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Panel 1 - Reverse Redlining, Foreclosure and the Wealth Gap*

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HIRAM JOSE IRIZARRY OSORIO: Good afternoon. I think we can start. My name is Hiram Jose Irizarry Osorio. I'm a research associate at the Kirwan Institute. Thanks for participating and being part of this conference.

This afternoon, we have three panelists, Jesus Hernandez, Hannah Thomas, and Amaad Rivera. Their bios are included in the program, so I am just going to proceed in that order. And they're going to make a presentation of around 20 minutes, and then we will have around 20 minutes of Q and A. Thank you and welcome.

JESUS HERNANDEZ: Good afternoon. Let me know if you can't hear me. I'm fighting a cold. I don't know if I'm talking loud enough.

Okay. What I am going to try to talk about today is how race-based patterns of residential segregation are connected to the subprime loan and foreclosure crisis. And to demonstrate this, I give you a case study of Sacramento, California, my hometown. And what I want you to do is remember everything you heard this morning, because what I'm going to try to do is give you a case study in how it all happened in one little spot.

So this is mortgage defaults and bank-owned properties. You can see the lines going up from July, '06 all the way to now. We're averaging now about 90,000 foreclosures.

Is there a volume control on this? I can't talk any louder. Is that better?  
Thank you.

Okay. So we have about 90,000 foreclosures a month now. And I want you to look at this as a disaster, because we're now approaching the 120,000 mark a month in just notices of defaults. And then I want to put this in perspective in terms of size. In the last 25 months, we've add over a million foreclosures. If we do take the average number of household -- people in the households, 2.6, according to the last census. So you see over 2.7 million people displaced by this foreclosure crisis, which is bigger than the city of Houston, the fourth largest city in the United States. And it's approaching really fast the population of the city of Chicago, which is huge.

So this is a picture of the Superdome during Katrina. We know that Katrina was and still is a pretty serious disaster. We also know Katrina revealed how certain people are more vulnerable to a disaster than others. And Katrina reminded us that the history of racial segregation and discrimination left some people extremely vulnerable because of their location in the city and because of their inability to escape the city because of their financial situation.

Now, although the hurricane itself is a natural disaster, the disproportionate effect on nonwhites in the city was very unnatural. So we can see that this vulnerability disaster was really socially constructed, and it is this notion of a socially constructed vulnerability that I use as my analytical legs to study the housing crisis.

So from this morning, we know that segregation is persisted in the United States.

We also know there is a continued disparate access to housing credit, and we've heard how high cost predatory lending is concentrating on predominantly nonwhite neighborhoods. Everybody is referring to this as reverse redlining. It is this disproportionate concentration that percolates the connection between race, market activity, and geography.

And so what I want to show is that this concentration effect, U.S. housing markets are tied to deep-seeded historical processes of limiting or steering access to credit; basically, who can get credit, who can't. And this concentration effect is historical, and it's socially constructed rather than market driven. Consequently, that means that the housing market exhibits both racial and spatial qualities. And it is this concentration of loans in predominately nonwhite neighborhoods that leads to the meltdown.

So the critical points I'm trying to make here, housing policy created the institutional framework necessary for both residential segregation and subprime lending to take place via market structures. Housing policy created a series of structural conditions that isolated some communities from social, political, and economic networks, leaving them vulnerable to economic disaster. And the roots of the current housing crisis are found in residential segregation and bank deregulation.

Okay. I break out redlining into three phases. This first phase, I trace back down to the 1930s. There is a vast literature on residential segregation and federal housing mortgages, basically FHA loans. Two things FHA loans required back in the 1930s through the 1950s. They required the use of racially restricted covenants, and they prohibited loans in areas occupied by nonwhites, which is what we call redlining. Rationally restricted covenants are basically those things that restricted homeowner access to whites. Nonwhites could not live there unless they were basically a servant. And these were embedded into the deeds when people would buy homes.

Okay. So that early point in the development of our cities, we're seeing how policy really shaped market preconditions, who can participate in markets and who can't.

Okay. So I really want to focus on redlining here. This is the data sheet that was used in the 1930s to generate the original FHA redlining maps. They sent out a series of appraisers to investigate the conditions of about 250 cities. And these are the kind of data sheets that they used. And I want to call your attention to places that are underlined. Part C there, it says, detrimental influences. What is detrimental to a neighborhood? It says, presence in large numbers of subversive racial elements. You can see in the square it's really looking to identify who is in the neighborhood. You can see it is identifying specifically Latin and Japanese. And it actually has a space to determine how many Negroes are in the neighborhood. So you can see in really early timing in the development of our cities that we were very race conscious.

