment Program did not change the insurance industry either. It served to satisfy the social consciousness of the business while the industry continued to expand and make more profits. The potential use of the Urban Investment Program to further "steer" and "blockbust" was not addressed. Analysis of the possible involvement of the life insurance industry in the causes of the "urban crisis" apparently was not part of the program either.

Education/Instruccion asked Dr. Kenneth Wright, Chief Economist of the American Life Insurance Association, and Mr. Stanley Karson, Director of the Clearinghouse on Corporate Social Responsibility, what the life insurance industry's position was relative to taking affirmative steps to prevent discriminatory uses of funds it was directly or indirectly investing in building and development.

In summary, they replied that the industry agreed in principle with affirmative lending but did not want to be singled out for separate treatment from other major lenders. They stated that in 1970-1971 HUD (Assistant Secretary Peabody) had approached the life insurance industry requesting that HUD affirmative marketing be applied voluntarily to conventional mortgages. The insurance industry sent a reply back to Secretary Peabody in early 1972 suggesting that HUD call a meeting to discuss the matter. The subject was not brought up again until late 1973 by the HUD Equal Opportunity Office in Washington. All correspondence on the matter is considered "confidential" by the life insurance industry.

Section 27: Statewide Agencies and Action

State Banking Department

The State Banking Department under Bank Commissioner James E. Hagen (appointed by the Governor) supervises and examines 9,298 banks and other related financial institutions including trust departments, credit unions, and savings banks. Approximately 565 of these institutions are examined annually.

"Bank supervision is a function of the regulatory power of the state and national governments, and its fundamental purpose is the protection of bank depositors and stockholders. To achieve the goal, the examination of a bank has for its purposes the determination not only that the institution is complying with all laws to which it is subject...It must also be determined that the bank's management is sound, and that its methods and operations are modern and efficient." - 1973 Administrative Report to the Governor

In an interview on April 2, 1974, representatives of the Banking Department stated that the department has no statutory jurisdiction to deal with matters of discrimination in individual banks. (This is a direct contradiction of the Connecticut Statutes - Title 4 - 61, (f) which states that: "Each state agency shall take such appropriate action in the exercise of its licensing or regulatory power as will assure equal treatment of all persons and eliminate discrimination...")

While the Banking Department's annual report to the Governor stated that "... our 1973 review indicated that all recruiting, appointing, assigning, training, evaluating, and promoting of Banking Department personnel is done and has been done on the basis of equal opportunity...", no such review was made by the Banking Department of the banking industry itself. Banking Department representatives stated that bank examiners do not ask questions about discrimination in loans, hiring or composition of loan committees - nor has the Banking Department had any involvement with HUD, despite HUD's involvement with the banking industry.

In further contradiction of the State Statutes, Title 4-61(d), "No state facility shall be used in the furtherance of any discriminatory practice, nor shall any state agency become a party to any agreement, arrangement or plan which has the effect of sanctioning discriminatory practices. Each state agency shall analyse all of its operations to ascertain possible instance of noncompliance... and shall initiate comprehensive programs to

remedy any defect found to exist (State Statutes sec. 4-61d);" The Department has done nothing in terms of analysis to insure that discrimination does not exist.

On April 2, 1974, the Banking Department had 104 approved positions with eight vacancies. Minority participation in the Department was limited to one black male, one Cuban male, and one Puerto Rican female.

The Banking Commission is composed of the Banking Commission, the State Treasurer and the State Comptroller. All three are white, English-speaking males.

The Advisory Council on Banking is a body of seven "citizens" appointed by the Governor to confer, consult and advise with the Banking Commissioner on matters relating to the welfare and security of any institution under his supervision or to the welfare and security of the depositors and creditors of such organizations.

The members of the Advisory Council are:

James E. Bent, Chairman, Hartford Federal Savings & Loan Assoc.
John H. Brooks, President, Torrington Savings Bank
William E. Budds, President, Charter Oak Bank & Trust Co., Hartford
Spencer Gross, Attorney, Gross, Hyde & Williams, Hartford
Romeyn N. Holdridge, President, Chelsea Savings Bank, Norwich
Richard C. Bozzuto, President, Richard C. Bozzuto & Associates,
Insurance Agency, Waterbury
Wilbur Purrington, Chairman, United Bank & Trust Company, Hartford

All seven are white, English-speaking males.

The fact is that this Advisory Council has not met since January, 1968 and met only to deal with crisis situations.

Minutes to both Banking Commission and to the Advisory Council on Banking meetings show no reference to discussion of the problem or potential problem of discrimination in lending services. Neither body participated in any way in the FDIC proposed rule making in fair housing lending practices.

Connecticut Bankers Association

The CBA is a voluntary trade association of 65 commercial banks in the State of Connecticut with offices at 100 Constitution Plaza. The CBA serves to educate new banks and new bank personnel in mortgage, commercial, and consumer marketing procedures. The Association also monitors, introduces, and opposes or supports bank related legislation and represents banks before regulatory agencies.

As is stated in the CBA's Constitution, "The purpose of the Association is to promote and protect the general welfare, common interests and usefulness of commercial banks and trust companies and banking institutions, ... and to promote continued concern with improved services and programs for the benefit of the people of the State of Connecticut and the banking industry."

Preston King and David Beizer (two white males) and three white females (an Administrative Assistant, Bookkeeper and Typist) constitute the staff of the CBA.

The Executive Committee, the ruling body of the CBA, consists of:

President, Joseph Fahey, Jr., State National Bank of Bridgeport
 1st Vice President, James F. English, Chairman of the Board
 Connecticut Bank and Trust Co.
 2nd Vice President, George A. Baker, Jr., President
 Willimantic Trust
 Treasurer, William E. Budds, President, Charter Oak Bank & Trust
 Chairman of the Trust Division, Samuel S. Fuller, Ex. V.P.
 Hartford National Bank
 Executive Vice President, Preston C. King
 Immediate Past President, Francis M. White
 Chairman of Legislative Committee
 4 members elected by the membership

The Executive Committee is all white and male.

The CBA has done nothing as far as individual banks are concerned relative to equal opportunity hiring. Seminars and discussions on female employment, credit, and minority hiring have been held with members of the State Human Rights Commission and other speakers. Executive Vice President Preston King is currently working with HUD and other trade associations on the banking industry's involvement with housing patterns. The CBA stands ready to work with the State Banking Department but they are doing nothing currently as far as equal opportunity is concerned.

Savings Bank Association of Connecticut

The Savings Bank Association of Connecticut is an organization similar to the CBA, comprised of 68 state chartered mutual savings banks. The SBA's objectives are "the general welfare of mutual savings banks in this state; the securing of the proper consideration of all legislative action affecting mutual savings banks; the discussion of all subjects relating thereto; and the encouragement of the interchange of information and ideas which will tend to advance the interests of mutual savings banks and to facilitate their co-operation."

The SBA professional staff consists of three white, English-speaking males. Four white female secretaries are employed by the Association office.

The eleven member Executive Committee, which runs the SBA, is all white, English-speaking males.

