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## **LENDER ABUSES AND FEEBLE ENFORCEMENT CAUSE MINORITY HOMEOWNERS TO LOSE HOMES**

### ***New Study from MFY Legal Services & ACLU Shows that Communities of Color Disproportionately Bear the Brunt of Loan Modification Program Failures***

NEW YORK, NY— MFY Legal Services, Inc. (MFY) and the American Civil Liberties Union (ACLU) released a report today providing evidence that New York State communities of color are unnecessarily bearing the brunt of loan servicers' modification failures, with no effective regulatory response from the government.

*In Here We Go Again: Communities of Color, the Foreclosure Crisis, and Loan Servicing Failures*, MFY and ACLU analyzed new data to show that mortgage complaints from communities of color are disproportionately likely to concern serious issues that put borrowers at immediate risk of losing their homes, such as a denying an application for a mortgage modification or delaying a modification decision for months. Hyper-segregated communities, where the minority population is 90% or more, are particularly vulnerable to these harmful loan servicing abuses.

“For over four years, I responded to every one of Wells Fargo’s repeated document requests. While I finally obtained a modification with the help of legal services, no one should have to experience the stress and nightmare of almost losing your home” said Rhoda Carter, an African-American Queens homeowner whose story is featured in the report.

*Here We Go Again* is the first study to analyze data from complaint narratives filed by homeowners with the Consumer Financial Protection Bureau, which MFY and ACLU obtained through a Freedom of Information Act (FOIA) request. While 57% of complaints from New York’s predominately white communities suggested immediate home-loss risk, that proportion rose in communities of color. In hyper-segregated communities, 68% of all complaints described issues that could result in the immediate loss of the home.

And not all mortgage servicers are the same in this regard. Serious complaints about the conduct of Nationstar, Wells Fargo and Ocwen grew as the minority make-up of a community increased.

“During the subprime lending boom, communities of color were targeted for the riskiest, most predatory loans. Now these same communities are unduly suffering from mortgage servicers’ systemic failures,” said Rachel Goodman, staff attorney with the ACLU’s Racial Justice Program and co-author of the report.

Government regulators have paid scant attention to these fair lending issues. Regulatory authorities have not only failed to enforce fair lending laws with respect to loan modifications, they have also failed to review their own data on modifications to examine whether communities of color are benefitting equally from the various government modification programs.

“It’s as if the government doesn’t want to see what is really happening in communities of color. Instead, the government touts the effectiveness of its modification programs and announces that we are in a housing recovery” said Elizabeth M. Lynch, an attorney at MFY and co-author of the report. “But this is simply not true in minority neighborhoods.”

In *Here We Go Again*, MFY and ACLU recommend that federal, state and city governments immediately and publicly review their modification data and bring enforcement actions where appropriate, so that communities of color can share fully in the benefits of the government’s mortgage modification programs.

*Here we Go Again* can be found at <https://www.aclu.org/racial-justice/here-we-go-again-communities-color-foreclosure-crisis-and-loan-servicing-failures>. MFY Legal Services, Inc. is a nonprofit provider of civil legal assistance to New Yorkers who cannot afford attorneys. The American Civil Liberties Union is a nationwide, nonprofit, nonpartisan organization with more than 500,000 members dedicated to the principles of liberty and equality embodied in the Constitution and this nation’s civil rights laws.