Here is the bottom of that form. Clarifying remarks. The principal Japanese colony and the greatest concentration of Negroes in the city in this particular area. You can see the predominance of subversive racial elements are the area's chief hazards. And you have to see the language. Subversiveness. This is how we are viewing minorities back in the '30s.

This is another one which says, infiltration of goats, rabbits, and dark-skinned babies indicated. So this is where people walking around, pulling the information, and this is the maps that they actually created. So the areas that are red are the areas that were redlined back in the 1930s. You need to remember this geography in the northwest portion, where it's red. Okay. So this is the direct results of what FHA has mapped out in the city of Sacramento.

Now, the area that you see that's bordered in black is the area scheduled for

redevelopment. And if you look back, it is the identical spot. Okay?

So during this time -- this is in the late '40s -- you see about 70 percent of the minority population in Sacramento, in that -- in those two squares, in that redline space, because they could not live anywhere else, restricted covenants and redlined, they couldn't get a loan. They were pretty much there.

Okay. So during this time -- now we're going to get into Phase II. During this time, the FHA redlined areas experienced a 30-percent decline in property values, while the property values in the rest of the city were just booming and rose over 46 percent. So redevelopment forced the movement of entire nonwhite communities from that area known as the west end, which was in the redline space.

During this time, in the '40s, during World War II, we have military labor from the south moving to Sacramento because they had three military sites. If you know anything about military and labor, blacks would -- that was one of the few places that blacks could work, was military installations back in the '40s. If you look just about any city in the United States, if you see where the military installations are, you will see black and brown communities.

Okay. Also, because of the intermit of the Japanese during World War II, we imported Mexican labor from down south. Now, the segregation of city, driven by racially restricted covenants, now you see this migration of nonwhites into the city, and they can no longer live in that small area that was redlined. They have to move to other neighborhoods. The problem is, is when redevelopment shifted this population out and you had more people coming in for military support, the neighborhoods without restricted covenants became racially integrated very quickly. And lenders, in turn, redlined these neighborhoods.

So this is the second phase of redlining. You can see the vertical lines going up and down. And what you're seeing is a formation of a geography that's going north and south of redlined communities. And I want you to remember this pattern. The areas that were without any lines are basically areas with restricted covenants, so the only folks that can live there were whites.

Okay. So now I'm getting to Phase III, reverse redlining. In the '80s, federal financial policies set the condition for the new subprime market to boom. They eliminated the interest rate caps, so you could charge whatever interest rate you wanted. They allowed for adjustable rate mortgages and balloon payments. They overrode local government restrictions on high-cost lending products. They eliminated the tax writeoffs on consumer credit, making high-cost mortgages less expensive than your credit cards, because you couldn't write off your credit cards anymore. Credit card -- I'm -- I'm older, so in the '50s -- I mean, in the '80s, you could actually write off the interest from all of your credit cards on your taxes. This stopped that, so everybody put the debt onto their house.

Okay. And also, this encouraged securitization. It showed -- it allowed the banks to bundle up their loans in mortgage-backed securities and sell them on Wall Street and recycle that money.

Okay. So another thing that made the subprime loan market boom was FHA, because FHA failed to keep pace with the median price of homes in the area. And FHA limits are in blue and median price is in red. You can see, as the subprime market took off, FHA could not keep up. And you can see that the number of FHA loans actually went down. FHA loans are the blue line at the bottom. As the subprime market went up, FHA loans actually went down in the city.

Okay. So what I did here is I mapped areas with racially restricted covenants going east to west in dark gray, with areas that were redlined in the '70s by the light gray. So now I took HMDA for '04, which was the peak of the subprime market in Sacramento, and mapped loan analysis. You can see it has the same north/south geography of the redlining, and the east/west is the area with restricted covenants. The reasons I look at loan analysis is because those are your leading candidates for subprime loans.

This is the subprime loans in the Sacramento area. And you can see the same north/south geography of redline space. So that other capitalization that was happening in redline space now took form in subprime loans.

Okay. Did we see this coming? 96 percent of subprime loans were ARMs. 42 percent were stated income, which means they didn't have to verify income. 51 percent of these were low documentation or no documentation, 47 percent were purchase loans, and of those, half of those had a silent second, meaning they had no equity.