The SBA has put no special emphasis on equal opportunity hiring or discrimination in housing lending, although the topics are mentioned in personnel-related workshops and discussions.

The SBA did not comment in any way on the FDIC proposed rule making relating to fair housing lending.

SBA Legal Counsel is Shipman and Goodwin, Hartford.

The Savings & Loan League of Connecticut, 100 Constitution Plaza, is a nonprofit trade association made up of all the savings and loan associations in the state. It services member associations, who pay an assessed fee to belong based on their assets. They "save time and money" for member associations by doing research, education, holding conventions and meetings. Each member bank is seen as autonomous; therefore, its policies, discriminatory or otherwise, are not under the scrutiny of the association.

Its staff is made up of 8 people, all white. There are 3 managers, 2 male and 1 female. The other five employees are clerical workers, all female.

State Insurance Department

The purpose of the State Insurance Department is similar to that of the State Banking Department: "The general purpose of insurance laws is to protect the buying public or policyholders... A review of the operations of the divisions in the Department clearly represent where the department's greatest efforts lie in working to protect the interests of the public,

"The principal function of the Examining Division is to ensure the continuing solvency of the insurers licensed to transact the business of insurance in the State of Connecticut. The division has a number of other related duties, including the admission and licensing of insurers, the audit and collection of taxes and fees, the valuation of life reserves, registering and supervising holding companies and the review of all life and accident and health insurance policies filed for use in this state."

1973 Administrative Report to the Governor

No mention is made of concern for equal opportunity or compliance with State statutes concerning discrimination.

Currently there are 72 employees in the Insurance Department, four of whom are black. There are no minorities in management level responsibilities.

Gerald Wholey, Chief of the Licensing and Claims Division of the Insurance Department, explains that the yearly renewal of an agent's or broker's license is an automatic procedure involving no investigation or re-evaluation. The licensing division does not look into the practice of licensed insurance agents as brokers to determine whether or not they are in compliance with equal opportunity. The Department is set up to investigate such situations in the event that a complaint is filed, yet in Mr. Wholey's 24 years with the Department, he cannot remember one complaint about anything having to do with discrimination.

Unlike the Banking Department, the Insurance Department does not call its top several people in the hierarchy a "commission" - nor does it have an established advisory council to serve in times of crisis.

The Insurance Department does call upon special "functional" committees of citizens to advise relative to particular topics like "no-fault" insurance. No such committee has ever been formed to deal with discriminatory policies of insurance companies.

Mr. Frederick Bitzer, Deputy Commissioner, saw no statutory responsibility for enforcing nondiscrimination. Such administration of the Insurance Department is a clear violation of state statutes Title 4-61 (already described in relation to the State Banking Department).

The Insurance Association of Connecticut is a trade association of Connecticut chartered insurance companies, representing 19 corporations and their 42 subsidiary insurance companies. The two major functions of the Insurance Association, as outlined by E. Joseph Martin, Director of Information, are: representing the insurance industry's position in the state legislature and playing a public relations role where the insurance industry is involved. The Association began monitoring national legislation in 1973.

The Insurance Association of Connecticut also serves as a liaison with other insurance trade associations and insurance agent organizations.

The Association is comprised of nine white individuals:

- Roger Dove - Executive Director
- F. Joseph Martin - Director of Information
- Attorney John E. Ahern - Counsel
- 5 female secretaries
- 1 law student - part time

The Insurance Association of Connecticut has no position relative to discrimination or steps taken by insurance companies to insure that money loaned out does not further unequal opportunity. The Association is funded by the insurance companies it represents.

One further statewide action should be noted: the impact of the daily operation of lending institutions on the health and direction of growth of the State of Connecticut. This phenomenon is hard to document but emphasizes the importance of enforcing Executive Order 11246 and Revised Order No. 4 as these regulations affect equal opportunity sub-contracting and employment.

For example, the following major findings come from a study called "The Impact of the Insurance Industry on the Economy of the State of Connecticut". It was prepared for the Insurance Association of Connecticut in 1972. (The conclusions are based on 1970 data):

- (1) The insurance industry in Connecticut directly employs some 40,064 persons; an additional 55,160 persons are employed in other industries in the State as the result of employment in the Connecticut insurance industry. Thus, the total employment in the State related to the insurance industry, amounts to an estimated 95,224-- or approximately 100,000 if computed on the 1971 data.

- (2) For every new job in the insurance industry, 1.4 jobs are generated elsewhere in the State.
- (3) Approximately 10 per cent of total employment in the State is attributable to the insurance industry.
- (4) Connecticut's insurance companies pay \$279 million in salaries, wages, and commissions to their employees. An additional \$644 million of earnings are generated in other industries in the State as a result of the insurance industry payroll. The total earnings in the State due to the insurance industry amount to about \$1 billion.
- (5) For every dollar paid in direct employee compensation in the insurance industry, an additional \$2.30 is earned in other industries.
- (6) More than 10 per cent of the total wages and salaries received by persons in the State is attributable to the Connecticut insurance industry.
- (7) The insurance business has a significant impact on Connecticut industries which are important suppliers to the insurance companies. In the printing and publishing industries, for instance, employment due to insurance is estimated at 10 per cent. In business services (which includes banking and financial, real estate and the professions in addition to insurance), it is 40 per cent. In other services (hotel, laundry, dry cleaning, business repairs, entertainment and recreation), it is 24 per cent. Federal government is another major area with nine per cent. So are transportation, eight per cent; communications and utilities, eight per cent; trade, seven per cent; state and local government, six per cent; and food, six per cent.
- (8) By any of the measures examined, the insurance industry plays a vital role in Connecticut's economy. Not only does it provide a significant proportion of jobs and earnings in the State, but its steadily-increasing employment in periods of economic fluctuations serves as a stabilizing influence on the State's work force.

- (9) The insurance industry provides the Connecticut economy with a sound basis for future growth and development. This is especially important in view of the trend in which state and national industrial structures are shifting from hard goods production to the service industries. Connecticut's strength in the service areas, substantially based on the insurance industry, thus provides a stimulus for continued, improved economic growth.

Section 28 - Discriminatory Barriers in lending institutions

This analysis identifies two major categories of barriers to equal housing lending in single family residential mortgaging in the Capitol Region: threshold and qualification.

It must be emphasized that these final barriers are presented to prospective minority borrowers who have evaded or beaten other efforts to deny them free access to all houses in the total housing supply (described in Sections 1-27 of this report series). It is obvious that many individual lending institutions are "insulated" from ever dealing with potential minority borrowers by the discriminatory practices of the other elements of the real estate industry and their own way of operating.

The need for a mortgage only comes after the home or homesite is chosen, then bargained and contracted for.

Threshold Barriers

The "despair effect" has been well documented in investigations conducted by the U.S. Equal Employment Opportunity Commission while implementing our national goal of equal job opportunity. This concept emphasizes the effects of past discrimination on the perspective or "frame of mind" of the victim of discrimination. For minority borrowers, as well as minority job seekers, passive institutional pledges of "non-discrimination" do not overcome the momentum of the past. In fact, the despair effect undermines the confidence of financial institution employees and stockholders as well as the zeal of potential minority borrowers. Sleeping, eating, praying, shopping, vacationing, learning, etc. in racially segregated groups brainwashes us all into thinking it is "normal" for access to all services and accommodations to be on a segregated and unequal basis.

