

## Plan to Stem Foreclosure Process Comes Into Focus

Little by little, a comprehensive plan for solving the foreclosure problem in the Memphis area is coming together. A makeshift task force has been assembled, and its members continue to receive their individual marching orders.

The group's participants include everyone from bankers to lawyers to elected officials, and they held their second official meeting last week at the Memphis Cook Convention Center. Among other things that will come out of the efforts of the task force – which is being spearheaded by city of Memphis Housing & Community Development director [Robert Lipscomb](#) – is a class action lawsuit filed against abusive loan companies on behalf of the city and county.

Members of the task force have been split into various committees with focuses that include the legal scope of the problem and employment counseling for homeowners. Part of the group's goal in meeting last week was to further the definitions of what each of its committees will be responsible for.

“It was a good meeting, and we had good participation,” Lipscomb said. “We had the people there who are going to be involved in the committee process, and we kind of outlined the charge of each committee. We're trying to get everybody together on the same page, that's the main thing. Because this is a crisis, and we've got to have everybody working together and pulling in the same direction.”



Robert Lipscomb

### Rallying the troops

To illustrate the scope of the foreclosure crisis, Lipscomb presented members of the Memphis City Council this month with a booklet outlining the group's plans. The booklet included several bleak statistics. One of those is that there have been 58,000 foreclosures in the Memphis area in the past eight years.

The council also was informed that the estimated cost to local government for each foreclosure is \$20,000. Those back-of-the-envelope numbers suggest the foreclosures that have occurred in the Memphis area since 2000 have cost local government almost \$1.2 billion.

Part of the effort to address that problem involves bringing lenders into the mix, and Lipscomb said [First Tennessee Bank](#) – a subsidiary of Memphis-based [First Horizon National Corp.](#) – will be encouraging several other banks with a Memphis presence to get on board.

The participants in the task force focused on preparing for the filing of a class action lawsuit also are continuing to lay the groundwork on that front.

“We're still talking about it,” Lipscomb said. “(Shelby County attorney) [Brian Kuhn](#), (city of Memphis attorney) [Elbert Jefferson](#) and (Memphis Area Legal Services director of advocacy) Webb Brewer, they're still looking at it.

“One of the things we're doing is looking at a joint resolution between the city and county governments. You also don't necessarily want to put the taxpayers further at risk by just having a lawsuit that's going to be very costly, so one of the things we're doing is looking at what other cities have done and looking at the cost of it.”

Brewer said resolutions related to the lawsuit likely will be addressed by both governments sometime in mid-December.

“We're progressing right along,” he said. “I think things are moving pretty quickly. I think there's a large level of interest on the part of both city and county governments. We're working on



Webb Brewer

some rough pleadings and gathering as much supporting information as we can.

“I think there will be probably be resolutions that go to the County Commission and City Council in December, and I’d say that would be the next formal step. At this point, it seems to be becoming a more and more viable option.”

### **Likely targets**

Speaking as an individual attorney, Shelby County Mayor A C Wharton Jr. told The Daily News he believes a lawsuit against certain mortgage lenders would be successful because of evidence that abusive loans have been common in the area.

People involved in researching the potential lawsuit are in the process of analyzing data to determine, among other things, where foreclosures have been the most common and which lenders’ loans ended up in foreclosure most often in certain communities. They’re also looking at which loan companies appear to have targeted minority communities by offering a high amount of abusive, high-cost loan products.