Here is the fed funds rate. Okay. You see the arrows are basically passed recession periods, but if you look at January, '01, when it started to go down, and Greenspan lowered it down to about 1 percent, so the subprime loans, teaser rates and everything were looking great right about then. Now, I want you to look at the fed funds rate. It's the black line. But if you can look real close, these are all the major indexes for subprime loans, the T bills, LIBOR, cost of funds. And you can see how close they go to the fed funds rate. Where that fed fund rate goes, everything goes.

Okay. Now, in California, a borrower misses three payments and gets a notice of default. He gets 90 days to cure that. He's given a trustee sale. So total time for foreclosure is about seven to nine months, depending on the servicing agency's efficiency. During that time, mortgage-backed security holders get no payments, which is why we're seeing the collapse.

Now, I really want you to take this with you right here. If there's anything you take back from this conversation, it's this slide right here. This is subprime mortgage activity since 1994. If you look at the square, you'll see that when things started to peak was '03 and '04. And if we go back and look at the slide again, you'll see that if you had a 2/28 loan, which is a two-year fixed, 28-year adjustable, you'll know that you have two years to adjust, which is '04 and '05, and then your foreclosure happens in '06. Same thing with '04, you're looking at two years to adjust, one year to foreclose. So the '04 inventory, you will see those foreclosures happen in '07.

Now, if you look at the square, this is Sacramento County, 10 years of foreclosure data. You look at '04 and '05, there was next to no foreclosures in the county at all. You go back and look at those two-year fixed, one-year adjustment, one year to foreclose, you'll start seeing foreclosures in '06 for '03 inventory and '07. And you can see it happen just like overnight. The last column is '08. That's only for the first six months.

And so what I did is I took four years for subprime -- of HMDA data. I extracted all of the subprime loans for California. And we know that one in five of these subprime loans are going to foreclose. So we're looking at about 56,000 foreclosures in Sacramento, and we've only seen 15,000, so we were not even at the halfway mark.

Okay. I want you to look at the green line. I kind of sketched it in. That's the areas that had racially restricted covenants. Okay? That means they didn't get a whole lot of loans, or bad loans, should I say. And as this slide moves, it's going to show you where all the foreclosures happen. And I want you to remember that north/south geography and that east/west geography of restricted covenants.

So as you can see here, the number of foreclosures decreases dramatically as credit options for homeowners increased. As adjustable rate mortgages began to reset in '05, we can see the gradual foreclosures performed in redline space created in '06 and '07.

Okay. So in conclusion, the subprime loan crisis has serious implications on areas where these loans were concentrated. These neighborhoods are characterized by high rates of nonwhite residency, low-to-moderate income households, high crime rates, poor performing schools, and rapidly declining property values. For these reasons, foreclosed property becomes difficult to sell as it remains unattractive to buyers. With low income and resources and rapidly changing underwriting guidelines, local renters are unable to purchase these homes without the use of subprime loans. Consequently, investors become the primary buyers for these distressed properties, marking the switch from the owner-occupied network supported community back to a renter-occupied neighborhood with disbursed neutralized social networks.

So rather than improving the quality of segregated space, subprime housing instead works to destabilize communities. As we can see, global investment via deregulated securitization is designed to extract capital in these communities instead of revitalizing them.

Okay. So in the city of Sacramento, the series of government interventions, both historical and contemporary, provide a new context to understanding the spatial concentration of subprime loans, the resulting high rates of foreclosures, and subsequent disastrous effect on the global leverage investment in the subprime mortgage-backed securities we see today.

Thanks for the opportunity. Excuse my cold.

(Applauding.)

HANNAH THOMAS: Okay. Hi. I'm Hannah Thomas. I am working out of Brandeis University doing my Ph.D. in social policy and sociology. So I'm going to be talking today in a slightly different context in some ways, obviously within the context of the way people have been talking about race and foreclosure, but really trying to tease out some of the individual experiences through some research I've been doing in Boston.

Before I start, I just have to give a series of thanks, so bear with me quickly. I need to thank the Department of Housing and Urban Development, who helped fund this research, the Department of Neighborhood Development in Boston, who helped me to come up with this project, as well as the Federal Reserve Bank of Boston, and then the Institute for Assets and Social Policy at Brandeis University. Most importantly, I really want to thank the individuals who participated in this research. I was talking with them while they're in actually foreclosure, one- to two-hour interviews. And they took the time to sit down and explain to me and help me understand what had happened. And I also have to acknowledge all the mistakes are mine and they're not anyone else's, and I can't blame them on my funders.

