# 1969 - 1978:

# Contract Buyers League

So then I would get up every Wednesday night and I would tell it: 'Tell your family and your friends, your neighbors, the people you work with, if they bought on contract, they should come out! "

RUTH WELLS, WHO BECAME A LEADER OF THE CONTRACT BUYERS' LEAGUE, TALKING ABOUT ITS BEGINNINGS IN MEETINGS AT PRESENTATION CHURCH IN LAWNDALE, ON CHICAGO'S WEST SIDE, SPRING 1968

It is impossible fairly to summarize in a few paragraphs the extensive litigation, in both federal and state courts, spanning more than 15 years, involving hundreds of African-American homeowners who were our clients. They purchased homes on the West and South Sides of Chicago after the end of World War II. On the West Side, sellers engaged in blockbusting-panic tactics, purchasing houses from frightened white owners with predictions that black buyers were moving into their neighborhoods and then selling them at highly inflated prices to unsophisticated black families. Owing to racial prejudice, African-American buyers were unable to obtain regular mortgage financing, because Chicago-area banks were unwilling to make mortgage loans to them, and the federal supervisory agencies were not authorized to take corrective action. As a result, these buyers were required to make significant down payments and sign contracts that extended for many years. The contracts provided that if the buyers missed a single payment, the sellers were entitled to declare the contracts terminated, retain all previous payments and repossess the homes. On the South Side, the homes were newly built, but were sold at similarly inflated prices on land contracts with the same harsh forfeiture provisions.

The firm filed two cases in federal district court in Chicago, one for the West Side buyers and the other for the South Side buyers. We also brought suit against the federal lending agencies, alleging illegal racial discrimination in refusing to provide mortgage financing.

To prepare the cases for trial, we held countless weekly meetings at West and South Side churches. The lawyers included Tom Sullivan, John Tucker, Dick Franch, John Stifler, Carol Thigpen, Jeff Colman and many others, including paralegals who served without fee. We were assisted by several Jesuit seminarians, including Jack Macnamara, the instigator of the CBL movement; the young lady who later became his wife; and two of the finest lawyers in Chicago, William (Bob) Ming and Thomas Boodell, Jr.

When we were unable to settle the cases or obtain a trial, the clients staged what became known as "holdouts" — they refused to make their monthly payments, thus risking foreclosure and eviction. Wide publicity followed. We sought relief from evictions from both the Illinois Supreme Court and then-Mayor Richard J. Daley. Many evictions were halted and settlements obtained. Eventually, we renegotiated contracts for more than 450 families, which yielded a savings to the buyers of at least \$7 million, or more than \$30 million in today's dollars.

RESIDENTIAL SECURITY MAP

SECOND GRADE

..COMMERCIAL (IMPORTANT RETAIL AND WHOLESALE AREAS)

UNDEVELOPED OR FARMLAND

- LEGEND

A FIRST GRADE

.. C THIRD GRADE

INDUSTRIAL

...D FOURTH GRADE

The CBL cases, which resulted in two jury trials and a bench trial in federal court, have been the subject of numerous news and magazine articles, several books, and master and doctoral theses. The publicity they engendered, including that related to the holdouts, contributed to the end of exploitive contract sales, the availability of mortgage financing for African-American home buyers, and significant restrictions on racial profiling in the housing market. Specifically, in addition to the savings obtained by our CBL clients, these cases were a major influence in bringing about a number of major reforms such as:

#### ILLINOIS EVICTION LAW

Changes to the Illinois eviction law that allow buyers to raise defenses for non-payment and remove the requirement that they post an appeal bond of one year's payment;

#### **ILLINOIS STATUTE**

Passage of an Illinois statute requiring contracts to be treated like mortgages;

#### HOME MORTGAGE DISCLOSURE ACT

Passage of the federal Home Mortgage Disclosure Act, which forces banks to disclose where they make their loans, thereby making it possible to prove that banks are racially discriminating in their lending policies;

#### **COMMUNITY REINVESTMENT ACT**

Passage of the federal Community Reinvestment Act, which by the early 1990s was responsible for the reinvestment of \$18 billion dollars in more than 70 U.S. cities.



### Contract Homebuyers' Lawsuit Opens In Federal Court Today



## Contract Buyers Hopeful As Court Trial Starts

By SHERYL FITZGERALD The opening skirmish of the Contract Buyers League suit against 81 installment land speculators and lending institu-tions ended favorably according to a League official.
While declining to go into specifics concerning the court appearance, Sidney Baker, president of the League told the Daily Defender Wednesday, that he is very eptimistic about the League's prospects in "I don't see how we can fail to win this one," Baker said. The 32 plaintiffs along with their lawyers, William R. Ming Jr., Aldus S. Mitchell, Thomas P. Sullivan and John G. Stiffler appeared before Judge Hubert Wills in U.S. District Court to request that the defendants be instructed to open their records to examination

The suit brought by the

Security Act.



