

DOJ and State of Texas Announce Joint Settlement with a Private Land Developer for Allegedly Discriminating against Hispanic Consumers

February 11, 2026 | [Michael A. Goodman](#) and [Taylor A. Krowitz](#)

HIGHLIGHTS:

- DOJ and State of Texas announced a \$68 million settlement of ECOA and FHA claims against a private land developer (the "Developer") concerning an alleged pattern or practice of discriminatory lending practices and high foreclosure rates, in real estate offerings specifically marketed to Hispanic consumers.
- The Developer denied the allegations, but consented to a number of remedial measures, including building a new law enforcement facility for its developments, making infrastructure improvements, and participating in a default avoidance plan for borrowers.
- The settlement does not include restitution for harmed borrowers and the default avoidance plan does not apply to all borrowers, presumably because the DOJ alleged that the Developer's alleged actions supported "illegal immigration."

CASE SUMMARY:

In December 2023, the CFPB and DOJ filed a complaint in the federal district court for the Southern District of Texas against a Developer and its affiliates. The complaint alleges that the Developer, among other things, unlawfully discriminated against applicants on the basis of their race or national origin in violation of the Fair Housing Act ("FHA") and unlawfully discriminated against applicants on the basis of their race or national origin in violation of the Equal Credit Opportunity Act (ECOA), and its implementing regulation, Regulation B.

Specifically, the government alleged that the Developer misled borrowers about infrastructure on the lots it sold, targeted Hispanic consumers with "predatory loans" at rates approximately 8 points higher than the average fixed loan, engaged in an above-average rate of foreclosures against borrowers, and only provided transaction documents in English, despite advertising and marketing to Hispanic consumers in Spanish.

The Developer expressly denied all allegations, but to resolve the matter the Developer agreed to a \$68 million settlement and several remedial measures.

In a sign of the shifting priorities under the Trump administration, many of the claims brought by the

Biden administration were not addressed in the settlement agreement. Rather, the DOJ focused in on the Developer's "support of illegal immigration" through the alleged practice of providing mortgages to Hispanic consumers without requesting any documentation or determining their ability-to-repay the loan. In the DOJ's press release announcing the settlement, Harmeet K. Dhillon, assistant attorney general in the DOJ's Civil Rights Division, said "[t]his DOJ will go after all lenders, financiers, and land developers who participate in schemes which ultimately encourage illegal immigration."

In an unusual but hardly surprising turn of events, approximately one-third of the settlement, \$20 million, will go to building, funding, and equipping law enforcement facilities and personnel to patrol the Developer's subdivisions due to the allegations of increased crime there. In contrast, none of the \$68 million will be set aside for borrower restitution. However, as part of the settlement, the Developer agreed to participate in a default avoidance program, albeit one with a high barrier of entry that effectively prevents the most at risk borrowers from participating. Borrowers must have made 12 consecutive, full, on-time mortgage payments within the last five years, must have paid for at least \$10,000 in improvements to the property in the past 18 months, and must have installed utility taps to physically connect their property to water, sewer or gas mains.

RESOURCES:

You can review all of the relevant court filings and press releases at the [CFPB's Enforcement page](#).

- [Complaint](#)
- [Settlement Agreement](#)
- [Motion to Dismiss](#)

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