

"BEYOND THE RHETORIC";

Harry C. Alford

The Economic Rape of Cleveland□

The Subprime Mortgage fiasco is hitting all geographical areas of this nation. This game broke all of the rules.

It exaggerated housing appraisals to boost lending amounts.

It eased credit rules to allow people who did not qualify for mortgages to get them anyway and pay the consequences later.

Hedge fund investors fell into the same trick that made Enron famous.

They fronted asset investments that were really poorly collateralized loans that would soon default and leave the investors holding the “bag”.

Middle men brokers and package dealers ran these schemes for quick fees and cash.

In the end, the investors and new mortgage owners would take the big hit.

The fall of Stan O’Neal, the Black CEO of Merrill Lynch, is probably the most famous instance of the Subprime Mortgage failure. Merrill Lynch is \$8 billion less in value because of its hedge fund activity in these subprime mortgages. Stan had to fall on his “sword”.

There were many others and some of the most prominent names on Wall St. have been adversely affected by this scandal.

This in the end, will affect all of us.

Available funds are going to dry up for a while as Wall St. must bite the bullet in paying off these losses.

Pension funds will produce less; industry investment will shrink and thus lessen the amount of available jobs; legitimate mortgage transactions will decrease and interest rates will rise.

Neighborhoods will become blighted, especially Black neighborhoods.

That old folks saying “When they catch a cold, we get pneumonia”.

It is still true.

Let’s look at a typical Chocolate City in regards to this matter. Cleveland, Ohio seems to be a perfect example. It’s a hardworking town with a strong history of Black neighborhoods producing some of the greatest American citizens.

A Black middle class was formed decades ago and is indeed an institution in this population center.

Maybe this is why the subprime hustlers targeted Cleveland.

It had plenty of established Black property owners who could be exploited while the activity remained under the “radar” for a while.

Subprime mortgages have had the greatest activity in large Black populations and the state of Ohio leads the nation in this activity with Cleveland leading that state. As a result of the subsequent ballooning mortgage payments and hidden fees that lenders could not possibly afford coming due, foreclosures in Ohio – particularly greater Cleveland have led the nation.

In 2006 alone these subprime hustlers or “flippers” caused over 13,500 foreclosures in Cuyahoga County (7000 in Cleveland alone).

One out of every 27 houses in Cleveland is now vacant due to foreclosure.

When a house becomes vacant it will soon become a “crack house” or temporary squatting venues for homeless and crime operatives.

For those of you who didn't sucker for the subprime mortgages, you are not immune. This will affect your home value and neighborhood safety as well.

Every time a home forecloses, all homes in that neighborhood will each lose an average of \$7,000 in property value.

The more foreclosures; the greater loss you have in your assets and equity.

This coupled with the arrival of drug dealers and thugs will send your lovely neighborhood into an abyss.

Like to walk your dog at night?

That will soon be over and walking pooch during the day will be over also.

Time to sell it and get away?

Your home value is heading south with a bullet and you can't sell it to anyone.

You are trapped.

You and your lovely neighbors are financially ruined.

There is one particular zip code in Cleveland that has over 1,000 present foreclosures. The neighborhoods in this part of Cleveland have become slums overnight and the Blacks living there didn't see it coming.

It was fast and there appears nothing they can do.

This city has been violated in every economic sense of the term.

Their virtue has been quite lessened and the repair is not even imaginable.

The elected officials, community leaders, chambers of commerce, etc. are lost in trying to find a solution to this devastation.

All they can do now is stop the hustlers so that the present state can be termed the "bottom".

But even doing this doesn't mean that "which way is up" can be visualized anytime soon.

Yes, the lovely city of Cleveland has been ripped off. There are other cities, counties and rural communities around the nation facing the same crisis.

Greed and hustle coupled with bad policy and weak laws have hurt us miserably.

Our children will pay the price and all we can do is start over once again.

It hurts.

It hurts real bad and will have a very long-term effect.

Cleveland was raped.

She was not alone.

Lord, help us please!

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

Website:

www.nationalbcc.org

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