

Final Paper

In the opinion article 'The lights are on but nobody's home' Habib Olapade addresses the 'historical' (but still used today) idea of predatory lending in African-American and Latino communities specifically in Miami, Florida. Olapade does this in the article by using recently published articles regarding Supreme Court rulings and the 2008 foreclosure crisis. Olapade not only mentions the idea of predatory lending but also discusses how the lenders not only targeted African-Americans and Latinos but were forced to do so.

The Fair Housing Act of 1968 states that "--It shall be unlawful for any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of race, color..."("Fair Housing Act"); and that is exactly what mid-level Wells Fargo and Bank of America management not only knew about but also encouraged according to Olapade. Olapade claims (a claim which is backed by other sources that can be found online) that the Mortgage brokers were forced to sell a specific amount of high-interest risky loans. Olapade claims that one Wells Fargo loan officer "testified that the bank made a deliberate effort to target minority communities by hosting 'wealth building seminars' with Hispanic Chambers of Commerce and African-American churches where African-American and Latino bank employees were forced to mislead undereducated and non-English-speaking attendees."(Olapade) As a white person it is hard to imagine that this sort of action would happen to oneself, or at least in the same manner, one may have an occurrence of something like this happen to them, but to have it systematically put in place to prey on the undereducated of your race is not a plausible situation that would happen to someone of white racial origins. This is an example of white privilege; In 'White Privilege, Unpacking the Invisible Knapsack' by Peggy McIntosh we get a good idea of what exactly 'white privilege' is when she mentions that she could think to herself that 'My skin color was an asset for any move I was educated to want to make'(McIntosh 1989) and the preying of undereducated people of color versus white people is an almost perfect example of that; a persons whose skin color is white is an asset to them in their desire to get a loan which would be fair - whereas for a person of color you have a higher chance during this time period (and it is still likely to still be prevalent today) for your skin color to not only be not an asset but likely a hinderance as you have a system in place at two of the largest banks in the United States preying on their customers of races other than white; as well as forcing their loan officers to sell a minimum number of risky, high-interest loans, and lie about their client's income, assets, and employment records to meet this goal. This system created the foreclosure crisis that we encountered in 2008 and the effects of which are still being seen as well as analyzed today.

Throughout Olapade's opinion piece he mentions several times not only the predatory, and discriminatory lending practices of these banks but also their post-lending practices such as refinancing, and foreclosure. There are several good resources on the internet for data on discriminatory post-lending practices towards people of color - the best of which that I have found if from the 'Center for Reasonable Lending' which provided data on at-risk borrowers and foreclosures from 2007-2009 where non-Hispanic whites represented the majority of at-risk borrowers but African-American and Latino

borrowers were more likely to be at imminent risk of foreclosure (21.6% and 21.4%, respectively) than non-Hispanic white borrowers (14.8%). We can presume from Olapade's previous claims (that are substantially backed) that this is likely entirely due to the discriminatory practices mentioned earlier where the at-risk borrowers who were non-Hispanic whites were given more favorable loans than African-American and Latino borrowers.. The foreclosures on African-American and Latino borrowers numbers from the Center for Reasonable Lending are also suspect to being caused by the discriminatory practices of the banks mentioned earlier; where African American and Latino borrowers were foreclosed upon over 300 times more per 10,000 loans than non-Hispanic whites; again, likely due to the unfavorable loans given to those who were African-American and Latino. These two findings by the Center for Reasonable Lending are linked to Olapade's claim that borrowers with similar credit credentials were placed into different loans depending on their race where "African-American and Hispanic borrowers were placed into predatory loans even though white borrowers with similar credit credentials were placed into prime loans"(Olapade) and that "Bank of America and Wells Fargo refused to refinance minority loans while simultaneously refinancing similar loans issued to white borrowers"(Olapade) these acts are likely the reasons for the higher foreclosure rates per 10,000 loans as well as the amount of borrowers at 'imminent risk of foreclosure' in African-American and Latinos compared to those in non-Hispanic white's. This act ties to the white privilege point made earlier where the color of your skin not only can give you a severe advantage/disadvantage on what kind of loan you will receive but also on your chance of being at risk from that loan of your home being foreclosed upon or your home actually being foreclosed upon due to the Bank of America and Wells Fargo refusing to refinance minority lenders when their loan was neared going into default. Due to the violation of the Fair Housing Act the municipality of Miami has filed a civil suit under the Fair Housing Act because the predatory practice injured Miami because they...

"(1) disproportionately caused foreclosures and vacancies in minority communities, (2) impaired the city's racial integration and desegregation efforts, (3) decreased home values and reduced property tax revenues, (4) forced Miami police and fire departments to continually send first responders to address increased vagrancy, gang activity and fire-related problems in blighted communities and (5) compelled the city to hire more independent contractors to remove excess vegetation, haul away debris and remove graffiti from vacant properties."(Olapade)

... the banks contested but lost in early May by a 5-3 margin in the Supreme Court.

The foreclosure crisis of 2008 and the events leading up to the foreclosure crisis of 2008 is a near perfect picture of white privilege in the United States where the color of your skin could have had an impact on your ability to get a fair loan through what most people saw as trustworthy lenders. Though Olapade's opinion piece focuses specifically on the city of Miami it is important to note that this is the case across the United States during this time period.

Sources

"Fair Housing Act." The United States Department of Justice. N.p., n.d. Web. 08 June 2017.

McIntosh, Peggy. "White Privilege: Unpacking the Invisible Knapsack." *Peace and Freedom Magazine* July & aug. 1989: 10-12. Print.

Olapade, Habib. "The lights are on but nobody's home." *Stanford Daily*. N.p., n.d. Web. 08 June 2017.