

**UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF HEARINGS AND APPEALS**

The Secretary, United States Department of )  
Housing and Urban Development, on behalf of )  
Complainants **NAME REDACTED** )  
and Waael **NAME REDACTED** )  
and their minor children, )  
)  
Charging Party, )  
) OHA No. \_\_\_\_\_  
v. )  
) FHEO No. 09-21-5035-8  
Melinda Bautista Teruel 1992 Revocable Trust, )  
Melinda Bautista Teruel, Individually and as )  
Trustee of the Melinda Bautista Teruel 1992 )  
Revocable Trust, )  
)  
Respondents. )  
\_\_\_\_\_ )

**CHARGE OF DISCRIMINATION**

**I. JURISDICTION**

On or about April 13, 2021, Complainants **NAME REDACTED** and Waael **NAME REDACTED** filed a timely complaint with the U.S. Department of Housing and Urban Development (“HUD” or “the Department”) alleging they and their minor children were injured by discriminatory acts based on familial status. The complaint was subsequently amended on December 7, 2022, to properly name the Respondents and to specify the nature of the alleged retaliation. Complainants allege that Melinda Bautista Teruel, Individually and as Trustee of the Melinda Bautista Teruel 1992 Revocable Trust, and the Melinda Bautista Teruel 1992 Revocable Trust, (collectively “Respondents”) discriminated against Complainants and their two minor children in violation of Subsections 3604(a), 3604(b), 3604(c), and Section 3617 of the Fair Housing Act, as amended, 42 U.S.C. §§ 3601-19 (“the Act”).

The Act authorizes the Secretary of HUD to issue a Charge of Discrimination on behalf of an aggrieved person following an investigation and a determination that reasonable cause exists to believe that a discriminatory housing practice has occurred. 42 U.S.C. § 3610(g)(1) and (2). The Secretary has delegated that authority to the General Counsel, who has redelegated the authority to the Regional Counsel. 24 C.F.R. §§ 103.400 and 103.405; 76 Fed. Reg. 42463, 42465 (July 18, 2011).

By Determination of Reasonable Cause dated March 29, 2023, the Regional Director of HUD's Office of Fair Housing and Equal Opportunity ("FHEO") for Region IX, on behalf of the Assistant Secretary for FHEO, has determined that reasonable cause exists to believe that discriminatory housing practices have occurred and has authorized the issuance of this Charge of Discrimination. 42 U.S.C. § 3610(g)(2).

## **II. SUMMARY OF ALLEGATIONS IN SUPPORT OF THIS CHARGE**

Based on HUD's investigation of the allegations contained in the above-referenced complaint and the Determination of Reasonable Cause dated March 29, 2023, Respondents are hereby charged with violating the Act as follows:

### **A. Legal Authority**

1. It is unlawful to refuse to rent after the making of a bona fide offer, or to refuse to negotiate for the rental of, or otherwise make unavailable or deny a dwelling to any person because of familial status. 42 U.S.C. § 3604(a); 24 C.F.R. §§ 100.50(b)(1), 100.60(a) and (b)(2).
2. It is unlawful to discriminate against any person in the terms, conditions, or privileges of rental of a dwelling, or in the provision of services or facilities in connection with such dwelling, because of familial status. 42 U.S.C. § 3604(b); 24 C.F.R. §§ 100.50(b)(2), 100.65(a) and (b)(3).
3. It is unlawful to make any statement with respect to the rental of a dwelling that indicates any preference, limitation, or discrimination based on familial status, or an intention to make any such preference, limitation, or discrimination. 42 U.S.C. § 3604(c); 24 C.F.R. §§ 100.50(b)(4), 100.75(a), (c)(1) and (c)(2).
4. It is unlawful to coerce, intimidate, threaten, or interfere with any person in the exercise or enjoyment of, or on account of his having exercised or enjoyed, or on account of his having aided or encouraged any other person in the exercise or enjoyment of, any right granted or protected by section 3603, 3604, 3605, or 3606 the Act. Conduct prohibited by Section 3617 includes retaliating against any person because that person has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Fair Housing Act. 42 U.S.C. § 3617; 24 C.F.R. § 100.400(a)-(c).
5. Pursuant to the Act, "familial status" means one or more individuals (who have not attained the age of 18 years) being domiciled with a parent. The protections afforded by the Act against discrimination on the basis of familial status apply to any person who is pregnant. 42 U.S.C. § 3602(k)(1); 24 C.F.R. § 100.20.
6. Pursuant to the Act, an "aggrieved person" includes any person who claims to have been injured by a discriminatory housing practice. 42 U.S.C. § 3602(i)(1); 24 C.F.R. § 100.20.

