

# Redlining act to help suburbs too, backers say

By MICHAEL MATUSZEWSKI  
Redlining.

It's an obscene word to city dwellers.

But according to the chairman of the statewide drive to end the denial of loans and essential insurance solely on the basis of geographic location, it should be equally obnoxious to suburban homeowners.

"The suburbs? Certainly they're being redlined," said Erna Henderson, chairwoman of the Statewide Coalition on Redlining and president of Detroit City Council.

"The so-called decaying neighborhoods in the suburbs as well as the neighborhoods of Detroit are being redlined," she said.

ATTEMPTS WERE MADE several years ago to redline portions of the Grosse Pointe area, said state Rep. William R. Bryant Jr. (R-Grosse Pointe Farms). Bryant sponsored the bill which will become law July 1, prohibiting banks and other lending institutions from denying loans solely because of the location of a house or neighborhood.

"It's a problem that's not only relevant to the City of Detroit," Bryant said. "It's a problem relevant to any community that's been around for 50 years or so."

WHILE THE POINTES, which are sandwiched between Detroit and the Detroit River, have had problems with redlining, other suburbs say they have been untouched.

Redford Township also borders Detroit but has had no specific problems as far as redlining is concerned, said Supervisor Patrick McDonald.

"I haven't heard any complaints from residents that they've had problems getting loans," McDonald said. "In fact," he continued, "the real estate people tell us it takes only four days to sell a home in Redford."

McDonald admitted, however, that the township had run-ins with several real estate firms which, he said, were using blockbusting tactics in neighborhoods where minorities had purchased homes.

THE NEW LAW, touted by Mrs. Henderson, the coalition and Bryant as the strongest anti-redlining law in the nation, will attempt to come to grips with the problem.

While the Michigan Mortgage Practices Redlining Law allows banks and other lending institutions to deny mortgage and home improvement loan applications, it does not allow denial because of where a house is located.

Under the law's provisions, banks would be required to inform loan applicants of the criteria to be used in evaluating their application. In the Detroit metropolitan area, the criteria would be uniform, Bryant said.

One of the law's more important provisions, according to Mrs. Henderson and the coalition, is that banks be required to fully document the reasons behind the denial of a mortgage or home improvement loan.

THE ACCEPTABLE reasons for denying a loan application have been severely limited, Bryant said.

Banks no longer can consider just the age of the structure or the ethnic or racial trends of a neighborhood, he said. The law, he said, closes off arbitrary decision making.

The law still leaves the banks some leeway, though.

"You can't ask the banks to ignore the facts of life," Bryant said.

Bryant said the legislature could not force the banks to grant a mortgage for a property that was surrounded by abandoned properties, for example.

IN THE CASE where a loan application is denied, however, a person can appeal that decision to the local mortgage bureau. If unsatisfied by its

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—State Rep. William R. Bryant

decision, he also can appeal to the state Financial Institutions Bureau. And, as a last resort, the homeowner can take the case to civil court, where if his claims are supported and evidence of redlining is found, the bank will be fined \$10,000 and ordered to make the loan.

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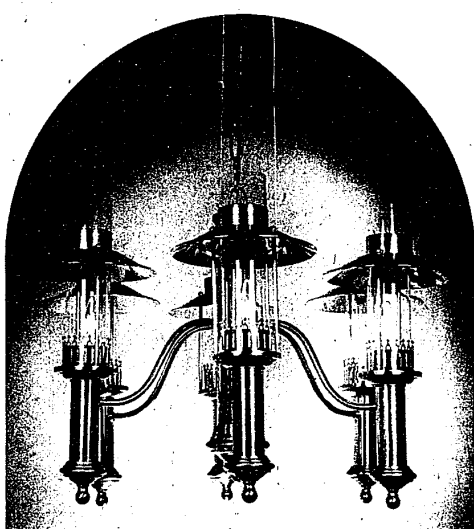
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law should be especially relevant to the older suburbs," Bryant said.

SUPPORTERS of the anti-redlining law argue that the banks have contributed to urban blight, Detroit's population loss and the growth of the suburbs through their redlining practices. "By their lending decisions in areas they thought were going to decay," Bryant said, "they caused the very things they predicted would happen."

"The insurance companies and real estate firms are putting a price on a person's dignity," said Steven Weiss, a member of the coalition. "They're saying 'This is a bad neighborhood. We won't insure you.' We want to restore your right to choose where you want to live."



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