

# Protection needed from predatory lending

WHAT OTHERS ARE SAYING



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DOROTHY HICKS, a retired operating room nurse, has lived in her home in Oakland for 39 years. About 10 years ago, Hicks' home loans were nearly paid off. But her home on 67th Avenue in East Oakland — along with hundreds of other homes across the city — is now scheduled to be sold off to the highest bidder on the courthouse steps.

Hicks, like many other homeowners in Oakland, says she was caught off-guard by a lender who used duplicitous tactics to sell her an "adjustable rate" loan she ultimately couldn't afford.

Predatory lenders have been extremely successful in Oakland. They have targeted our communities with deceptive and aggressive marketing, and people across the city have agreed to deals that were literally too good to be true.

The result is an explosion of foreclosures that has become a citywide crisis. The number of properties in the Bay Area that reverted to the lender after foreclosure was 1,190 in August of this year — that's 45 times the number from August of last year. In Oakland, there are easily more than 1,000 properties going through some stage of foreclosure on any given day this month, according to public listings.

This means hundreds of families are losing their homes and walking away with ruined credit. In some Oakland neighborhoods there has been a noticeable increase in vacant houses, which too often become havens for drugs and prostitution, and degrade the quality of life for everyone.

One major lender, Germany's Deutsche Bank, has close to 100 properties in foreclosure in Oakland alone. Whether they like it or not, these banks are now responsible for these properties. Oakland's public nuisance and blight laws apply to them the same way they do to individual owners.

For some renters in Oakland, foreclosures have led to conditions that resemble the aftermath of a Gulf Coast hurricane. Landlords facing foreclosure have disappeared with tenants' security deposits, and good tenants have learned of the situation only when their utilities have been shut off for lack of payment.

In one case this summer, families in a West Oakland apartment building were without running water for more than a week and without electricity for close to a month.

Now is the time for California to follow the lead of North Carolina in passing tough laws to restrict predatory lending and loan scams.

In 2001, the Oakland City Council passed a landmark ordinance to protect low-income and elderly residents from predatory loans. Unfortunately, the California Supreme Court agreed with a banking industry lawsuit and struck down Oakland's ordinance in 2005.

The court ruled that the power to regulate the industry lies with the state, not with cities that are forced to deal with the enormous fallout of the foreclosure crisis.

California law regulating predatory loans is pitifully weak. The current crisis could have been avoided back in 2001 if state leaders had not caved before financial industry lobbyists. California must act now or this crisis will only get worse.

**John Russo** is Oakland City Attorney.