7. Pursuant to the Act, “dwelling” means any building, structure, or portion thereof which is occupied as, or designated or intended for occupancy as a residence by one or more families. 42 U.S.C. § 3602(b); 24 C.F.R. § 100.20.

#### B. Parties and Subject Property

8. The property that is the subject of the discriminatory housing practices is a two-story, seven-unit apartment complex, located at **ADDRESS REDACTED**, Burlingame, CA 94010 (“subject property”). The subject property is a dwelling as defined by the Act. 42 U.S.C. § 3602(b).
9. At all times relevant to the Charge, Respondent Melinda Bautista Teruel was the owner of the subject property. Title to the subject property is held by Melinda Bautista Teruel, Trustee of the Melinda Bautista Teruel 1992 Revocable Trust.
10. At all times during Complainants’ tenancy, Complainant **NAME REDACTED** was either pregnant or Complainants had at least one minor child living with them, and thus they are protected by the Act based on their familial status. 42 U.S.C. § 3602(k)(1).
11. Complainants and their minor children are aggrieved persons as defined by the Act. 42 U.S.C. § 3602(i)(1).

#### C. Factual Allegations

12. Complainants resided in **ADDRESS REDACTED** at the subject property from September 15, 2017, through July 8, 2020. The parties signed a one-year residential lease or month-to-month rental agreement that ended on September 30, 2018 (“September 15, 2017 Lease Agreement”), and went month-to-month thereafter. **ADDRESS REDACTED** is a one-bedroom, one-bathroom unit located on the second floor (“the unit”).
13. When Complainants moved in, they had no children and Complainant **NAME REDACTED** was approximately seven months pregnant. Their first child was born on December 12, 2017, and their second child was born on October 2, 2019.
14. In early September 2017, prior to Complainants moving into the unit, Complainant **NAME REDACTED** met Respondent Teruel in the parking lot of a Chase Bank. During this meeting, Respondent Teruel said to Complainant **NAME REDACTED**, “You’re pregnant, it is such a small unit. I wish I had known.” Respondent Teruel then told Complainant **NAME REDACTED** that she had just rented a two-bedroom unit and had a three-bedroom unit on the lower floor that was available. Complainants declined the larger unit because they could not afford the increased rent.
15. During Complainants’ tenancy at the subject property, Respondent Teruel told Complainant **NAME REDACTED** that she had evicted a family of three from a one-bedroom unit because the unit was not meant for a family of that size.

