

Amy Nelson

From: Relman Colfax PLLC <john@relmanlaw.ccsend.com> on behalf of Relman Colfax PLLC <breakingnews@relmanlaw.com>
Sent: Tuesday, April 14, 2020 3:24 PM
To: Amy Nelson
Subject: Class Action to Proceed Against Predatory and Discriminatory Rent-to-Own Housing Program



Class Action to Proceed Against Predatory and Discriminatory Rent-to-Own Housing Program

On March 27, 2020, a federal court in Indiana certified a class in a lawsuit challenging reverse redlining and violations of consumer protection laws in a rent-to-own housing program operated by Rainbow Realty Group, its owner James Hotka, and associated entities. Because defendants failed to seek immediate review in the Seventh Circuit by April 10, the case will continue in the trial court as a class action. This is a major step toward obtaining redress for thousands of households harmed by a program that held out the promise of homeownership.

The [lawsuit](#) alleges that Defendants use the promise of homeownership to lure people into toxic “rent-to-own” contracts for dilapidated houses in the Indianapolis area, reviving predatory land contract practices that denied fair homeownership opportunities to residents of minority neighborhoods during much of the twentieth century. Relman Colfax represents the plaintiff class, which includes over 3,000 current and former Rainbow customers—many of them people of color—who entered into rent-to-own agreements with Rainbow since 2009. The firm also represents the [Fair Housing Center of Central Indiana](#), an advocacy organization promoting equal housing opportunity.

In the March 27 decision, U.S. District Judge Robert L. Miller, Jr. held that defendants' liability for violations of the Fair Housing Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, and the Indiana Home Loan Practices Act can be determined for the entire class, and not just for individual victims. Judge Miller will also address Truth-in-Lending damages on a class-wide basis, while other aspects of damages will be determined in subsequent proceedings.

The Relman Colfax team is led by Glenn Schlactus, Jenn Klar, Yiyang Wu, Andrea Lowe and Zachary Best, with paralegal assistance from Abigail Moats, Isabel Tessier, and Allison Verrilli. Cate, Terry & Gookins is local counsel.

Click [here](#) for more information including a copy of the class certification decision.

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