## THE REVIEW OF

## BANKING FINANCIAL SERVICES

A PERIODIC REVIEW OF SPECIAL LEGAL DEVELOPMENTS AFFECTING LENDING AND OTHER FINANCIAL INSTITUTIONS

Vol. 41 No. 9 September 2025

## FAIR LENDING IN THE FIRST 150 DAYS OF THE SECOND TRUMP ADMINISTRATION

In this article, the authors explore the shifts in fair lending regulation, supervision, and enforcement in the first 150 days of President Donald J. Trump's second term. The subjects discussed include: assault on disparate impact; rejection of diversity, equity, and inclusion programs; the future of special purpose credit programs; restructuring and reprioritization of CFPB; and appraisal bias.

By Olivia Kelman and Lanette Suárez Martin \*

The first 150 days of President Donald J. Trump's second term (the "Administration") have ushered in a sweeping recalibration of the federal government's approach to fair lending regulation, supervision, and enforcement. Under new leadership, the Department of Justice ("DOJ") and federal financial institutions regulators have implemented reforms that reshape the fair lending landscape. The Administration has pursued a combination of strategies, including issuing executive orders, redirecting and reprioritizing policy initiatives, abandoning investigations and enforcement matters, rescinding previously existing guidance, and more. This article examines the Administration's assault on the disparate-impact legal theory; the possible fair lending impacts of the Administration's rejection of diversity,

equity, and inclusion preferences and programs; the future of special purpose credit programs; the Consumer Financial Protection Bureau's ("CFPB") new fair lending priorities and pronouncements; and the recent actions of the Federal Housing Administration ("FHA"), U.S. Department of Housing and Urban Development ("HUD"), and DOJ relating to appraisal bias.

While these early developments offer important insights into the direction the fair lending pendulum is likely to continue to swing, the pace and scope of change is unprecedented. Financial institutions should closely monitor developments to evaluate evolving legal risks and ensure that business practices and fair lending compliance programs remain aligned to tolerances and goals.

\* OLIVIA KELMAN is a partner and LANETTE SUÁREZ MARTIN is counsel at Mitchell Sandler PLLC's Washington, DC office. They represent clients in government enforcement, litigation, and compliance matters, and regularly provide counsel on issues arising under the Equal Credit Opportunity Act, Fair Housing Act, Community Reinvestment Act, and consumer protection laws prohibiting deceptive, unfair and abusive practices. Their e-mail addresses are okelman@mitchellsandler.com and lmartin@mitchellsandler.com.

## IN THIS ISSUE

• ARTIFICIAL INTELLIGENCE MODELS IN FINANCIAL SERVICES: EMERGING ISSUES AND AREAS OF RISK, Page 119

September 2025 Page 107