16. During the second year of Complainants' tenancy, in and around 2018, Respondent Teruel began coming by and calling at least once a week to convince Complainants to move into a larger unit. Complainant **NAME REDACTED** repeatedly informed Respondent Teruel that they could not afford the larger unit because Complainant **NAME REDACTED** was a newer firefighter still in his probationary period with the San Francisco Fire Department, and she was not working because she was taking care of their first child.
17. In December 2018, Complainants were paying \$1,800 per month for their one-bedroom unit. In comparison, the rent for the vacant two-bedroom unit was \$3,000 per month, and the rent for the vacant three-bedroom unit was \$4,000 per month.
18. In or around July 2019, Respondent Teruel called Complainant **NAME REDACTED** and said, "I found out some news and wanted to find out if it was true." Respondent Teruel then asked Complainant **NAME REDACTED**, "Are you pregnant?" When Complainant **NAME REDACTED** said yes, Respondent Teruel said, "You cannot stay" and that "**ADDRESS REDACTED** is not for a family of your size." Respondent Teruel further stated, "I allowed your family to live here even though you have one child, but now that you will have two, you need to move to another unit."
19. During the same call in July 2019, Respondent Teruel told Complainant **NAME REDACTED** that "wear and tear caused by children is more expensive. Your children are going to damage the unit," and further commented that "families are known to cause more wear and tear."
20. During the same call in July 2019, Complainant **NAME REDACTED**, approximately seven months pregnant at the time, reminded Respondent Teruel that they could not afford to move into the three-bedroom unit.
21. In or around August 2019, Respondent Teruel told Complainant **NAME REDACTED** in person that "a family of [their] size would have a lot of wear and tear on the [one-bedroom] unit."
22. In or around September 22, 2019, approximately eleven days before the birth of Complainants' second child, Respondent Teruel called Complainant **NAME REDACTED**. Complainant **NAME REDACTED** recalled Respondent Teruel was very upset that Complainants had not moved into the vacant three-bedroom unit. During the call, Respondent Teruel accused Complainant **NAME REDACTED** of being "conniving" by keeping the first pregnancy a secret.
23. In the days leading up to the birth of Complainants' second child on October 2, 2019, Respondent Teruel called Complainants six times to pressure them to move into the three-bedroom unit and repeatedly accused Complainants of hiding their pregnancy.
24. On October 2, 2019, Respondent Teruel called Complainant **NAME REDACTED** while Complainant **NAME REDACTED** was in the hospital following the birth of her second child. Overcome by stress and pressure, Complainant **NAME REDACTED** answered her

phone and told Respondent Teruel, “I am in the hospital” and “I just gave birth.” Nonetheless, Respondent Teruel continued to insist that Complainants move into the three-bedroom unit during the phone call.

25. In October 2019, Respondent Teruel called Complainants at least three additional times to convince them to move into a three-bedroom unit. On at least two of the calls, Respondent Teruel suggested Complainants open a day care in the larger unit so they could afford the higher rent.
26. In or around November 2019, Respondent Teruel told Complainant **NAME REDACTED** in person that a vacant three-bedroom unit was getting cleaned out and said, “we need to figure out how to get you there.” During the conversation, Respondent Teruel again suggested Complainants open a day care to afford the higher rent. Complainant **NAME REDACTED** told Respondent Teruel she didn’t want to open a day care because she was afraid her one-month-old baby would get sick.
27. In or around December 2019, in another attempt to pressure Complainant **NAME REDACTED** to open a day care or seek other employment so Complainants could afford the larger unit, Respondent Teruel asked Complainant **NAME REDACTED** why she could not put her infant daughter in day care and Complainant **NAME REDACTED** replied that she was breastfeeding. In response, Complainant **NAME REDACTED** recalled Respondent Teruel saying that there was nothing wrong with formula and that she herself fed her child formula.
28. In December 2019, Complainants’ rent was \$2,000 per month, whereas the rent for the three-bedroom unit was \$4,000 per month. Complainants still felt that the one-bedroom unit was large enough for their family after the addition of their second child.
29. In or around January 2020, Respondent Teruel told Complainant **NAME REDACTED** in person that their one-bedroom unit was not meant to be occupied by a family.
30. In or around February 2020, Respondent Teruel told Complainant **NAME REDACTED** in person that the three-bedroom unit was more suitable for their family size.
31. In or around February 2020, Respondent Teruel tried to convince Complainants to move into a newly vacated two-bedroom unit, which was approximately \$1,000 more per month.
32. In a letter dated February 29, 2020, Respondent Teruel told Complainants, “In the past, I have offered you vacated units for your growing family. This time I cannot offer you the two vacant units at a ‘discounted rental price.’”
33. On June 1, 2020, Complainants provided a 30-day notice via email of their intent to vacate the subject property on or before July 8, 2020.
34. In an email dated June 30, 2020, Respondent Teruel told Complainants:

Contract was just for you and not amended to include an “enlarging” family. I offered Apt 7 one time vacated and being worked on so you could have a "day Care" business & take care of your baby at the same time, but you rejected the idea. Unlike adults, babies & children have a "heavier" impact on rental places. One time, Manny complained of a leaking ceiling coming from your Apt (have the pictures he sent). **ADDRESS REDACTED** was occupied by 8 tenants in 18 years. This is only time the problem happened... [sic throughout]

35. On June 30, 2020, Complainant **NAME REDACTED** responded via email, “...discrimination against children is against the law. The constant harassment from you regarding my children has been unbearable. You can’t tell us how many children to have and you can’t make us move into a larger apartment because we had kids after moving into here.” [sic throughout]

36. On June 30, 2020, Respondent Teruel replied to Complainants via email:

I did NOT & NEVER told you (nor intended to tell) how many children to have BUT RENTAL PLACES HAVE RESTRICTIONS (You can check the County's Laws & Regulations, or Customs & Traditions). I NEVER hassled you to move into a larger unit because you had kids. When you applied for **ADDRESS REDACTED**, you were a Nanny & working; then you had your first baby & could not work anymore. I showed you Apt 7 being refurbished -- w/idea of your working at home (day care business- will give you income; then, your sis-in-law could help too) and take care of your baby too. Now, let's look at RENTAL RESTRICTIONS: the one bedroom units are for a husband & wife & a baby. When the baby grows up to be a child and an adult (9+), tenants have to move to a larger unit.; Check the neighbors' next-door Bldgs. My one-bedroom unit is really small (700 sq. ft.) compared to other one-bdrm. units. For the last 38 yrs, I have each & every tenant's file. You now have 2 babies in the small **ADDRESS REDACTED**. I NEVER hassled you to move anywhere or even discussed your situation. [sic throughout]

37. Contrary to Respondent Teruel’s statement, the Department’s investigation confirmed that applicable laws would allow up to five people to occupy Complainants’ unit.

38. In a mailed letter dated July 21, 2020, Respondent Teruel continued the discussions about the security deposit, and accused Complainants of being “backstabbing” and causing significant damage to the unit. She wrote:

The small 600sq. ft Apt should only be for 2 adults and a baby (max). You are the 8th tenants who occupied **ADDRESS REDACTED** in the 16 years I have owned the Bldg. with children. The utilities have increased tremendously, but I did not tag you for these. Your bathroom leaked to Manny’s unit (Apt 1) below last year and had to be fixed by my Chinese contractor. [...] **ADDRESS REDACTED** is in the worst condition now with your move out. Emails, photos before & after, Manny’s photos, bills & receipts would show and Arturo can

testify. I gave you 3 keys; you left 2 keys on the window sill with only one original mailbox key. 2 Contractors who previewed the Unit provided a \$9,000 Estimate to repair the Apt and make available for a new tenant. Locksmith is charging \$500 to rekey 2 doors (**ADDRESS REDACTED** & Storage rm).— Keys you replaced & did not return. Your \$1,800 Security deposit less \$67.74 (July 9) leave you \$1,732 for repairs that you have to provide for the Apt you wrecked and appliances you damaged. [sic throughout]