Another discriminatory twist occurs because of "despair". Education/Instruccion suspects that most minority homebuyers pay more for their homes than do white homebuyers. This is certainly true in the suit brought recently in Hartford federal district court, Cooper vs. Shannon, Civil No. H-74-96. (decision regarding discrimination still pending - sales price is not the issue). It is a rare instance, however, that this can be proven, because once a seller accepts an offer from a minority purchaser, we can only speculate what a white purchaser would have had to offer. It is a fact, however, that almost all minority buyers pay at least full asking price for a home and many white purchasers have not had to make a full offer before it was accepted.

(Education/Instruccion has been told of instances in which sellers have attempted to list their properties far above fair market value with the intention of accepting a lower offer from a white family. It is of course illegal to do this, but difficult to prove unless stated by the seller or his agent.)

It is disgraceful that in one of the major financial centers of the country, minority utilization in lending institutions falls well below the national average in almost every category. For example, in 1972 (latest figures available at the Office of Federal Contract Compliance):

<u>% Employed - Total Employees - 1972</u>				
<u>Insurance Carriers (SIC 63)*</u>	<u>Black</u>		<u>Spanish-Surnamed</u>	
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
Hartford SMSA	4.5	8.5	1.4	1.6
National Average	4.9	9.9	2.0	3.0
<u>Commercial Stock Savings Banks (SIC 602)</u>	<u>Black</u>		<u>Spanish-Surnamed</u>	
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
Hartford SMSA	3.0	10.3	1.3	3.8
National Average	7.6	10.0	3.8	4.5
<u>Banking (SIC 60)</u>	<u>Black</u>		<u>Spanish-Surnamed</u>	
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
Hartford SMSA	3.5	9.9	1.3	2.3
National Average	7.8	10.2	3.8	4.5

Lending institutions with many branches located in all-white areas, assign minority employees to the minority branch locations. If one were to say, "I'll meet you at the black bank on Albany Ave., Hartford," you couldn't tell which bank that person meant. Branches of all banks in minority areas are predominantly staffed by minorities. In classic wish fulfillment style, many banks establish staffing pattern goals based on the minority population of the town in which the branch is located. Because we live in segregated housing patterns, we also bank through an apartheid branching system.

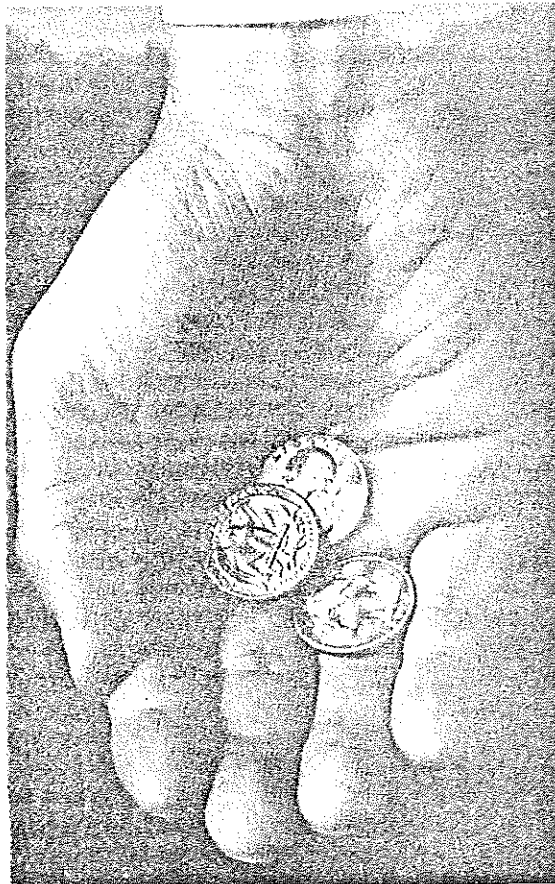
In a segregated Region, only simple social arithmetic is necessary to understand that convenience locations for white customers is inconvenience for minority customers. Simple economics also demonstrate that any institutional mechanism which draws more money away from a neighborhood (in the form of deposits, for example) than it returns (in the form of mortgage loans) is undermining the stability of that neighborhood and is, in fact, making the money of the poor, the Black, the Puerto Rican, the urban dweller work for the White, English-speaking, middle-class suburbanite.

*SIC means Standard Industrial Classification.

Education/Instruccion asked several banks about such a "neighborhood cash flow" ratio. They refuse to discuss the matter. They claim to have no knowledge of these figures.

Public relations efforts and advertising of lending institutions which emphasize white, middle class, male dominance and values while excluding minority models or positive female and multi-cultural representations also create threshold barriers. Material like T.V. and printed advertisements, annual reports, customer service hand-outs, etc., carry the "white male first" or "English-speaking whites only" message as demonstrated by the following examples of Hartford area lending institutional images. In every sense of the word, the white man has your money:

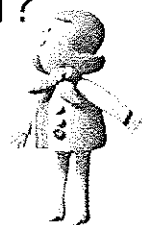
Announcing
the
1974
dollar



Single
guy?

