

Shelby County to file lawsuit on banks about foreclosures

Claims loans targeted minority neighborhoods

By Daniel Connolly

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Millions of dollars will be at stake as the Shelby County government files a lawsuit against major banks in an effort to remedy a rash of foreclosures.

An 8-0 vote by the County Commission this week gave authority to the county to move forward with the lawsuit even if the city of Memphis decides not to participate. Commissioner Mike Ritz recused himself.

The measure had passed preliminary votes in December and again last week.

The Memphis City Council had expressed support for the resolution in December, saying it would add its \$125,000 for legal fees to the county's \$125,000.

The combined \$250,000 would be a down payment on what are expected to be massive legal costs. The governments hope much of the rest would be picked up by an outside law firm seeking to win a percentage of what they hope would be a huge settlement.

City and county officials say big banks targeted black neighborhoods for high-interest rate mortgage loans that have turned sour and pushed people out of their homes.

But some at the county say Memphis has been slow to move on the suit since the December resolution. City Council chairman Myron Lowery said that's news to him. "As far as I'm concerned, we're on board," he said.

City Atty. Elbert Jefferson wasn't available for comment Tuesday.

The county resolution passed Monday says that if the city doesn't act by June 10, the county can move forward by itself with the assistance of outside lawyers.

County Atty. Brian Kuhn has said the county may work with the Montgomery, Ala.-based [Beasley Allen](#) law firm as well as with Webb Brewer, director of advocacy at [Memphis Area Legal Services](#), a nonprofit law firm for the poor.

Brewer said he may act in a role that's separate from his position at the nonprofit.

The county relies on its property tax to fund services such as schools and law enforcement, and commissioners like Ritz say the county has suffered because banks' lending practices led to foreclosures that eat into the tax base.

It's hard to know how much money the county could potentially win, Kuhn said.

"There's a big figure out there somewhere," he said. "It could be in the millions of dollars in terms of the loss of the tax rate."

It's also possible the county wouldn't win anything, he said.

He said the lawsuit wouldn't just seek damages, but would also aim to stop foreclosures.

The county hasn't said which banks it would sue.

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