

# Settlement reached in redlining lawsuit against Old National Bank

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Evansville-based Old National Bank has settled allegations of redlining against Black residents in Indianapolis, agreeing to originate more than \$27 million in loans to qualified Black applicants and contributing more than \$3 million to create programs to help Black homeseekers secure mortgages and to invest in majority-Black neighborhoods.

Also, Old National has agreed to assess potential redlining in other cities within the next three months. The bank will retain a consultant or law firm to evaluate its lending practices to Black and Hispanic applicants and in majority-Black and Hispanic census tracts in Evansville and Fort Wayne along with Louisville, Kentucky and Minneapolis, Minnesota.

The settlement [agreement](#) between the Fair Housing Center of Central Indiana and Old National Bank was announced Dec. 16 and will remain in effect for three years.

“The agreement announced today will counteract lending disparities for Black homeseekers in Marion County by providing needed mortgage lending opportunities, bank branches, neighborhood stabilization grants and fair lending education,” Amy Nelson, executive director of FHCCI, said in a press release. “The FHCCI and ONB have created a guide for other financial institutes to address their own disparities and ensure fair lending opportunities for all.”

In October, the Fair Housing Center filed a [lawsuit](#) in the U.S. District Court for the Southern District of Indiana asserting Old National was discriminating against Blacks in its mortgage lending practices in Marion County. The complaint, *Fair Housing Center of Central Indiana, Inc. v. Old National Bank*, 1:21-cv-02594, accused the bank of violating the Fair Housing Act by limiting Black residents’ access to mortgage credit and discouraging Black residents from seeking mortgages.

Old National denied any wrongdoing in the settlement agreement and, in a statement, highlighted the partnerships and grants it has made to community organizations in Marion County.

“We are deeply honored to serve our Indianapolis community, and over the past three years, have provided more than \$1.7 million in grants and sponsorships to local community partners with a focus on strengthening underserved and low-income

neighborhoods,” Old National chairman and CEO Jim Ryan said in a press release. “Our partnership with the FHCCI furthers this commitment by focusing attention on the banking and borrowing needs of Marion County residents in majority-minority and underserved neighborhoods.”

Under the terms of the settlement, Old National has agreed to take steps to make mortgages more accessible to qualified Black applicants and residents in majority-Black census tracts in Marion County.

The bank will invest a minimum of \$1.1 million into a loan subsidy program which will provide the targeted borrowers with up to \$10,000 to help cover down payments, mortgage insurance premiums, and closing costs. Also, Old National will originate at least \$20 million in mortgages in majority-Black areas in Indianapolis through the development of the Special Purpose Credit Program, which is intended to help the targeted applicants qualify for loans that are more affordable than terms generally available from the Old National.

Furthermore, the bank will expand its Home Manager Mortgage product, which allows for loans with a loan-to-value ratio of up to 97% with no private mortgage insurance requirement. The program’s guidelines have been revised to increase eligibility.

In addition, Old National will originate \$7.5 million in loans for the development of new multifamily housing in Indianapolis that will be affordable to individuals and families earning less than 60% of the area’s median income. Plus, the bank will contribute \$1.3 million in grants to support neighborhood stabilization and homebuyer education as well as home repair and rehabilitation.

The redlining assessments in other cities will include a review and possible recommended revisions of the bank’s fair lending policies and practices as well as an analysis of Home Mortgage Disclosure Act data to identify the loan applicants and originations by race and national origin. After the assessment is completed, Old National will discuss the finding and future actions with the FHCCI

“The FHCCI thanks Old National Bank for reaching this agreement,” Nelson said, “and we encourage other area lenders to ensure they are meeting the mortgage needs of the underserved and those still living with the historic disparities that have kept far too many Hoosiers of color from the opportunity of homeownership.”

Representing FHCCI in this litigation were Russell Cate and Matthew Keyes of RileyCate LLC in Fishers, and John Relman, Glenn Schlactus, Sara Pratt, and Alexa Milton of Relman Colfax PLLC in Washington, D.C.

The federal court’s docket did not identify the attorneys representing the bank.

Old National has agreed to pay \$125,000 to FHCCI and \$375,000 to Relman Colfax to cover attorney fees and other costs. Also, the bank will make a \$350,000 donation to FHCCI to support fair lending education programs in Indianapolis.

“Old National’s commitment to Marion County – which is part of an overall approach to community outreach and engagement that included investing \$6.8 million within our footprint in 2020 through sponsorships and grants – truly speaks for itself,” Ryan said. “We’re excited to be working alongside the FHCCI to further our commitment to the great City of Indianapolis and to continue our service to the entire community by providing solutions and support to a long-standing community issue.”