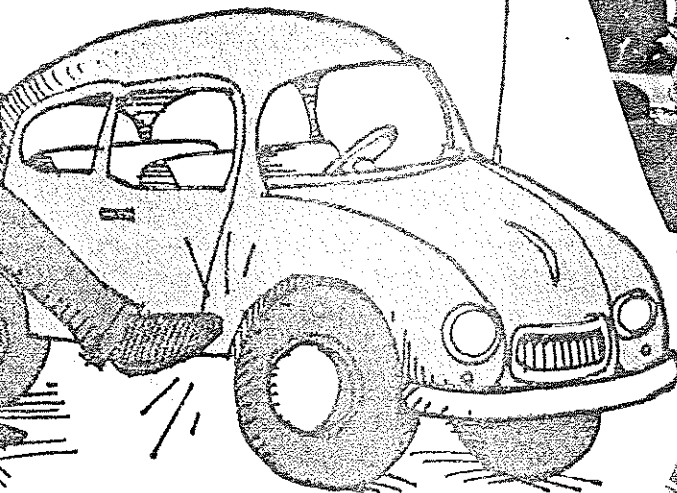


Single
gal? 159



MANAGING
YOUR
INVESTMENTS
...in the
way best
suited to
your needs

...and how to
use it in your
family's best
advantage

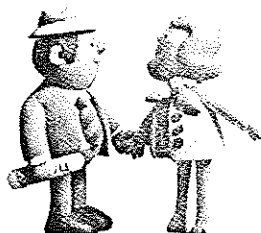


THE
LIVING
TRUST

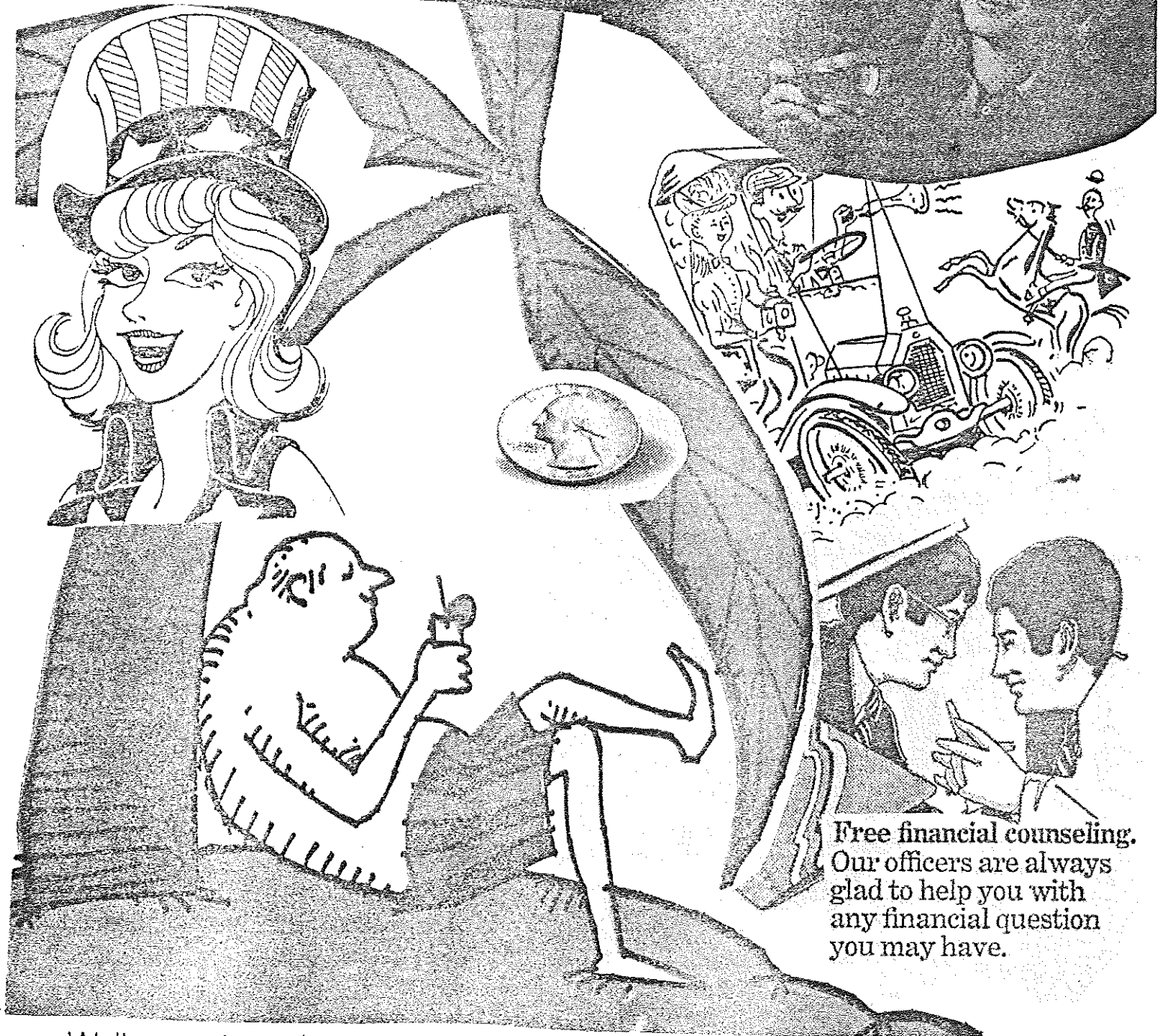
...is so
valuable
to your
family



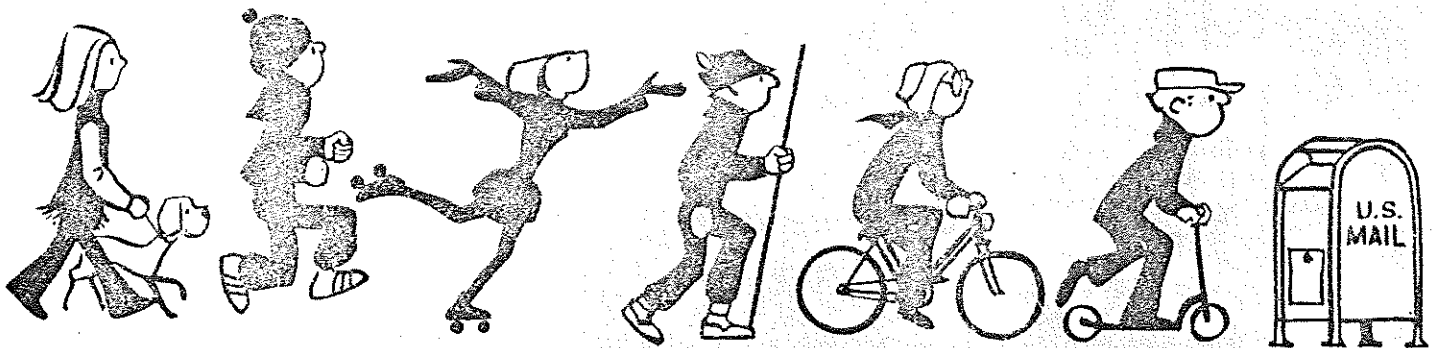
Married Couple?



*Start a savings tradition
with silver.*

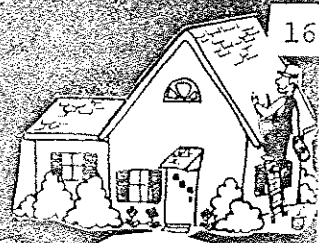


Walk, run, jog, skate, hike, bike or scoot to your nearby mailbox.





PROFESSIONAL



16



The Corporate Caretakers.
Their business is minding your business.

Qualification Barriers

The policies of individual lending institutions vary widely according to the wishes of the Board of Directors, the race and experience of the loan officers, and the composition of the loan committee.

Each lending institution has its own system for determining the credit worthiness of the prospective borrower and property. Each institution offers different terms for mortgaging. Some institutions offer only conventional mortgages and require at least 25% down. Others make frequent use of 97% FHA (Federal Housing Authority), guaranteed or 100% VA (Veterans Administration), guaranteed loans.

MGIC (Mortgage Guarantee Insurance Co.) is available for 90% mortgages at some institutions and 95% mortgages at others and is not available at all through others. Each institution charges a variety of rates for each type of loan. For instance, while one institution is charging 3 percentage points to the seller for writing a VA guaranteed loan, another might charge 6 points and another 9 points.

Therefore, each institution sets up a lending "image" by choosing a set of terms that include or exclude at a particular level in the economic spectrum of prospective borrowers. For instance, by requiring that all prospective borrowers have 25% down, an institution establishes a lending image that is very conservative. Most minority borrowers will never have an opportunity to borrow from that institution. On the other hand, an institution that will take an application for a 95% MGIC, a 97% FHA or a 100% VA with a low point schedule will establish a "liberal" lending image and many minority buyers will have an opportunity to borrow from that institution.

