$8.5 Billion Mortgage Agreement

Responsible Lending

Charlene Crowell

The recent joint announcement by two key federal regulators believed a negotiated agreement with 10 mortgage servicing firms would help more than 3.8 million consumers who were wrongfully foreclosed during 2009 and 2010. Brokered by the Federal Reserve and the Office of the Comptroller of the Currency (OCC), mortgage servicing firms agreed to jointly pay foreclosed consumers $3.3 billion, and allot another $5.2 billion for loan modifications and other services.

Yet as news of the settlement spread, a range of opinions emerged. From a prominent Capitol Hill legislator to consumer advocates, varying views spoke about the harm wrought by wrongful foreclosures and how far $3.3 billion split amount nearly 4 million consumers would really go.

Rep. Elijah Cummings (D-Md.), ranking member of the House Committee on Oversight and Government Reform, said: "I do not know what the rush was to make this settlement without answering key questions, and although I look forward to obtaining information about how this deal may assist homeowners, I have serious concerns that this settlement may allow banks to skirt what they owe and sweep past abuses under the rug without determining the full harm borrowers have suffered."

Speaking for the Center for Responsible Lending (CRL), Paul Leonard said, "We are deeply concerned that there be adequate safeguards in the settlement to ensure that borrowers and communities hit hardest by the foreclosure crisis will receive their fair share of both the cash payments and mortgage relief that will keep as many people as possible in their homes and out of foreclosure."

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Debby Goldberg of the National Fair Housing Alliance was even more direct. "Communities of color were particularly hard hit by abusive mortgage practices. In order for the public to have any confidence in the fairness of this settlement, the OCC and the Federal Reserve must ensure that borrowers in these communities have equal access to the help it provides."

Even if public debate of this development continues, how much financial loss America's homeowners and communities have already suffered has been researched and revealed the facts of who has lost homes, wealth, and quality of life.

CRL's most recent research, "The State of Lending in America and is Impact on U.S. Households," (http://www.responsiblelending.org/state-of-lending/) updated earlier foreclosure research, finding that the nation has a still-troubled housing market. CRL also developed a new state-by-state analysis of foreclosures and lost wealth.

According to the report, since February 2012, 11 percent of African-American borrowers and 14 percent of Latino borrowers have already lost their homes to foreclosures. By comparison and during the same years, foreclosure rates for non-Hispanic Whites amounted to 6 percent and among Asian-American borrowers, 8 percent.

Even worse, African-American and Latino borrowers were respectively 2.8 and 2.3 times as likely to have received a mortgage loan with a prepayment penalty even though many of these borrowers could have qualified for more affordable and sustainable loans.

Across the country, more than half (52 percent) of the lost wealth resulting from living in close proximity to foreclosures was borne by minority census tract homeowners. In the District of Columbia and seven states –California, Florida, Illinois, Hawaii, Maryland, New Jersey and New York – an even greater share of lost wealth occurred in minority communities.

Additionally, African-Americans remain at a higher imminent risk of more foreclosures in Florida, New York, New Jersey, Ohio, and Illinois. For example, Black Floridians risk of imminent foreclosures is doubled that projected for the entire state.

As the nation prepares for the 2013 observance of the Dr. Martin Luther King, Jr. holiday, the martyred leader's historic call for economic justice has yet to be fulfilled.

Charlene Crowell is a communications manager with the Center for Responsible Lending.

NRA Maintains Stranglehold on Congress

The Curry Report

George E. Curry

In the wake of the killing of 20 schoolchildren in Newtown, Conn. last month and just before Vice President Joe Biden presented a list of proposals to President Obama this week that includes banning assault weapons and limiting sales of high-capacity ammunition clips, the president of the National Rifle Association expressed confidence that new gun legislation will stall in Congress.

In an interview Sunday on CNN's "State Of The Union," NRA President David Keene said, "I would say that the likelihood is that they are not going to be able to get assault weapons ban through this Congress."

When asked about placing limits on high-capacity ammunition clips, Keene replied, "I don't think ultimately they are going to get that, either."

Senator Chris Murphy (D-Conn.), referring to Keene, said on CNN, "I think he's wrong." Murphy explained, "Newtown fundamentally changed things. The NRA doesn't get this."

Rep. Elijah Cummings (D-Md.) acknowledged that it will not be easy to get Congress to ban assault weapons.

He told CNN, "I think we have the possibility, but it's going to be difficult." Cummings said the prospects are brighter for Congress to place restrictions on high-capacity magazines and require expanded background checks.

> NRA spent $20 million in the last election cycle, all on friendly lawmakers who score well on the NRA's political scorecard

A 10-year ban on the sale of assault weapons expired in 2004, largely as a result of pressure exerted by the NRA. The organization has risen from being founded in 1871 to help improve marksmanship to a powerful 4 million-member lobbying organization that takes in more than $200 million in annual revenue.

According to Opensecrets.org, NRA spent $20 million in the last election cycle, all on friendly lawmakers who score well on the NRA's political scorecard. The combination of big bucks and political pressure have made too many members of Congress fearful of bucking the powerful gun lobby, a group that doesn't even want machine guns banned.

But there are growing indications that the NRA's political clout might be vastly overrated.

"The gun lobby had an abysmal 2012 election cycle. They spent more than $11 million to defeat President Obama, warning that on Election Day, "Americans will vote either to defend or surrender freedom in the most consequential national decision in U.S. history." They also failed to elect their preferred candidate in six of their seven top targets for the U.S. Senate. And more than two-thirds of incumbents who lost their seats in the House of Representatives were backed by the NRA, including four Democrats," noted Media Matters, the watchdog group.

And the NRA got a poor return on its political investment.

"According to open government group the Sunlight Foundation, the NRA Political Victory Fund, the NRA's political action committee, received a less than one percent return on $10,536,106 spent on independent expenditures during the election cycle," the media monitoring group also found. "The NRA spent 0.44 percent of its money supporting winning candidates and 0.39 percent opposing losing candidates. The NRA Institute for Legislative Action, the organization's lobbying arm, garnered a 10.25 percent return on $7,448,017 spent on the election. In seven Senate races where the NRA spent more than $100,000, six of the NRA-backed candidates lost."

Public opinion on gun control has moved, according to a Gallup poll released Monday. It showed that 38 percent of Americans favor stricter gun measures, a 13-point increase from last year and the highest it has been in more than a decade.

Now is the time for Obama to make his move. If not, the NRA will do it for him.

George E. Curry, former editor-in-chief of Emerge magazine, is editor-in-chief of the National Newspaper Publishers

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