

### **“BEYOND THE RHETORIC”**

**Harry C. Alford**

#### **Bad Mortgages Cut Like a Knife**

Again, I am compelled to write about the current debacle of Sub-Prime Mortgages. Its fury and cancer like effects on home owners reminds me of the old TV show “Good Times” theme song which stated “easy credit rip-offs”.

That is just what we have now from California to Florida to Massachusetts.

It is eating at the core of working class families.

A very disproportionate number of the mortgage holders are people of color who have been targeted by quick cash mortgage brokers who rig or manipulate credit scoring and income requirements to put them into a home they can't afford.

Soon after, guess what?

They can't make the payments and foreclosure begins.

20% of the current sub-prime loans that are out there are on their way to foreclosure – right now! The other 80% will take the hit as time ticks on. Congressmen such as the Honorable Danny Davis (Democrat, Chicago) are holding summits and emergency hearings as their constituents are being hammered with the effects of sub-prime mortgages.

Let me share with you one of the many letters I am receiving about this catastrophe: “...I helped my sister purchase a home in October 2004.

On April 13  
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of 2006, your company foreclosed on the mortgage.

The procedures taken in executing this foreclosure were not done in accordance to Indiana state law.

I was never notified in writing and never received one piece of literature regarding this foreclosure.

No, I never received any correspondence –certified or otherwise.

This, to my understanding is legally required.

In fact, my first acknowledgement of the foreclosure was when I got a copy of my credit report...I found out through one of my numerous phone calls that the house was sold in a sheriff sale in April 2006.

Since then, the property has passed through several hands...Earlier this year, I attempted to refinance the home I live in, at \_\_\_\_\_ but the title company found a lien on my name which has halted the process.

I have repeatedly called \_\_\_\_\_ to come to some resolution.

I have talked to associates from the Customer Service Department, to the Workout Department to the Foreclosure Department, yet not one associate has a clue as to the procedure needed to get this matter resolved.

The interest rate on my present home is steadily rising every six months, and it is reaching an unaffordable interest rate.

I absolutely must get this lien removed so that I can refinance my home!

Otherwise, I may have to file for bankruptcy relief.

You may force me to lose my home!

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This lady is catching Hell and her sister has already caught it. The problem is real and we must start addressing the issues.

Senator Chris Dodd (Democrat, Connecticut) chairs the Committee on Banking, Housing and Urban Affairs and he is starting to write new policy and legislation that will help homeowners from the wrath and ills of sub-prime mortgages. His staff tells me that the main points they are considering are: 1. Clarify mortgage brokers' fiduciary duty to borrowers. 2. Expand protections

(including yield spread premiums) for those who assume high-cost loans under HOEPA (Home Ownership & Equity Protection Act). 3. Ban balloon payments and prepayment penalties for high-cost loans. 4. Prohibit loan originators from steering borrowers to higher-cost loans (e.g. steering borrowers eligible for prime loans to sub-prime loans). 5. Codify in federal law an obligation of good faith and fair dealing on the part of lenders.

The above is a start. I suggest that any other people with problems from these kind of mortgages and are looking for help to copy Senator Dodd on your situation.

He needs to hear from the people.

His address is:

Senator Christopher J. Dodd, Chairman, Senate Committee on Banking, Housing and Urban Affairs, 534 Senate Dirksen Building, Washington, DC 20510.

Too many people have gotten into homes they really could not afford at the time. If you cannot qualify for a prime mortgage, SAVE AND WAIT UNTIL YOU CAN.

Sub-prime mortgages are disasters waiting to happen.

They cut around the rules and lure you in with cheap upfront payments.

Soon the reality will set in.

The costs will soar and your income will not.

You will find yourself in a trap and the only way out is to "give up".

Then your credit history will be a disaster and you aren't going to qualify for any kind of mortgage for more than a decade.

This is terrible and it will have mental and financial implications on you, your spouse and precious children.

It is as serious as your health, marriage and personal development.

Study your situation and be very careful.

Mr. Alford is the co-founder, President/CEO of the National Black Chamber of Commerce, Inc.

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