



FAIR HOUSING CENTER of the LEGAL AID SOCIETY OF SAN DIEGO, INC.

FAIR HOUSING NEWSLETTER

Mortgage Lenders Discriminate Against Mothers on Maternity Leave

The federal Fair Housing Act, 42 U.S.C. 3601, et seq. protects tenants and homebuyers from housing discrimination based on several protected classes. The protected classes are race, color, religion, sex, familial status, national origin, and disability.

Since 2010, the Department of Housing and Urban Development (HUD) has consistently received complaints submitted by women who were denied or delayed a home loan because they were on maternity leave.¹ The lending industry continues to discriminate against women on maternity leave when considering their income for the purposes of obtaining a home loan. This form of discrimination can be brought under two protected classes: sex and familial status.² It could also be intentional or disparate impact theories of discrimination.

It is also important to note that mothers may not be the only ones affected by the lenders' discrimination. The same policy of not approving loans with applicants on maternity leave could also apply to any parent on parental leave.

Example 1

Complainant applied for a mortgage with Primary Residential Mortgage, Inc. Complainant was on

extended maternity leave because of complications during child birth. Complainant had three temporary disability policies and provided the documentation to the bank. The bank stated that she was a "good risk" and would approve her loan application once she returned to work. The bank maintained that Complainant did not provide enough documentation showing verifiable income. This complaint settled and Complainant received \$13,000 and injunctive relief requiring the loan officers to attend fair housing training and to adopt a new policy regarding loan applications with people on parental leave.³

Example 2

Complainant was denied a home loan from Cadence Lending/Waterstone Mortgage while she was on maternity leave. Complainant along with her realtor were told Complainant's loan would not be approved until she returned to work because "mothers don't go back to work." This complaint was settled requiring Cadence Lending to pay \$15,000 to Complainant, \$5,000 to her attorney, \$2,625 to her Realtor, \$875 to the Realtor's attorney, and \$3,500 to the homeowner.⁴

For More Information please call:

The Legal Aid Society of San Diego, Inc.



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¹ https://www.hud.gov/topics/fair_lending

² Familial status not only includes households with minor children, but also pregnancy.

³ HUD FHEO Case No. 03-12-0038-8, conciliation agreement available at

<https://www.hud.gov/sites/documents/13CONCILIATIONAGREE.PDF>

⁴ *Waterstone Mortgage Agrees to Pay \$27,000 to Settle Maternity Leave Discrimination Claims Over Round Rock Home*, HUD press release available at <https://archives.hud.gov/local/tx/news/pr2012-08-01.cfm>