Okay. So to start with, because this can get a little depressing later, I thought I'd inject a little humor into this. This says, as you can probably see, you are three months behind with your mortgage payment. I'm afraid we're going to have to melt your igloo. Underlining that reality, the important piece is that this family is involved. You can see the look on this guy's face. He's terrified. That's the reality of a lot of what the families that I was speaking with were experiencing.

Okay. So a brief overview of the presentation. I'm going to talk about why I focused on the individual. And I'm going to just briefly review what the data I collected

was, because I think that's important just to -- if we're going to make policy implications from this, it's important to recognize this is the methods used.

I want to go over the process, a model that I developed for the interviews, and to thinking about from buying the home all the way to losing the home. Thinking about a couple of key themes in this presentation. Obviously there's a lot of data from this research, and I can't go over it all right now. So I'm focusing on two things I think are really interesting and slightly different from -- that will help us understand the point of context that has been talked about today. Firstly, the meaning of home is a context for decision-making. We'll get into that later. As well as the really big implications it has for asset stripping, not just through the origination, but also through the monthly mortgage payments. And then I have some suggestions from the research that focus on sort of -- at the individual level, mostly, of policy implications.

So before starting this, I just wanted to read you a couple of quotes from the interviews, because I think one of the things that has been missing is the voice of people in foreclosure today. So I just wanted to insert that. So I'm just going to read from this. And this was a guy I spoke with who was an immigrant living in east Boston in -- well, in Boston. You know what is sad? If you don't have any kids, I mean, you don't care. You just go pay rent somewhere else or do something. But when you have kids, you look at them, at your situation. You don't think about you, you think about them. What is going to happen to them if they call home and there is no home anymore? And when they're too young to understand these kind of things, so you have to try to -- and tell them, well, it's not our house anymore. We have to move. We can start again. But kids get used to things like anybody does.

And that's going to be important when we start thinking about meaning, why people make financial decisions as they do.

And then a second quote was, again, another guy from east Boston. He says, I was paying rent, and also I have a daughter. I wanted to invest, invest something. At least if I'm not alive, she will get inheritance. But that is the reason I went to buy a house.

Okay. So hopefully that will set the context for thinking about the rest of this presentation and the foreclosure crisis. Okay. So hopefully some of that has come out in why I focused on the individual, from those quotes. But most of the research, at least when I started this project in 2007, had focused on looking at aggregate levels, at community-level data. And that's really important. I totally get that. That's very important for understanding the aggregate racial impact.

But we also need to look at and understand how the individual process is informing those community-level processes and ultimately the national experience. And so I came to this with the City of Boston to try and understand how people were experiencing foreclosure on the ground. And one of the things that has been kind of gratifying is as I've been doing this research, discovering there is a body of research in Britain by a woman called Sarah Nettleton. If anyone is interested, I can let you know more. But to summarize quickly, she is looking at what the individual impacts have been on families in foreclosure in Britain. And what she's found is that child's health and family health overall decline. There is a lot more mental health issues, as you might expect. But it sort of points to the importance of thinking about both financial impact, but also what are the health impacts, for example, what are the social and traumatic impacts going to be in the long-term for those families going through foreclosure.

So for this research -- I'm not going to go into this in too much detail, but basically I did a series of interviews. I did -- I interviewed 35 families who had either

received a foreclosure petition or who were seriously delinquent and were going to be soon in foreclosure. And of those -- all of those interviews were semi-structured interviews. They took between one and two hours. We covered information all the way through from why they decided to buy a house, questions about the house that they lived in, all the way to thinking about their mortgage payments, were there any financial difficulties that they ran into and how they managed those, as well as looking at the more concrete things like assets and debts and their credit scores.

One of the challenges about assessing whether this is valid or reliable data is that it's very hard to know what the actual population of foreclosures looks like demographically and economically. But what we do know is that -- what I do know for this data is it represents geographically very much where foreclosures are located in Boston. So the same maps that Jesus was just showing us in Sacramento were linked very much to minority tracks. In Boston, it is a similar situation, with African-American and Latino neighborhoods very highly impacted, as white neighborhoods seem to be largely escaping, at least in Boston, the impacts of foreclosures. So I think that there are some representativeness to this study.

