

## Change in foreclosure and loan modification programs

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For minorities in America today comes with a great sense of hope and change. Change in race relations, discrimination and equality for all Americans. President Barack Obama represents a change in American politics never believed possible, a change that is too late for many minorities facing foreclosure in America today. President Barack Obama has pledged up to \$100 billion in financial bailout money toward a sweeping effort to prevent foreclosures. The current stimulus plan funds aimed toward curbing foreclosures has landed mostly in the hands of banks. Banks that turned their head and allowed loose lending practices, molding the mortgage industry into a breeding ground for fraud and predatory lending. Predatory lending plays a major role in the foreclosure crisis. Minorities, the less educated and the elderly were all targeted in the sub prime lending spree that pushed new homeowners into mortgages they could not afford. These mortgages led home buyers to believe they could afford their home without properly counseling them on the adjustment period and how it could affect their finances. Many households are not only losing their home to foreclosure but facing rising debt, credit issues and even bankruptcy. Nearly 9.5 million households, or nearly one out of every five of the nearly 52 million homeowners with a mortgage, spend 38 percent or more of their pretax income on their mortgage payment, property taxes and insurance. A record 10 percent of U.S. homeowners with a mortgage are at least one payment behind or were in foreclosure as of last fall. Nearly 80 percent of all seriously delinquent homeowners are headed towards foreclosure with no help in sight, according to a recent report of sub-prime services by the State Foreclosure Prevention Working Group. As much as 47 percent of Hispanics and 48 percent of Blacks who purchased mortgages in 2006 got higher-cost loans, compared with about 17 percent of whites and Asians. The predatory lending that targeted minority communities has now resulted in "extreme geographic concentrations of foreclosures," said Jason Reece, a senior researcher at the Kirwan Institute for the Study of Race and Ethnicity. The highest rates of foreclosures in the nation are found in states with large metropolitan areas including Nevada, California and Arizona. All are states with large numbers of Latinos. California had eight of the 10 metropolitan areas with the highest foreclosures in the country. Stockton, with a 37-percent Latino population, came in first with one foreclosure for every 50 homes. African American homeowners are 2-1/2 times more likely to be in foreclosure than their white counterparts. At that rate, more than a million African American homeowners will lose their home in the next four years. New programs by government agencies to help these homeowners are only scratching at the surface due to record job loss across the nation. Foreclosures are expected to double those in 2008 due to the increase in job loss. Loan modification programs by the FDIC and restrictions by Fannie Mae and Freddy Mac have fallen short of their intended goal. Expedient changes to current programs attempting to help homeowners and a new bailout plan guarded by the White House should be the first priority for President Obama. Change needs to come quick or the change in our financial markets will be felt for centuries.