

## Local Leaders Consider Suing Mortgage Companies

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By Lauren Lee

MEMPHIS, TENN. (WHBQ FOX13 myfoxmemphis.com) -- The city and county mayors are considering drastic action because of the area's foreclosure epidemic.

The idea is still in the early stages, but Memphis and Shelby County leaders are heavily researching a plan to sue mortgage companies. Leaders blame these loans for Memphis having the highest foreclosure rate in the state.

Similar lawsuits are underway in another part of the country. The City of Baltimore is overrun with foreclosed homes. Leaders there saw predominately African American neighborhoods with extremely high foreclosure rates.

The situation is similar in Memphis, where 10 percent of some neighborhoods have foreclosed homes.

"I've seen blocks were as many as 10 to 12 homes boarded up and abandoned," says City Council Member Wanda Halbert.

So Memphis is paying very close attention to what Baltimore has done. Baltimore is suing Wells Fargo, saying the company is liable for the city's foreclosure problem. The suit claims Wells Fargo targeted African Americans with sub prime home loans.

"Which has resulted in a real high proportion of foreclosures," says Webb Brewer from the Memphis Area Legal Services. "That resulted in properties going vacant, driving down property values, which is very costly to the local government."

So like Baltimore, Memphis and Shelby County are considering a lawsuit to re-coop some of those losses as a result of foreclosures. Brewer has advised Memphis and Shelby County on how to move forward.

Brewer says although the idea is still in the planning stages, local governments may need some cash, fast.

"There's going to be re-appraisals in January of next year," says Brewer. "I expect that will result in lost revenue for the government."

That's apparent to city council members as well, who would likely be asked to vote on the issue before a lawsuit is filed. Council members, who were willing to talk to us about the concept, were in favor of it.

"The foreclosure problem in my district is heavy," says Halbert. "It has proliferated to heights unknown."

But some said the homeowners should see some benefit as well.

"If we see bail outs for big businesses, then where's the bailout for the little people, the common everyday people," asks Halbert.

For that, Brewer says leaders are toying with another idea.

"There's been some thought to try to get injunction relief that would at least limit the foreclosures that are taking place," says Brewer. "We're seeing record number of foreclosures."

The Baltimore lawsuit is still pending.

Meantime, it's unclear if the City of Memphis' lawsuit would be toward one particular lender or a group of lenders.



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