Institutions which choose a conservative lending image further insulate themselves from ever dealing with minorities. One conservative Hartford bank recently made some overtures concerning writing more mortgages in Blue Hills, an integrated urban residential community in Hartford. The image of the bank is so conservative, that several minorities would not apply despite the encouragement of a real estate agent and new competitive rates offered by the loan officer. It will take years for this particular institution to establish a reputation that will allow prospective borrowers any sense of comfort about making application with any less than 20% down.

Mortgage applicants do not have the information necessary to understand which of the lending institutions might offer the best lending terms. In fact, it is impossible to determine which institution is offering the least expensive mortgage without a weekly update of each institution's fees and rates.

The buyer's choice of lending institutions is generally made either on the basis of the bank's lending image or on the real estate broker's advice. The broker's recommendation is generally based on the relationship between the broker and the bank. Most brokers have a good relationship with one or two lending institutions and recommend buyers to those institutions whenever possible. In return, those institutions treat applicants from that broker more liberally. In periods of tight money, banks which have a close relationship with particular agents will keep writing mortgages even at unfavorable rates in order to maintain those relationships.

By referring buyers to one or two banks, the broker can count on quick, reliable service during "loose" money periods and continued service during "tight" money periods. The difficulty created by this system is that often the buyer's financial position and needs could be better suited at another lending institution than the broker is dealing with. Some purchasers pay several hundred dollars in origination points unnecessarily because the broker is committed to a bank which is actually charging more!

Minority purchasers often deal with lending institutions which have a "liberal" lending image but charge more to write the mortgage. Minority brokers establish relationships with these same institutions and reinforce the image of lending institutions or certain loan officers known to be "liberal". The net effect is that minority borrowers make heavy use of lending institutions which charge the most for closing costs.

During a qualification session, a loan officer will often remark, "They are definitely 'foul balls'" or "He is all right, but she is a scatterbrain" or "seem like straight folks". The attitude of the branch manager affects the speed of processing of the application and the presentation to the loan committee.

It is probably impossible to eliminate subjectivity in the qualification process, but it is possible to make the subjective judgment more fair. When there are cultural and racial differences between the prospective borrower and loan officers/loan committees, there is an increased chance for a negative, subjective judgment.

The immense and systematic differences between the race and sex composition of lending institutional policy setting/decision-making and Black, Spanish-surnamed or female heads of households is clearly shown by the following Office of Federal Contract Compliance figures (the latest available) for 1972.

% Employed - Office Managers - 1972

	<u>Black</u>		<u>Spanish-surnamed</u>		<u>All Female</u>
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
<u>Insurance Carriers (sic 63)</u>					
Hartford SMA	0.5	1.8	0.0	0.0	4.7
National Average	1.7	5.0	0.7	1.3	14.5
	<u>Black</u>		<u>Spanish-surnamed</u>		<u>All Female</u>
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
<u>Banking (sic 60)</u>					
Hartford SMSA	0.9	4.1	0.1	0.5	18.5
National Average	1.6	3.9	1.6	2.3	16.9
	<u>Black</u>		<u>Spanish-surnamed</u>		<u>All Female</u>
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
<u>Commercial Stock Savings Banks (sic 602)</u>					
Hartford SMSA	0.5	5.7	0.0	1.9	12.1
National Average	1.6	4.0	1.6	2.3	16.9

Once again, Hartford area figures lag far behind national averages in most areas.

The first contact a prospective borrower makes with a lending institution is generally made through a loan officer. The loan officer naturally makes a subjective analysis of the prospects as he is making an objective analysis of the borrower's financial capacity. Real estate brokers are in a good position to watch the dynamics of subjective analysis. They talk with loan officers before, during and after decisions are being made. They see a composite view of customer after customer. Based on just this sense of where it's at, one broker explained he/she took minority potential borrowers to the black loan officer at the ABC Bank because minority customers got better treatment that way.

Subjective analysis of the borrower is made in the process of asking seemingly objective factors such as income, occupation, length of employment, age, marital status, and credit rating. Lenders also inquire into less tangible factors that clearly call for subjective judgments. Attempts are made to determine intangibles such as pride of ownership and general housekeeping standard. A borrower's relationship to his family and friends is a significant element of risk in the lender's eyes. Evaluations usually consider whether a borrower has an established reputation, a harmonious home life, associates with individuals of good reputations, and if the borrower is active in civic affairs, has been dishonest and untruthful in the past, etc.

Loan officers often suggest informally during the first interview that the prospective borrower ought to wait to apply. The decision

is based on subjective and objective analysis of the risks involved in making the loan. Loan officers in the Hartford area feel they have the authority to informally reject prospective borrowers whom they consider ineligible based on subjective factors. No reasons need be offered to the rejected applicants, nor is any written record kept which might provide a basis for complaint. Applicants are merely informed that they should not make formal application because it will be rejected.

Loan committees are insulated by the loan officers from having to make decisions on marginal applicants. Once the application reaches a loan committee, there is a greater possibility of an objective decision. The loan committee sees the applicant only on paper and seldom knows the race of the applicant. Why, then, do so many potential applicants never get a chance with a more objective review process?

The only reasonable explanation for the extreme caution in the screening process at the loan officer level is that future careers of loan officers are determined in part by the default rate on applications they accept and recommend for approval to the loan committee. Further, loan officers are reluctant to accept applications which in their view will be rejected by the loan committee, since this reflects adversely on their judgment and may hold back career advancement.

Subjective analysis of the potential borrower's credit worthiness is turned into a discriminatory barrier by cultural differences and racism. The vast majority of mortgage loan officers are white, male, English-speaking (only) and have a middle-class background. The norms which are used to measure subjective criteria in risk evaluation often don't apply to a minority culture. How comfortable is a white loan officer in approving a loan application for a minority family? The answer can be found by comparing the speed with which a loan application is approved for a white family compared to a black family. It is common practice for banks to hold up mortgage approval for blacks until the closing costs and down payment money can be verified on the applicant's account.

One real estate company interviewed stated they had come to expect that a minority family will take an average of at least three working days longer to pass through the mortgage application process. There is no way Education/Instrucción can estimate how many minority prospects never got to make a formal application because they were discouraged from applying on the basis of the officer's subjective judgment.

Each lending institution has a set of guidelines which are applied to applicants to determine credit worthiness. The most common formula is the ratio of monthly payments to monthly income.

A common formula which lenders use is that one week's income should be equal to or greater than the monthly mortgage payment. Hartford lenders vary widely in the required maximum ratio of monthly payment to income.

Some institutions maintain no official policy on the ratio of monthly payment to income. For these lenders the decision regarding an "acceptable" ratio is up to the individual loan officer. Most loan officers are in a position to judge an acceptable ratio based on their experience and training, but without official policies or guidelines, it is difficult to hold them accountable. For these institutions, the apparently objective criterion of monthly payment to income can easily be applied subjectively.

