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Big banks must clean up their mess

Hannah Senft, Candy Savannah and Ron Taylor have been neighbors for more than 20 years in Georgetown South, a community of 800 townhomes in Manassas, Virginia. It's a diverse, working-class suburban neighborhood about 30 miles from the White House.

And it's being decimated.

Many communities suffered in the housing crisis and, for residents of Georgetown South, there's no end in sight. Not only did J.P. Morgan Chase and other predatory lenders flood the market with subprime loans that were structured to fail, they turned Georgetown South into a place where absentee landlords allow their properties to fall into squalor as the neighborhood struggles to rebuild.

Hannah and Candy, together with the Georgetown South Homeowners Association, led by Meg Carroll, a former police officer, and VOICE, a broad-based citizens' organization, are fighting absentee investors to clean up their yards, exterminate the rats, fix housing code violations and stop abusing immigrant tenants.

Ron knows this scenario all too well. The bank foreclosed after Ron lost his job and had a serious health problem. Though his unpaid mortgage balance was only \$40,000, the bank would not grant Ron a loan modification. Now he rents next door to the home he once owned, which was acquired by an investor at a foreclosure auction.

The Georgetown South community needs help getting out of this mess. A new study from the University of California Haas Institute shows that, like Ron, Hannah and Candy, many homeowners and communities in major metropolitan areas are still suffering. In metro areas such as Cleveland, Milwaukee, Miami, Newark and Chicago, between 23 and 35 percent of homeowners are underwater. In inner-city and inner-ring suburban communities the problem is even worse.

Federal homeowner relief programs have done far too little, far too late. And government settlements with financial institutions over their illegal lending practices and mortgage foreclosure abuses have not solved the problem for homeowners.

Community advocates, along with some members of Congress, are demanding that banks and mortgage investors significantly expand principal reduction to keep more families in their homes and stabilize housing markets.

While these measures are important, they won't rebuild communities like Georgetown South or Chicago's Southside. The real estate markets and our country's economy cannot recover until these areas are revitalized.

But there is a sliver of hope: In November 2013, the U.S. Department of Justice (DOJ) secured a \$13 billion settlement from J.P. Morgan Chase over its issuance of toxic mortgage-backed securities, including \$4 billion for consumer relief. VOICE worked with Sen. Mark Warner (D-Va.), federal officials and other allies to include an option in the settlement for the bank to fulfill this obligation through grants to capitalize community equity restoration funds.

As a result, JP Morgan recently pledged \$100 million over five years to help Detroit. This is a good start, but it's far from enough. JP Morgan entities made \$117 billion in predatory loans in the U.S. and had \$300 million in foreclosures in Prince William County alone.

We cannot depend on the altruism of banks to rebuild our communities. J.P. Morgan and other lenders should be required to reinvest at a scale equivalent to the harm they caused.

DOJ is using the J.P. Morgan settlement as a template to pursue \$50 billion in future settlements from other banks. Attorney General Eric Holder and Deputy Attorney General Tony West must make capitalizing a \$5 billion National Community Equity Restoration Fund mandatory under all future settlements. These funds would be directed to cities and suburbs hardest hit by foreclosure to redevelop blighted neighborhoods, to buy back homes with distressed loans in danger of foreclosure, and to build new homes to give a second chance at the American dream to families whose homes were taken from them by the banks.

VOICE has already secured \$30 million in commitments from Bank of America, General Electric and the Virginia Housing Development Authority to rehabilitate blighted properties and develop new housing in neighborhoods like Georgetown South. To date, J.P. Morgan Chase has refused to participate.

Used properly, the DOJ settlements create a powerful opportunity to help rebuild devastated communities like Georgetown South and others nationwide and to find justice for the millions of Ron's still struggling. The question is: Will President Obama and Attorney General Holder compel bankers to really clean up their mess?

Ellis is pastor at Mt. Olive Baptist Church in Woodbridge, Va.; Savage is pastor at First Baptist Church, Manassas, Va.; and Creedon is pastor at Holy Family RC in Dale City, Va. All three are clergy leaders in VOICE, Virginians Organized for Interfaith Community Engagement, a broad-based

citizens' organization affiliated with the Industrial Areas Foundation.