SIDNEY BAKER

and 14th Amendments which courts to declare all install- the Southside, however, at this prohibit slavery, as will as the ment land contracts void and point we have no specific comanti-trust laws and the Federal return to the plaintiffs all mon-ments to make. ies paid under the agreeby contributing to the main- Baker declined to comment is well into its second month tenance of the segregated resi- on rumors that other suits will Approximately 332 homeowndential patterns prevalent in soon be brought against sim- ers on the South and Westsides Chicago, the defendants reduc- ilar agencies on the Southside, have withheld over \$80,000 in ed them to the level of eco- saying: "We have been studying the The next scheduled court ap-In an unprecedented action, possibility of bringing action pearance in the case is Feb the plaintiffs are asking the against certain developers on 17, in Judge Wills' court.



Reproduced with permission of the copyright owner. Further reproduction prohibited without permission

America's Only ABC Negro Daily **Delay CBL hearings** 

# Justice eludes 300 home buyers

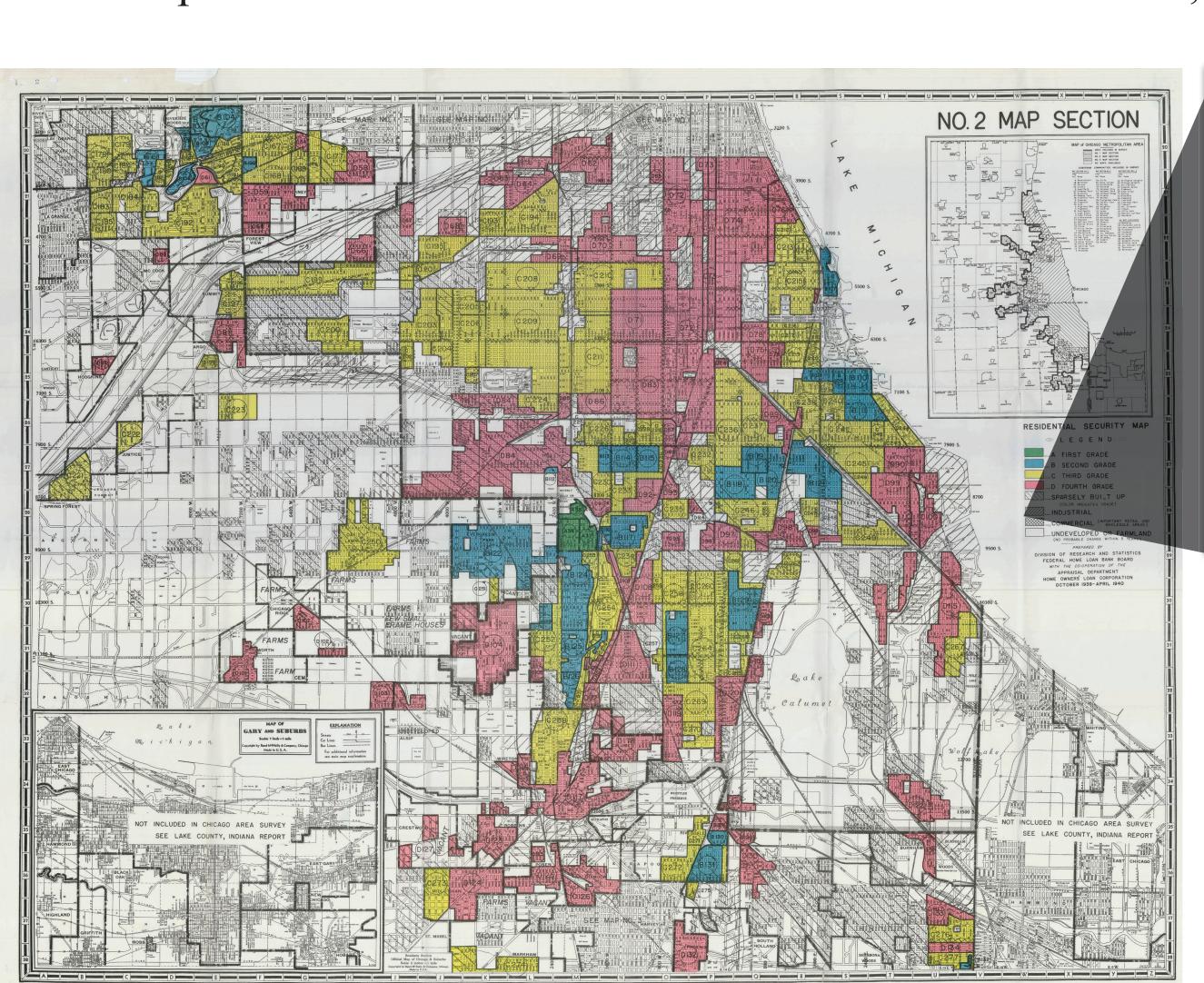
Some 300 Westside dominantly white jury and suaded to buy homes at in-homebuyers, all members of feared its members were ill flated prices, make exorthe Contract Buyers League, equipped to understand CBL bitant interest payments, and (CBL) will have to wait a charges. little longer for justice. The The delay could also ditions—simply because they long awaited trial of the provide time for more of the could not purchase homes on financial institutions and defendants to agree to out-of- the open market. According contract sellers who court settlements. Two weeks to Clyde Ross, CBL allegedly bilked them out of ago, on the first day of pre- president, the practice millions between 1958 and trial motions, 15 of the ac- amounted to "Northern 1962 has been postponed cused firms, including the sharecropping', and again—until Sept. 8. The dealy was announced Insurance Corp., backed eventually lost or deserted? by U.S. District Judge Frank away and consented to their property. McGarr because of renegotiate contracts, lower "scheduling problems," even payments, or make flat cash though a jury had already grants to their contract represent only a tiny percenbeen selected and all sides customers. Affected by this were ready for battle. move were about 150 plain-