Two institutions with the most liberal ratios -- one bank and one savings and loan association -- require that one week's gross income equal the principal interest, taxes, and insurance (PITI). Other institutions use ratios based not only on PITI cost but on total housing expenses, including heat, utilities and maintenance, in relation to gross income. The "permissible" ratio differs (some banks use 25% as the ratio, and others use 35% and 30%). Some institutions use ratios of net income to housing payments in assessing applicants.

Thus there is little consistency among the lending institutions regarding the ratio of monthly payment to monthly income. There also is some inconsistency in this regard among the different offices of the same institution.

In addition to the inconsistent application of the monthly payment to income ratio among Greater Hartford lenders, there also is inconsistency in the definition of the basic term, income. In Hartford, as elsewhere, lenders define family income in some manner. Generally, income can include salary earned by the primary borrower and secondary borrower, commissions, overtime pay, and bonuses. All Hartford lenders agree that the income of the primary borrower should be stable, reliable, and have reasonable prospects for continuation. These same criteria apply to the income of the secondary borrower. The conditions under which overtime pay and income from second jobs are counted, however, are not uniform among the institutions.

Some institutions allow overtime and second job income as effective income provided that the same criteria as applied to the primary job are met. Some institutions do not necessarily allow such income to be counted even if the criteria are met. Each case is treated individually and the basic criterion of income becomes less susceptible to objective definition.

The failure of Hartford lenders to accept on a consistent basis income from these sources necessarily has a discriminatory effect on minority families seeking mortgage finance. FHA, by contrast, accepts overtime pay as part of income when such pay is characteristic of the job. FHA also accepts income from a second job if the job has been over a substantial period of time and is expected to continue during the early period of the mortgage.

One real estate company interviewed by Education/Instruccion recently had a minority family rejected by two lending institutions because the institutions would not count overtime pay. Overtime pay had been \$3,000 per year for several years. The prospective borrower was to get more than that during the current year. The applicant withdrew his/her offer on a home and moved to an expensive rent, which will cost him/her more than the monthly mortgage payment would have been on the home.

Many families are rejected because the secondary income is not counted in full. Lending institutions can discriminate by simply combining a conservative payment/income ratio with a conservative definition of "income". Many minority families trying to break out of the lower economic conditions of their community are working two or three jobs per family. Banks which don't count part-time or female employment as part of the family income will effectively eliminate most minority applicants.

Mortgage lending criteria followed by Hartford mortgage lenders encourage sex discrimination. Under these criteria, women are automatically considered suspect risks. If married and working, their incomes are usually discounted in determining the family's eligibility for a mortgage. The family's chances for a mortgage loan will be decided largely on the basis of the husband's financial status.

If unmarried, women are viewed with great skepticism regardless of their professional background or work experience. Female "heads of households", who are separated or divorced, face unfavorable treatment by lenders because of the suggested ambiguity of their legal status and the social stigma traditionally attached to their position.

Female earnings for the Hartford SMSA in 1970 were only 47 per cent of male earnings. The ability to purchase a house depends directly on household income; therefore, women of Spanish, black or white identity are at a severe disadvantage when compared to their male counterparts. The impact of discrimination is felt double by black and Spanish women. They suffer, as do white women, on the basis of their sex. However, they are also penealized because of their race.

Sex discrimination in mortgage lending is not nearly as difficult to detect as discrimination on the basis of race or ethnic origin. Much of it is based on what lenders consider prudent and objective criteria. In Hartford, as elsewhere, sex discrimination is part and parcel of official bank policy.

The refusal to credit the working wife's income is based on the assumption that to do so would increase the risk of default and subsequent foreclosure. There is no evidence to support this assumption. In fact, to date no studies have been conducted for this crucial variable. Lenders also take into account the type of job a working wife holds. The income of women categorized as "professional" by lenders is counted more readily than that of women whose jobs are considered "non-professional".

A primary consideration in mortgage loan underwriting is the female wage earner's age. This is directly related to the "probability" of child-bearing. For example, a married woman in her twenties generally would not have more than 50 per cent of her income counted because of the likelihood that she will bear children and leave the labor force. By contrast, 75 per cent and more of the income of a married woman in her late thirties might qualify.

In addition to the age of the wife, the number and ages of children living at home are also considered. Lenders assume that families with young children will have additional children and discount the working wife's income accordingly. There are, however, exceptions. A married woman, even in her twenties, with no children may have all her income counted, with certain documentation. This documentation, known in the lending trade as a "baby letter", consists of a physician's statement which attests to her or her husband's sterility, their use of approved birth control methods, or their willingness to terminate pregnancy.

Because of the absence of uniform institutional policy, the requirement of a "baby letter" depends entirely on the attitudes of individual loan officers. Some require the "baby letter" as a precaution to crediting all the income of a young wife.

Working wives with preschool age children are the least likely of any female group to have their income fully counted towards maximum mortgage allowance. Lenders raise questions and make determination relying on their own assumptions about the likelihood of more children, the costs of child care, and the length of time spent away from the job after childbirth.

Hartford lenders appear reluctant to count more than 50 per cent, if that, of a young mother's income, predicting that she will again become pregnant and drop out of the work force for at least a year during the early mortgage period.

The case of one young Hartford couple clearly illustrates the effect this policy has on ability to purchase a home. The husband, 23 years of age, was a fifth grade teacher who earns an annual salary of \$8,574. His wife, 22 years of age, was a secretary earning \$5,600. They had two children, one 5 years old and one an infant.

The couple contacted a Savings and Loan and applied for a \$16,150, 8 per cent, 30 year mortgage on a house for which the contract sales price was \$17,000. The wife was not then employed. Although the application was approved by Mortgage Guaranty Insurance Corporation (MGIC), it was subsequently rejected by the lender because the husband already was co-signer on an automobile loan for his brother.

Two months later, having removed his name as co-signer on the auto loan, the couple reapplied to the Savings and Loan. By this time, the wife had assumed a position as a full-time secretary with a large institution. Several weeks later they received a second notice of rejection from the Savings and Loan. This time, the reasoning was that the wife was young, in her childbearing years, and, therefore, likely to become pregnant and drop out of the work force.

This case illustrates the perplexing, sometimes erratic, behavior of mortgage lenders in processing applications for married couples. The fact that the application initially was approved by MGIC, although subsequently rejected by the lender, suggests that the couple was, at worst, a marginal risk for the mortgage they sought, even though the husband was subject to a liability as a co-signer on an auto loan and the wife was not then working.

Appraisal

One additional qualification barrier must be discussed which tremendously affects racially integrated neighborhoods: appraisal.

The most common approach is the "fair market value" determination. The appraiser looks at 1) what has been paid for similar homes over a period of time and 2) the characteristics of the neighborhood. In essence, the appraiser attempts to second-guess what is going to happen to that house in that neighborhood.