39. Respondent Teruel kept the entirety of Complainants' \$1,800 security deposit and accused Complainants and their two children of causing substantial damage to the unit and changing the locks. Despite requests from the Department for photos, invoices or an insurance claim, Respondent Teruel failed to provide any evidence of the alleged damage to the unit. In contrast, photos of the unit taken by Complainants upon their move out show that the apartment was clean and undamaged. The condition of the unit depicted in Complainants' photos was verified by a site inspection by the Department.
40. The Department's investigation revealed that the repair estimate from Respondent Teruel's contractor showed that Respondent Teruel sought to charge Complainants for upgrades to the unit, as well as for normal wear and tear, such as painting cabinets and walls. As set forth in Section 4(B)(ii) of the September 15, 2017 Lease Agreement, and under California Law, a landlord may deduct for damage only beyond ordinary wear and tear. Cal. Civil Code § 1950.5(b)(2) and (e).
41. The timing of Complainants' June 30, 2020 objections to Respondent Teruel's discriminatory conduct and Respondent Teruel's subsequent accusations that Complainants caused substantial damage to the unit and the withholding of their security deposit establishes a causal link between the protected activity and the adverse action.
42. On July 29, 2020, Complainant **NAME REDACTED** emailed Respondent Teruel in response to the July 21, 2020 letter, denying changing the locks or causing any damage to the unit. Complainant **NAME REDACTED** went on to state, "If the law states the 2+1 rule why didn't you give us an eviction notice instead of hounding us on a weekly basis to move into apartment 6 or apartment 1. You literally called my wife while she was in the hospital after giving birth to our child to harass us about moving into the bigger apartment."
43. In his July 29, 2020 email to Respondent Teruel, Complainant **NAME REDACTED** also addressed the bathroom leaks stating, "As far as our bathroom leaking downstairs into Manny's apartment, you told me yourself that he was making false accusations because your Chinese contractor found nothing showing that our tub was leaking downstairs."
44. On July 29, 2020, Respondent Teruel responded to Complainant **NAME REDACTED** via email:

When did I tell you Manny was making false accusations about his bathroom leak? I NEVER discussed the bathroom leak problem with YOU. I told **NAME REDACTED** that Manny sent me the pictures of his bathroom ceiling leaking and



the bill from my Chinese contractor when he fixed the problem in your bathroom. I have to charge you now; Thank you for reminding—8 Tenants in **ADDRESS REDACTED** (17 years) You were the only ones with kids!

45. On April 13, 2021, Complainants filed a complaint with HUD alleging that Respondent Teruel harassed and discriminated against them and their minor children on the basis of familial status.
46. On March 1, 2022, the Department interviewed Manny Murcia about the alleged leak and noise complaints. During the course of the interview, Mr. Murcia denied making any complaints against Complainants. Mr. Murcia said that Complainants “were very nice people.” Mr. Murcia also denied reporting any leaks coming from the unit above his or coming from his ceiling.
47. On August 22, 2021, Respondent Teruel told the Department via email that Complainants “did NOT disclose that **NAME REDACTED** was pregnant” when Complainants submitted their application and further stated:

To help in the situation, I offered a newly refurbished Apt. 7 so **NAME REDACTED** could go back to her old job of "nanny" to (her) 2 kids & have a "day care" business with her sister-in-law in the large Apt 7 that I was giving to them at a lower price. But she refused the idea & just wanted to continue staying in **ADDRESS REDACTED**. I NEVER had 4 people stay (legally) in a one bedroom Unit. I have owned anywhere in 37 years. [sic throughout]

48. In a telephone interview on August 23, 2021, Respondent Teruel confirmed with the Department that she told Complainants, “I do not allow more than a couple in the small one-bedroom, and you lied and did not say you were having a baby soon.” She then told the HUD investigator, “I thought she [Complainant **NAME REDACTED**] was just chubby.”
49. In a subsequent telephone interview on August 31, 2021, Respondent Teruel told the Department that the unit is “too small for four people” and that she offered Complainants a bigger unit on the ground floor, explaining that “it is not good for babies to be on the second floor. They could fall off the railing. It’s better for them to be on the ground floor.”
50. As a result of Respondent Teruel’s discriminatory conduct Complainants no longer felt secure in their housing and worried that Respondent Teruel would evict them at any time. Respondent Teruel’s conduct ultimately caused Complainants to vacate the property, as it was the only way to escape the constant harassment and provide stability for their family.
51. Complainants could not afford a home in the San Francisco Bay Area, and instead chose to purchase a home in the Sacramento area, approximately 2.5 hours away from their family and Complainant **NAME REDACTED**’s job. Being so far away from work has significantly increased the time Complainant **NAME REDACTED** is away from Complainant **NAME REDACTED** and the children and has also increased the time that Complainant **NAME REDACTED** must parent alone. Similarly, Complainant **NAME**



