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Congressman Gregory W. Meeks Discussed Foreclosures Due To Predatory Lending Practices With Southern Queens Elected Officials And Clergy

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Oct 29, 2007

(JAMAICA, NY)—Today, Congressman Gregory W. Meeks (D-NY), a senior member of the Financial Services Committee held a meeting with Queens elected officials and Queens Clergy members to discuss a critical issue plaguing the Sixth Congressional District - foreclosures due to predatory lending practices. Meeks convened an expert panel to provide insight into this crisis. Participants included: Sarah Ludwig, Co-Director of The Neighborhood Economic Development Advocacy Project; Lloyd London, National Community Reinvestment Coalition (NCRC); Issac Parsee, Director of Mortgage Counseling Services at The City of New York's Commission on Human Rights and Corey H. Rockefeller, Division Manager of Top Dot Mortgage.

□ Issac Parsee addresses the participants including Rep. Meeks and Assemblywoman Michele Titus.

"There was a significant change in the mortgage industry....," Sarah Ludwig, Co-Director of The Neighborhood Economic Development Advocacy Project. "Sub prime loans emerged in the late 1990's. These mortgages, in theory, are made to people with less than perfect credit and lenders charge more for them. Freddie Mac and Fannie Mae conducted a study which found 1/3 of sub prime borrowers had prime credit and were steered to higher rate loans. A disproportional amount of older homeowners on fixed income and first time home buyers were preyed on by home improvement contractors, mortgage brokers, and real estate agent who were in collusion with attorneys and appraisers."

"These loans are expensive and are offered primarily in communities of color with enticing introductory rates. When these mortgage rates reset—and we have seen rates reset after one day in the most extreme cases- the borrower cannot afford to pay the new mortgage amount," Ludwig stated. "Sub prime loans are discriminatory, abusive in nature and harm the borrower," Ludwig continued. It is estimated that one in five sub prime loans will end in foreclosure - 20% of the market. Displaying a map, which is attached, Ms. Ludwig explained that some neighborhoods in Southeast Queens there are blocks with as many as five homes with foreclosure action filed against them, "Not all of these homes will end in foreclosures, but these are families who are in distress," stated Ludwig. "As a result, we need to get the word out that foreclosure rescue scams do not work. If anyone has been victimized by this issue, you should immediately contact Legal Aid Services, the Queens District Attorney or your elected officials."

The sub prime loan numbers in Southeast Queens are staggering, in a New York University Study furnished to us by the City of New York Commission on Human Rights, "The State of New York City Housing Neighborhoods- 2006," data from 2005 reveals that for the Jamaica/Hollis Community, within Community Board #12 the proportion of sub prime loans for homes purchased had surged to 51.8%, ranked #2: in New York City, almost six times the rate in 2003 (9.3%-51.8%). At the same time the percent of refinance loans that were sub prime was 49.1%, the sixth highest in New York City. While not as high as in neighboring Queens Village, the rate of Sub prime home purchase loans have more than quadrupled (8.4% - 37.6%) from 2002 to 2005. In 2005, more than two-fifths (42.1%), of refinance loans were of sub prime origin.

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☐ Meeks discusses the Foreclosure epidemic with local pastors.

"The impact of foreclosures is significant not just to the families, but there is a loss to the stakeholders of the community - a reduction in property value," stated Lloyd London of the National Community Reinvestment Coalition (NCRC). NCRC is a trade organization that seeks to increase fair lending and economic power to all and have developed a fund called Home Ownership Sustainability Program that seek to provide refinance options for homeowners to keep them out of foreclosure and provide mortgage counseling.

"Many individuals have been mislead, and some exploited in their pursuit to obtain a home for their families," stated Congressman Gregory W. Meeks. "As a community, we cannot afford to remain silent. These alarming numbers have triggered urgency for legislative remedies. It is important to know that your elected officials are working together to eradicate these corrupt practices from our community."

Contact Congressman Meeks

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