
Editorial: Reckless lenders, beware

By Staff Reports

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As the number of foreclosures in Shelby County has been rising, local officials have wondered if there's anything they could do to address the problem. Turns out, maybe there is.

Local and state governments across the country have been filing lawsuits against mortgage companies -- some of which have been successful.

So now Memphis and Shelby County officials are looking into the possibility of suing national mortgage giants for making subprime loans in our area.

Some people might question why government should get involved in transactions between borrowers and lenders.

But foreclosed properties are the entire community's problem.

Between January 2007 and September of this year, there were 11,826 foreclosures in Shelby County, with more likely in the months ahead.

Foreclosed homes often sit empty for months or years. That makes them magnets for crime and blight. Which, in turn, erodes the property tax base and requires local governments to spend more money on police, firefighting, code enforcement and social services.

Webb Brewer, a lawyer with Memphis Area Legal Services, believes a case could be made that mortgage companies violated the federal Fair Housing Act by recklessly making loans in low-income neighborhoods where the chances of default seemed likely.

Lawyers for the city and county will have to do their homework on this issue, but a lawsuit might well be worth pursuing.



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