

## “BEYOND THE RHETORIC”

By Harry C. Alford

### Racism and Greed on Black Homeowners Back Fires

Blacks wishing to buy their “Dream Homes” have been targeted by evil characters with fast cash and easy credit rip-offs. They don’t disclose costs such as taxes and various creative fees generated by them. These are known as **subprime**

**mortgages**. My brothers and sisters please stick to prime mortgages, the kind you get from major banks and are fully government regulated.

They won’t let you get a mortgage you can’t afford.

Therefore, all situations normal, you won’t be led down the road of foreclosure and disaster.

Critics of this program often say they target “low income and minority families”. But the more I study it the targets are basically minority, especially Black, without regard to income.

As an example, in the state of Maryland, the most prolific county victimized by these subprime mortgages is none other than Prince Georges County.

Prince Georges is the most financially well off county for Blacks in the United States.

However, every subprime hustler available is quite active there.

An officer of the Federal Deposit Insurance Corporation told me, “We held a home owner workshop there and the line for Foreclosure Trouble and Assistance was quite longer than the line for “First Time Home Buyers Assistance”.

After that, they constructed a map of Maryland counties and put red dots in neighborhoods festured with these high risk subprime mortgages.

Prince Georges County, clear and away, led the entire state.

In fact, it was the only county that was pure red by all the dots – they blanketed it.

What happens is “Money Managers” from Wall St. put together hedge funds (pools of money from people and firms who don’t want to be openly exposed) to go after and exploit these risky but high interest subprime mortgages. Some of these subprime mortgages can yield 20 -28% interest until the buyer or “sucker” defaults and loses the home.

The Money Managers and their investors hope to recover loses from the foreclosure auctions and other liquidation tactics.

But now the rate of foreclosures is surpassing the wildest dreams of the Money Managers.

Their vision of windfall is turning into waterfall.

Homeowners can’t work it out and their credit is destroyed for at least 13 years and their family life shreds into nothing

Divorce and friction is inevitable.

In a recent article from the New York Times (June 23, front page), “Bear Stearns Companies, the investment bank, pledged up to \$3.2 billion in loans yesterday to bail out one of its hedge funds that was collapsing because of bad bets on subprime mortgages.... Bear Stearns averted a meltdown this time, but if delinquencies and defaults on subprime loans surge, Wall Street firms, hedge funds and pension funds could be left holding billions of dollars in bonds and securities backed by loans that are quickly losing their value.... The firm is, meanwhile, negotiating with banks to rescue the second, larger fund started last August, which has more than \$6 billion in loans and reportedly holds far riskier investments.

Those negotiations were continuing yesterday, and it was unclear whether they would be successful.... Some lenders, including Merrill Lynch and Deutsche Bank, balked and moved to sell assets.

At one point Wednesday, nearly \$2 billion in securities were listed for sale, although some banks, including JPMorgan, eventually canceled scheduled auctions....In the wake of the weak auctions, several other lenders, including JPMorgan, Citigroup, Goldman Sachs and Bank of America, reached deals with Bear Stearns.

At least some of the deals involved the lenders selling the securities back to Bear Stearns for cash, although the prices were not disclosed.”

I say good for them. God don't like ugly and this was certainly ugly. Targeting Black families for money hustles and eventual disaster is about as low as you can get.

Remember, they set up these pools of money to rip off unsuspecting minority families by not disclosing prohibitive fees, upcoming property taxes that will be exaggerated because the appraised values of the homes are unreal and extremely over valued. They can do it because they are loosely regulated by the federal and state governments unlike prime mortgages. People are led in because of the unreal "estimated mortgage costs".

Some people are overwhelmed two to three months into it.

There are actually some who cannot afford the first monthly installment after they have signed away everything and the real costs become exposed.

These fly by night mortgage brokers are of a lower character than dishonest used car salesmen. In fact, you can get a mortgage broker license easier than you can get a beautician license. That needs to be changed or we should make such licenses defunct and illegal. It would save a lot of Black families from economic destruction.

Let's get on the offensive in fighting this "pox" on our communities.

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