Okay. So the process from buying to losing the home. The next two slides, these are really going to be -- we're going to be trying to understand that process. It is probably fairly obvious for some folks, but I just want to go over this, because it's important to then understand how people are making meaning out of the home. So for most people, except for two of the borrowers who I spoke to who were white, interestingly, and the rest were either African-American or Latino, they had -- all had subprime mortgages. And in the process of getting a mortgage, they had experienced a lot of pressure to get that particular mortgage, there had been a lot of incidences of bait and switch. Many times they had been pressured into buying more house than they actually wanted because oftentimes at closing, they recognized that the mortgage was unaffordable. So that bait-and-switch process, they were told, oh, this is going to be a thousand dollars and they get to closing and it is more like two thousand dollars. They voice their concern, and the reality was they were told, oh, don't worry, you can refinance in six months.

Banks are really not a part of the consideration. And I think this is an important point, and I'm going to come back to it later. But many of the folks that I spoke to, when I talked to them, asked them a question about getting the mortgage process, banks weren't mentioned. So I was sort of listening to the gap in the interview and started asking, well, why are you not going to banks. And people were talking about intimidation and lack of trust of banking institutions. That's something that I want to come back later to in the policy implications.

And then what shown is folks were very financially stretched right at the beginning of owning the home or this mortgage process. And that's important, I think, to think about as we start looking at maybe life events that are distributed pretty randomly, I think, across population. If you think of life events, like unemployment or divorce, there's going to be some kind of distribution. People are going to be experiencing those. It doesn't matter if you have a subprime mortgage or not. You may be at risk of that. But if you're financially stretched, you're going to be that much less able to respond to that financial downturn or financial emergency, because you're going to be stretched already in terms of your budget. It's going to be hard for you to -- harder for you to respond. You might have to draw down your assets or you might have to refinance your mortgage. I've got a little diagram to show that. So the mortgage can make financial strain into a financial emergency, is what I was seeing.

Okay. So this diagram, hopefully I'm going to explain this well. Moving from the point of the financial emergency, people have various options on the table, and not all of these options are going to be available to everyone, but they might start by using their credit cards if they have a credit card available to them. They could make that -- they could be paying that bill, because they're not going to be able to pay their mortgage with a credit card, but they could definitely be paying other bills with a credit card.

They could choose not to pay the bills and build up a line of credit with -- or a debt to their utility bills, or they could draw on the assets, if they have any assets available, such as savings. And I would say probably 90 percent of the -- of people I spoke with -- of the families I spoke with had assets available. They had savings accounts, they had 401(k)s, and they had -- many had college savings accounts. So those assets they were drawing on those assets for this financial emergency. Financial emergency, I should add, made financial emergency rather than financial strain by the stretched budget from the subprime mortgage.

So at some point, they continue a cycle where they can go back and refinance. Well, if there's equity in the house, they could go back and refinance as a way to cover those bills that they had built up or the debt they had incurred. And they could continue through that cycle until a point where they had no equity or they had no assets, or, in fact, were in debt. And I call that process of asset exhaustion, but I'll get to that in a later slide.

At this point, they've got some options. They can either sell, they could choose to default on their mortgage, or they could reach out to family and friends. This is usually a last -- measure of last resort, reaching out to family and friends, because it's sort of a -- i think it's something of desperation, partly around having been able to be self-sufficient, that American dream narrative of being self-sufficient. But so if they choose to sell, obviously selling is only an option if they can cover back the mortgage; otherwise, it wouldn't make sense.

Okay. So then we start thinking about how do people make those decisions. So all of these decisions that we see in this diagram and the options that people have are going to be made in the context of how they see the home, how important is the home, how much people are willing to shift around their budgets in order to save the home. When are they going to choose to just go straight to foreclosure or sell the house, or when are they going to choose to use their credit cards or not pay their bills. And as we saw, a couple of those quotes right at the beginning, a home is a lot more to people than just a financial tool. So how people understand that home, it gives them context for making the financial decision.

So what I saw in the interviews was people were moving things around in every possible way in order to pay the mortgage and save the home. The house might mean for people safety. It might mean family history. They've lived there for 20 years and they remember their grandmother living there before them. It might mean having the ability to have a home for your children, as you saw in the first two -- in those two quotes. And so this is going to inform how people make that decision. They're then going to move to the different strategies, household budget shifting. They might spend down the assets, which is what I saw frequently, people spending down the savings, spending down 401(k)s and their children's college savings accounts so they could continue to keep the home.

