

**Statement of the Honorable John Conyers, Jr.
for the Hearing on Protecting the American Dream Part II:
Combating Predatory Lending Under the Fair Housing Act**

**Before the
Subcommittee on the Constitution, Civil Rights, and Civil
Liberties**

**Thursday, April 29, 2010 at 1:00 p.m.
2141 Rayburn House Office Building**

Compelling evidence demonstrates that banks and mortgage companies have committed prohibited practices of predatory lending and reverse redlining targeted at minority communities across the country. The very same people victimized by redlining – the refusal to provide conventional loans in minority neighborhoods – are now victimized by reverse redlining – efforts to steer minority residents of those same neighborhoods towards high cost subprime or other predatory loans. These practices have played a key role in fueling the home foreclosure crisis and devastating communities of color across our nation.

For example, take my home state of Michigan. The NAACP has reported that 70.7% of subprime loans in Michigan in 2006 went to African-Americans.¹ In 2009 and the first

¹NAACP, Discrimination and Mortgage Lending in America (March 2009) at 5.

quarter of 2010, Michigan had the sixth highest foreclosure rate in the country.² And as a 2009 study by the Applied Research Center found, Detroit neighborhoods with “high proportions of people of color have the highest foreclosure rates.”³

Listen to what a Detroit attorney who has worked on foreclosure and predatory lending issues has to say. I would like to place in the record, with unanimous consent, the full statement of attorney Vanessa G. Fluker. She explains that:

“In my practice, which unfortunately now consists almost solely of predatory lending and foreclosure matters, the vast majority of my clients are the poor, minorities, and senior citizens over the age of 75 years old, who initially owned their home outright until steered into ARMs, despite the fact that they were on a fixed income, and now face foreclosure and homelessness.”

As we will hear today and as Ms. Fluker states, there are real people behind these statistics and these concerns. For example, Mrs. Mallory, an African American grandmother on a fixed income in Detroit, wanted to take out a \$4000 home equity

² See “Foreclosure activity increases 7 percent in first quarter,” Realty Trac (April 15, 2010); “Michigan foreclosure rate is nation’s sixth highest,” Detroit News (April 16, 2009).

³ Applied Research Center, Race and Recession (May, 2009) at 39.

loan to pay for a new furnace for her house. She had lived in that house for almost 20 years and had almost finished paying for it. But she was pushed by a loan company broker to instead take out a larger loan, which he insisted she would have no trouble paying back. That was true for six months, but then the rate jumped way up, as so many predatory loans do. Soon her house was put into foreclosure.⁴

We will hear today about more stories like Mrs. Mallory's, and about efforts to get justice for victims like her. As we listen to today's testimony, three important issues should be considered.

First, what is our federal Department of Justice doing about this serious problem? Previous hearings by our Committee have found that the Department was not vigorously and effectively enforcing fair housing laws, particularly with respect to predatory lending. We have all been gratified to hear the public announcements this year and last that the Department will take effective action. We look forward to hearing the details today from Assistant Attorney General Perez of the Civil Rights Division.

⁴ See Race and Recession at 35.

Second, I applaud the efforts of private attorneys and cities like Memphis to pursue fair housing claims against lenders charged with reverse redlining and predatory lending practices. But individual lawsuits are not enough. What can be done to better coordinate efforts at the federal, state, and local level to use the fair housing act to combat predatory lending?

Third, what can and should Congress do? Earlier this month, the Fair Housing Act, which I was proud to help through Congress in 1968, celebrated its forty-second birthday. Are any changes needed in the law? Would more hearings like this one be helpful? Are there particular programs that Congress should appropriate funds for to better combat predatory lending?

I join Chairman Nadler in welcoming all our witnesses today and look forward to their testimony and their answers to these questions.