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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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**Justice Department Reaches Settlement with First
United Security Bank of Thomasville, Alabama,
Regarding Alleged Discrimination in Lending**

Settlement Ensures Equal Lending Services to African-Americans

WASHINGTON – First United Security Bank of Thomasville, Ala., will invest more than \$600,000, open a new branch in an African-American neighborhood in west central Alabama and take other steps as part of a settlement to resolve allegations that it engaged in a pattern of discrimination on the basis of race, the Justice Department announced.

The settlement was filed today in conjunction with the department's complaint in federal court in Mobile, Ala. The complaint alleges that the bank charged African-American borrowers higher rates than similarly-situated white borrowers on home mortgage-related loans. The complaint also alleges that the bank has unlawfully failed to provide its lending products and services on an equal basis to majority African-American areas in west central Alabama, a practice known as redlining. The lawsuit is brought under the federal Fair Housing Act and the Equal Credit Opportunity Act.

Under the agreement, which remains subject to court approval, First United Security Bank is prohibited from discriminating on the basis of race or color in any aspect of a residential real estate-related or credit transaction.

"Every person deserves the comfort of knowing they will not be subjected to discrimination because of their race when they borrow money to buy a home or another major purchase. A lending institution must treat all potential borrowers equally, regardless of their race or the racial composition of their neighborhood, when deciding to offer its loan services and in determining the rates charged on its loans," said Loretta King, Acting Assistant Attorney General for the Civil Rights Division. "We commend First United Security Bank on working cooperatively with the department on today's settlement, which will ensure fair treatment of African-American borrowers and neighborhoods."

"For families and small businesses in the Southern District of Alabama, having access to credit on terms available to the general public is vital to confront everyday challenges, let alone those made more acute in this economic environment. This office will respond robustly to protect a person's access to fair credit," said Acting U.S. Attorney Eugene Seidel for the Southern District of Alabama.

Under the settlement, First United Security Bank will open one new branch and expand existing operations in majority African-American areas of west central Alabama. The bank will also invest \$500,000 in a special financing program, and spend more than \$110,000 for outreach to potential customers, promotion of its products and services and consumer financial education in these areas.

The lawsuit originated from a referral from the Federal Deposit Insurance Corporation (FDIC), the bank's regulator, regarding the pricing discrimination issue. First United Security Bank cooperated fully with the department's investigation into its lending practices and agreed to settle this matter without contested litigation. A copy of the complaint against First United Security Bank and the Agreed Order for Resolution between the United States and the Bank, as well as additional information about fair lending enforcement by the Justice Department, can be obtained from the Justice Department Web site at <http://www.usdoj.gov/fairhousing>.

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