However, Atty. Thomas tiffs from the original suit.

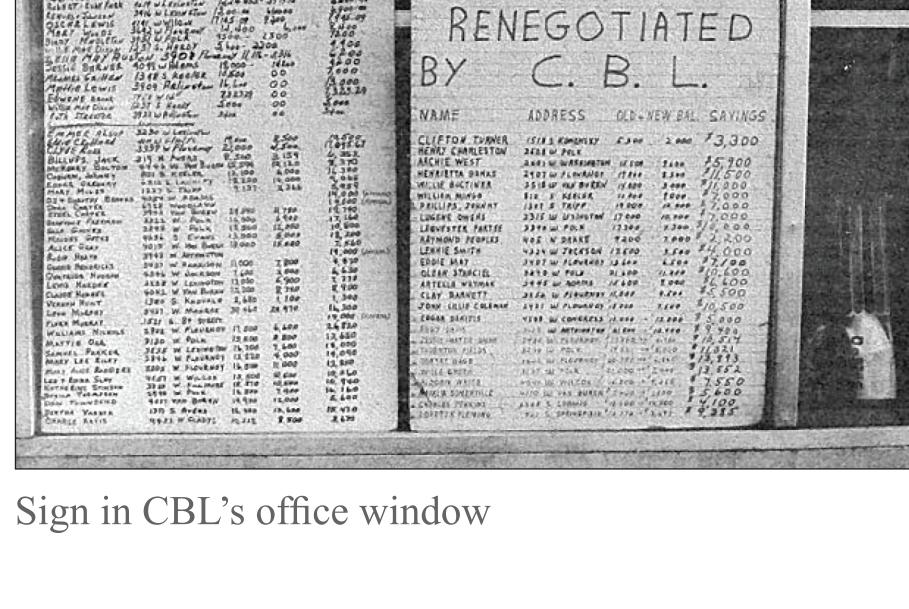
the CBL, said the three- are eight contract sellers and scheduled for a re-trial soon

Federal Savings and Loan thousands of the buyers The 300 who are hanging on tage of the original A similar suit on behalf of Tucker, who is representing Remaining as defendants Southside contract buyers is

agree to other unjust con-



Home Owners Loan Corporation "Residential Security Maps" showing South Side of Chicago



A South Side Neighborhood of Chicago



A West Side Neighborhood of Chicago



In a letter to Sheriff Joseph Universal will be regarded as I. Woods, Burton Y. Weitzen- having been reinstated," he feld, attorney for Universal, owner of the homes, asked In turn Universal has agreed | March 10. that all evictions be withheld until March 10, and added, show its good intentions. This until March 10, and added, "Those people who make up their payments on or before to deposit \$40,000 in a pank to show its good intentions. This amount represents the difference for one year between what

sented Tuesday.

withholding payments since last The court is to hear the mat- July, pending the outcome of ter concerning the eviction laws a federal District court suit challenging the fairness of the In his letter to Woods, Weit- contracts.