**REDACTED**'s mother and brother live in San Mateo, which is the city next door to Burlingame, leaving Complainants with no family nearby to help with their children.

52. As a result of Respondent Teruel's discriminatory conduct, Complainants suffered actual damages, including a lost housing opportunity, emotional distress, inconvenience, and out-of-pocket costs.

#### D. Fair Housing Act Violations

53. As described above, Respondents violated Subsection 3604(a) of the Act when Respondents made the dwelling otherwise unavailable to Complainants because of familial status. 42 U.S.C. § 3604(a); 24 C.F.R. §§ 100.50(b)(1), 100.60(a) and (b)(2).
54. As described above, Respondents violated Subsection 3604(b) of the Act when Respondents discriminated against Complainants in the terms, conditions, or privileges of the rental of a dwelling because of familial status. 42 U.S.C. § 3604(b); 24 C.F.R. §§ 100.50(b)(2), 100.65(a) and (b)(3).
55. As described above, Respondents violated Section 3604(c) of the Act when Respondent Teruel made statements to Complainants with respect to the rental of a dwelling that indicated a preference, limitation, or discrimination because of familial status. 42 U.S.C. § 3604(c); 24 C.F.R. §§ 100.50(b)(4), 100.75(a), (c)(1) and (c)(2).
56. As described above, Respondents violated Section 3617 of the Act by unlawfully coercing, intimidating, threatening, or interfering with a person in the exercise or enjoyment of, or on account of having exercised or enjoyed, any right granted or protected by §§ 3603-3606 of the Act and by retaliating against Complainants. 42 U.S.C. § 3617; 24 C.F.R. § 100.400(a)-(c).

### III. CONCLUSION

WHEREFORE, the Secretary of HUD, through the Office of the General Counsel, and pursuant to 42 U.S.C. § 3610(g)(2)(A) of the Act, hereby charges Respondents with engaging in discriminatory housing practices in violation of 42 U.S.C. §§ 3604(a), 3604(b), and 3604(c), and 3617 and requests an Order be issued that:

1. Declares Respondents' discriminatory housing practices, as set forth above, violate the Act, Subsections 3604(a), 3604(b), 3604(c) and Section 3617;
2. Enjoins Respondents, their agents, employees, and successors, and all other persons in active concert or participation with them, from discriminating because of familial status towards any person in any aspect to the sale or rental of a dwelling pursuant to 42 U.S.C. § 3612(g)(3) and 24 C.F.R. § 180.670(b)(3)(ii);
3. Awards such monetary damages as will fully compensate Complainants and their aggrieved minor children for all damages caused by Respondents' discriminatory conduct pursuant to 42 U.S.C. § 3612(g)(3) and 24 C.F.R. § 180.670(b)(3)(i);

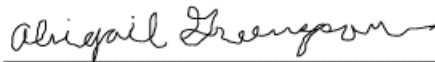
4. Assesses a civil penalty against each Respondent for each violation of the Act, pursuant to 42 U.S.C. § 3612(g)(3) and 24 C.F.R. § 180.671; and
5. Awards such additional relief as may be appropriate, pursuant to 42 U.S.C. § 3612(g)(3).

Respectfully submitted on this 30<sup>th</sup> day of March 2023.



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Daryl J.P. Mutton  
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Abigail F. Greenspan  
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