Any basic real estate textbook defines the elements to be evaluated:

1. physical deterioration
2. functional obsolescence
3. economic obsolescence

A textbook used by many real estate courses addresses the most serious problem in appraisal for integrated neighborhoods:

"Economic obsolescence is the impairment of desirability or useful life of property arriving from economic forces. Although the property owner may limit to a large degree both physical depreciation and functional obsolescence, he has little or no control over economic obsolescence. Economic obsolescence has to do with changes of the neighborhood and is probably the greatest cause of loss in value of property. It is an external factor that causes loss of value. This is usually brought about by a running down of the neighborhood causing it to lose character...

For example, a factory may be erected in the residential neighborhood, or an expressway may be constructed All of these things make up economic obsolescence with its consequent loss of values to homes.

In the final analysis, it is the judgment of the appraiser in weighing the above factors that enable him to reach a figure representing the accurate rate of depreciation."

p. 601, Real Estate Principles and Practices, by Maurice A. Under, Southwestern Publishing Co., 1969

Although textbook presentations in real estate courses refuse to deal with the issue of race and discrimination, it is clear that the presence of minority homeowners in the neighborhood is viewed by many appraisers as an "external factor" which produces economic obsolescence - the same type of economic myth discussed in Report Seven (p.130) and the recurring and racist self-fulfilling prophecy caused by "steering" and "blockbusting".

Recently, a major bank refused to mortgage a house in the Blue Hills (multi-racial) section of the City of Hartford because it was a "depressed neighborhood". The particular house happens to be on a street which has a State Representative, two Board of Education members, a City Councilman, a middle-school principal, a college administrator, the Editor of a major newspaper, etc. living on it. The two Realtor firms involved did not want to challenge the grounds for refusal for fear of hurting their relationship with the bank.

The following statement from a Hartford-based Realtor unmasks the statistical and "economic" game banks are playing with appraisals:

We find that appraisals in integrated neighborhoods are more "conservative" than in all-white neighborhoods. In all-white areas the house values tend to go up very fast so the

appraiser is not so worried. Appraisers feel the bank will have trouble selling foreclosed property in integrated neighborhoods and so they come up with conservative evaluations to protect the bank's position.

But some appraisers are more "conservative" than others and there's no scientific formula to determine what the appraiser should do exactly. He can't use cost replacement value because then the house would appraise at twice what they are selling for ...

In Hartford, the general practice is that a real estate broker will meet the appraiser at the home which is being appraised. The appraiser will ask the broker what the sales price is. Actually, there is no need for the appraiser to know the sales price except to help him appraise the property. We have found that when we don't meet the bank appraiser at the house, he comes in with an appraisal which is below the amount offered for the property. The appraised value has varied between \$500-\$3,500 low. A phone call to the bank and an argument changes the appraisal to the exact amount of the sales price.

The appraisal process is a game which is another way of saying the bank really doesn't know what property is worth in an integrated neighborhood.

It is simple to see that the system already exists to combine conservative income ratio requirements and conservative appraisal guidelines to expand and contract the number and amount of mortgages written in integrated neighborhoods and areas of high minority concentration...in subtle but devastating fashion.

Is this being done? Has it been done unknowingly? Is it conscious manipulation?

Only the lending institutions have or can get the statistics. Public disclosure of such figures is absolutely necessary to protect the interests of the general public. Where is the State Banking Department involvement in such a vital matter?

Answer: Blindfolded, tongue-tied and uninterested.

Section 29: Violations of Nondiscrimination Requirements

Section 26 described in detail what the federal regulatory agencies have done to deal with discrimination. Their past action has been inadequate. Lack of monitoring has permitted the lending industry to flaunt even the lowest level of compliance with nondiscrimination requirements.

Federal regulations require equal opportunity statements in any form of advertising relating to house purchase, improvement or maintenance.

Federal regulations require the conspicuous display of equal lending logotypes in the public areas of each office where deposits are received and loans made.

Blatant examples of violations to these minimum requirements are easy to give. Look at the Commercial Record (Connecticut's Weekly Business Newspaper) or the "yellow pages" of the Book of Names (Southern New England Telephone Co. Directory) as two good collection points for lending advertisements. As an example, the following illegal advertisements appear in the Commercial Record, the yellow pages and newspapers:

SAVINGS BANK ACCOUNTS — MORTGAGE LOANS HOME IMPROVEMENT LOANS



THOMASTON . . . WATERTOWN
TERRYVILLE
MEMBER: FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Savings & Mortgage Service



Southington SAVINGS BANK
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

121 MAIN STREET, SOUTHINGTON (Next to Post Office) PHONE 628-0351
Parkade Office: 744 Queen St. (Route 10) 628-5503
South End Office: Route 6A 628-0927



FARMERS and MECHANICS SAVINGS BANK
Middletown, Conn. Tel: 346-9677
Colchester, Conn. Tel: 537-2319
Montville, Conn. Tel: 848-1208
Mortgage — Home Improvement — Personal Loans
Member-Federal Deposit Insurance Corp.

BERLIN SAVINGS BANK

Kensington, Conn.

ORGANIZED 1873

MORTGAGE LOANS • SAVINGS ACCOUNTS
LIFE INSURANCE

HARTFORD NATIONAL BANK & TRUST LOANS

Loans For Almost Any Purpose
Mortgage-Home Improvement
Conventional-Collateral
Passbook

"FOR INFORMATION CALL"

Hartford National Bank & Trust Co
Head Office: 777 Main — 547-2000
Branch Offices:
Avon Office: 255 W Main Avon — 547-4140
Bishops Corner Office: 2523 Albany Av WH — 547-2440
Bloomfield Office: 333 Cottage Grove Rd Bimfid — 547-2600
Conn River Office: 10 Central Row — 547-4275
Constitution Plaza Office: 100 Constitution Plaza — 547-2320
East Hartford: 1085 Main EH — 547-4220
Elmwood Office: 1114 New Britain Av WH — 547-4240
Farmington Av Office: 70 Farmington Av — 547-2420
Farmington Village Office: High Farmington — 547-4003
Jefferson St. Med Bldg Office: 85 Jefferson — 547-2313
Newington Office: 3180 Berlin Tpk Newington — 547-4437
Northwest Office: 410 Homestead Av — 547-2406
Silas Deane Office: 1039 Silas Deane Hgway Weth — 547-4294
Silver Lane Office: 794 Silver Lane EH — 547-4244
State Capital Office: 60 Washington — 547-2727
Unity Plaza Office: 273 Barbour — 547-2870
West Hartford Center Office: 1010 Farmington Av WH — 547-4210
Wethersfield Office: 655 Wethersfield Av — 547-2050
Windsor Center Office: 270 Broad Windsor — 547-2430
Bradley Windsor Office: 2133 Poquonock Av Windsor — 547-2700
First Manchester Office: 595 Main — 547-4327
Middle Turnpike Office: 320 Middle Tpk W Manchester — 547-4310
Manchester Green Office: 621 Middle Tpk E Manchester — 547-4316
North Manchester Office: 220 N Main Manchester — 547-2658
Quick Loan Centers:
West Hartford Center Office: 1010 Farmington Av WH — 547-2750
Middle Turnpike Office: 320 Middle Tpk W Manchester — 547-4310
Unity Plaza Office: 273 Barbour — 547-4033
Torrington Parkade Office: 474 Winsted Rd. Torrington 489-4191

