



Exposing appraisal fraud

EDITORIAL

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With Hispanics expected to see some of the harshest blows in the home mortgage and foreclosure crises, New York Attorney General Andrew Cuomo is right on track with rooting out violations and abuses.

Cuomo is investigating Fannie Mae and Freddie Mac—home mortgage financing providers—to determine whether home buyers were saddled with loans based on inflated appraisals.

This follows Cuomo's charge that Washington Mutual bank had improperly pressured real estate appraisers into inflating assessments. Cuomo last week filed a law suit stating that First American Corp. and its subsidiary eAppraiseIT violated appraiser independence laws.

If true, it means that homeowners were taken for a ride as Washington Mutual earned a profit on their backs. If these homeowners have to sell their homes, they're likely to take a significant loss.

With the steering of high-interest loans to Hispanic neighborhoods and inflated appraisals, we're seeing some of the unscrupulous behavior within the home mortgage industry. It's why Congressman Barney Frank has called for the industry to be regulated.

Nationally, more than 110,000 Hispanic homeowners, out of subprime loans made in 2005, are expected to go into foreclosure. For undocumented immigrants, the mortgage and foreclosure nightmare is worse.

Financial justice advocates have pointed to how brokers, knowing the limited recourse of undocumented persons, have set them up for failure with misinformation, high interest payments and exaggerated appraisals.

Some will frown on undocumented home buyers. Yet, as the Neighborhood Economic Development Advocacy Project points out, there's no law that says only citizens can buy property. Moreover, immigration status does not give financial institutions or advisors the right to gouge people.

Cuomo's investigation should stretch far and yield protections that will prevent the rip off of people's hard-earned money and dreams.

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