

Homeowners Implore Banks to Clean Up Mess with Foreclosures

Written by New America Media
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Five years ago, millions of bad loans that banks had peddled—in order to feed the profitable securities market—began to fail and foreclosures began climbing. Washington ignored it then and continues to ignore it in all but name today. Millions of people lost their homes and millions more will follow. But amid all the chatter about deficits and coming presidential elections, it's easy to forget this crisis continues apace. One in eight mortgages are past due; one in five black and Latino borrowers are believed to be at the brink of foreclosure.



The consequences stretch past the families that get kicked out. The systemic fraud that drove up prices and flipped homeowners through large refinances has also left the market with a glut of ridiculously overvalued, foreclosed properties upon which banks are now squatting. The glut has spawned many new crises, including driving down the value of everyone else's home and all the echo-effect problems that creates, too. It's a series of dominoes that the banks' failed mortgages sent tumbling and that continue to fall.

And here's one fallen domino that's gotten far too little attention: banks are largely neglecting the homes upon which they are squatting, leaving them to turn into trash-strewn sources of blight. Many of the largely black communities where this crisis began had spent decades rebuilding after the divestment of the 1980s, turning once struggling neighborhoods into stable, working-class communities of homeowners.

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The banks and the mortgage brokers they encouraged swept through and reversed that work (median black wealth has plummeted to a lower point than it was in 1983), and now they have literally left their mess behind. They act as absentee owners of abandoned, decaying properties that draw crime and create blight.