MECHANICS

**...MORE THAN
JUST A PLACE
TO PUT
YOUR MONEY**

At Any of 7 Convenient Offices

Save your way:

- Regular Passbook Savings
- Investment Savings
- Certificate Savings
- Christmas Clubs
- Vacation Clubs

Borrow for:

- Home Mortgages
- Home Improvement
- Vacation
- Automobiles
- Education
- Boats, Snowmobiles, Appliances

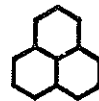
One Book — Any Office

80 Pearl Street, Hartford	525-8661	156 Broad Street, Windsor	688-6435
202 Farmington Avenue, Hartford	522-7258	Copaco Shopping Center Cottage Grove Road Bloomfield	243-9791
Park St. at Lawrence, Hartford	246-5436	124 LaSalle Road, West Hartford	233-2673
1126 New Britain Avenue, Elmwood	236-4231		



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SAVINGS
BANK**

MEMBER FDIC
HARTFORD, CONNECTICUT



New Britain Bank and Trust Company

CHECKING ACCOUNTS • MASTER CHARGE • SAVINGS
ACCOUNTS • PERSONAL LOANS • BUSINESS LOANS
MORTGAGE LOANS • FULL TRUST SERVICES
SAFE DEPOSIT BOXES • AUTO LOANS • DRIVE-IN
WINDOWS

MAIN OFFICE:
235 MAIN ST.
NEW BRITAIN

New Britain

229-0381

Member F.D.I.C.



173

ROCKY HILL
2270 SILAS DEANE HIGHWAY

529-7435

NEWINGTON
112 MARKET SQ., NEWINGTON

666-1468



Member F.D.I.C.

The

Guaranty

BANK AND TRUST COMPANY

MAIN OFFICE: 157 MAIN ST., HARTFORD
278-0730

Checking Accounts - High Interest Savings Accounts
Personal - Business - And Mortgage Loans - Night Depository - Drive-In Windows

BRANCH OFFICES: 632 Franklin Avenue, Hartford - After Hours 278-0669
91 Park Road, West Hartford - After Hours 278-0359
1245 Farmington Avenue, West Hartford - After Hours 278-0249
ALL BRANCH OFFICES OPEN FRIDAY EVENINGS TILL 7:00 P.M.
Mailing Address P.O. Box 1357, Hartford - Established 1929



After Hrs. • WILSON BRANCH • GRANBY BRANCH
Windsor 688-8454 • Windsor 688-8265

SAVINGS ACCOUNTS

- HOME LOANS
- HOME IMPROVEMENT
LOANS

3 Locations To Serve You

250 BROAD ST., WINDSOR

Windsor **688-8511**

258 WINDSOR AVE., WILSON
1 BANK ST., GRANBY

ALL OFFICES OPEN DAILY
9 A.M. TO 4:30 P.M.
FRIDAYS 9 A.M. TO 8 P.M.
GRANBY OFFICE
OPEN SAT. 9 A.M.-12 P.M.

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AVON OFFICE
COMPLETE ONE STOP BANKING

- SAVINGS ACCOUNTS • MORTGAGES • HOME IMPROVEMENT LOANS
- PERSONAL LOANS • SAVINGS BANK LIFE INSURANCE • CHRISTMAS
& VACATION CLUBS • SAFE DEPOSIT VAULT • TRAVELERS CHECKS
- BANK MONEY ORDERS • TV DRIVE IN WINDOW

WINSTED OFFICE

86 Main St.
Winsted
379-3318
WINSTED

AVON OFFICE

20 W. Main St., Avon
677-2809
FARMINGTON

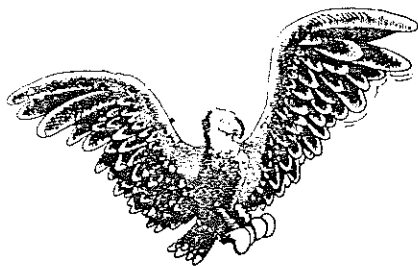
FOOTHILL PLAZA OFFICE

New Hartford
693-8397
CANTON

Rates reduced on storm damage loans.

To help you repair the damage of the devastating ice storm, we've reduced our rates on special storm damage loans. Whatever you need--new pipes, new furnace, roof repair, anything damaged as a result of the storm--we'll help you get it.

First Federal Savings. We're trying harder to get our community going again.



First Federal Savings

EAST HARTFORD
289-6401

GLASTONBURY
633-9423

ROCKVILLE
875-6233

SILVER LANE
289-6401

VERNON
875-6233

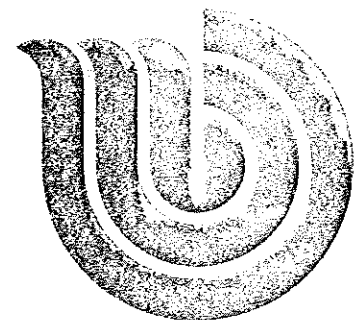
SOUTH WINDSOR
644-1501

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- realistic commitments
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MECHANICS
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80 Pearl Street
Hartford, Connecticut 06103

One further point about advertising or non-advertising is important to understand. Many bankers feel that because they do not advertise for mortgage loans, their organizations are not involved in discrimination. (Such institutions depend upon word-of-mouth referrals and, evidently get all the customers they need or want this way.) How ridiculous! How typical of the racist and sexist lending mind:

Unequal access to lending information and services
is the obvious result of word-of-mouth referrals
taking place within:

- a nearly all-white work force
- a nearly all-white stockholder group
- a nearly all-white group of regular customers
who live in segregated housing clusters and
socialize in de facto segregated clubs, churches,
synagogues, stores, parks, etc.

Banks disregard minimum federal requirements for logotype display. In mid-April, 1974, a random survey of bank offices was taken in Greater Hartford and the City of New Haven. A total of 75 offices were visited which included 20 different institutions. Locations outside the City of Hartford were Bloomfield, Simsbury, Avon, Vernon, South Windsor, and Tolland. Of the 75 offices visited, 32 failed to have Equal Opportunity Lending displays visible to the public. The City of Hartford survey found 11 offices that failed to have logotypes displayed out of 29 offices visited. The New Haven survey included 14 offices in which 4 failed to display logotypes.

The following office locations were found in violation of federal regulations:

Charter Oak Bank & Trust
90 Pearl St., Hartford

Connecticut Bank & Trust
Rockville Branch
414 Asylum St., Hartford
147 Washington St., Hartford
701 Blue Hills Ave., Hartford
1075 Asylum Ave., Hartford
Avon Branch, Route 44

United Bank & Trust
Barry Square Branch, Hartford

Savings Bank of New Britain
Hop Meadow, Simsbury

Vernon National Bank
Vernon Circle, Main Office
Dart Hill Branch, Vernon
Northeast Branch, Vernon

First New Haven National Bank
1 Church Street, New Haven

Second New Haven Bank
College Plaza Branch, New Haven