

Leonard C. Alkins - testimony delivered to House Financial Services Committee on Monday, October 15, 2007 at the Reggie Lewis Track Center

Congressman Barney Frank, Chairman

Mr. Chairman and members of the House Financial Services Committee, thank you for the opportunity to address this prestigious committee on this very important issue, which has destroyed the hopes and desires of families and individuals working to achieve the American dream. I am Leonard C. Alkins, the former President of the Boston Branch, NAACP – which is the first chartered Branch of the National Association for the Advancement of Colored People, established in 1911. I was elected by the membership in December, 1995, and was re-elected every two years until I stepped down as President at the end of 2006. However, I continue to serve the organization and this community. I come before you today to address the issue of Predatory Lending and the broader mortgage crisis that is crippling our community, not only in Boston but throughout Massachusetts and the rest of the country.

Over the last century, the NAACP has been an agent for change in some of the key Civil Rights activities of our time: housing, banking, and economic development, to name a few. This perpetual drive for equality led the NAACP to fight against the practice of red-lining and to challenge financial institutions to reinvest in the community. How ironic is it that we are now faced with a different side of the problem. Today, many of those same families that we fought with to become homeowners are witnessing the curdling of their American dream.

Some reports say 69% of American families own their own homes. Increasingly, people of color in pursuit of that American dream, now understand the value of home equity and the many other benefits of ownership. However, when credit worthiness and credit risk are equal, African-Americans are still 31% to 34% more likely to receive higher rates, more expensive subprime loans than White-Americans. Lenders on average make high-cost subprime loans to higher-qualified African-Americans 54% of the time, compared to 23% of the time for White-Americans, even when the Caucasian applicants were less qualified. Studies show that African American homeowners dig deeper, but experience higher rates. In addition, the current practices of the sub-prime/predatory lender are driving many people of color into foreclosure and homelessness.

In 2004, Chapter 268 of the Massachusetts General Law was enacted to address Predatory Lending by forbidding anyone from arranging a high-cost mortgage unless he or she “reasonably believes” that the borrower will be able to repay it. State consumer protection regulations also prevented brokers from withholding information that might cause potential borrowers to back out. However, many brokers ignore the provisions. What does this tell us?

We need legislation that is strong and has the necessary consequences for anyone who is found guilty of violating the law. Congress and the President of the United States must commit to passing and signing a bill that ensures accountability with substantial fines and potential incarceration for anyone who violates the law. Only then will we begin to see the fruits of our labor.

Mr. Chairman, as well as the members of this distinguished Committee, let me caution you all that anything short of what I am suggesting will have us addressing this same issue again within the next decade. In closing, let me remind you of the words of a great drum major in the struggle for equality and justice for all people, the late Civil Rights Leader Miss Fannie Lou Hamer, who eloquently stated, “I’m sick and tired of being sick and tired,”

Our community is calling on this Congress to create lasting protections for the many people who attempt to own their homes and fulfill that American dream. I humbly suggest that you take all of the testimony that is offered here today, as well as other testimony you may have received from individuals and organizations from around the country, and use this information to build a bi-partisan coalition to re-draft a strong bill that will address all the problems of Predatory Lending. The time is now for the Congress to stand up and speak for THE PEOPLE. Tell the special interest groups that too many individuals and families have been harmed or destroyed by these illegal practices. “Enough is enough”!

Thank you Mr. Chairman and members of this Committee for taking the time to travel to Roxbury, in the City of Boston to listen to our concerns.

Respectfully Submitted,

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