They're incurring -- people were incurring debt and credit card debt, as well as not paying their utilities. And in some cases, people were really trying very hard to find additional income, but in many cases, this is -- the interviewees I was doing was in

the last couple of years, so in many cases, people had already started having difficulty getting additional employment.

And also, reduction of expenses. That was another strategy that was frequent. People were finding ways to cut their budgets because they recognized they wanted to keep the house.

Okay. So this, to me, speaks to a process of asset stripping, where the meaning of the house is really providing a means for the institution to leverage the assets out of the family. It might not be that they're doing that initially. The institution may be not thinking about that. That's arguable. But a process is happening where the asset cushion that a family may have is being spent down and asset stripping, that money is flowing up to the mortgage companies.

What -- the way I like to think of it is like a giant Hoover, sucking out money from communities and it flowing and traveling up into these institutions. And the means that this is happening by is the fact that the companies do have an idea that home ownership is an important thing for people, and families are -- I don't want to say enabling or participating, because I don't think that's right, but there is a process where they're trying to save their house and that's being taken advantage of.

Okay. So in terms of -- oh, wow. I've got five minutes. I guess I'm ahead of my timing, which is good for you guys.

So what I wanted to briefly talk about, and maybe I can talk about it for five minutes, is policy implications. I want to start off by saying that the policy solutions or the policy suggestions I've put up here, they're not exhaustive. And these are probably in addition to the large range of policy suggestions we've had today that are more -- the federal level, providing structural changes that need to happen. So I think that we shouldn't -- and that's part of not setting borrowers up for failure. We set borrowers up for failure, we get a whole range of implications and problems in our communities, which we don't want to have. It's not just financial impacts, as I suggested -- as I've been suggesting throughout this presentation. It's also a range of emotional health and social consequences, too. So we need to be proactive around regulation and having accountability in terms of our lending practices.

I think in addition, we have to look at some tangible things that we can start doing now. We can be thinking about home ownership counseling and education in more constructive and different ways, tweaking and thinking about how we shift those so that they're going to help borrowers be more empowered. So, for example, if we started with home ownership education -- and this is actually an interesting point. A vast majority of people I spoke to had taken first time home buyer courses. So we need to be thinking about how do we make those education courses better, how do we empower consumers or citizens to be able to say no, to understand what their own motivation for buying a house is, and to not let the broker play that up or use that motivation for setting them up for failure.

I think we also have to think about counseling before you get to the foreclosure stage. We've been framing foreclosure counseling in a way that is, I think, putting people off from coming at an earlier point, because we're talking about it as foreclosure. That's -- acknowledging that you're at a point of foreclosure is about acknowledging what people perceive as failure. And I think if we start talking about financial counseling, about framing it in a different way, where borrowers are going to feel more comfortable coming in before they've got to the point of foreclosure, we're going to have better outcomes for those borrowers.

And then once we get people in for foreclosure counseling, we've got to start accounting for and recognizing that the home is not just the financial investment. So some work I have done, in addition to this project, has been looking at how CDF buyers respond to foreclosures. One of the things I saw with foreclosure counseling in that project was that counselors were really looking at it as a financial transaction. They weren't accounting for -- I think this is true in all cases. I did see some cases where they were doing this, but they weren't accounting for the emotional reality, that someone has to go through various stages in terms of recognizing the loss of their home, because it's a -- because it has meaning beyond the financial.

And so we've got to start thinking about how we make foreclosure counseling more accommodative of this process and help work people through those stages to get to a point where they're making a decision that's empowered and not forced upon them because of the -- because of the fastness of the process. That also means we have to make foreclosure -- the foreclosure crisis -- wow. I've taken five minutes for policy implications? That's amazing.

Okay. As I suggested, mainstream bank -- we have to find a way to get mainstream banks into communities and operating evenly throughout communities. Not just that, but engaging with and finding ways to serve African-American communities and Latino communities that meet their needs and not the needs of the bank, and building trust and not being an intimidating presence in the community. And then people will -- I think from these interviews that I had, I think people will start to feel more comfortable going in and talking to their bank about loans.

Every single person I interviewed had a checking account or a savings account, and probably both, in most cases. So they have a relationship with a bank, but they feel intimidated to go in there to ask for a mortgage because they think they're going to be rejected. So unbanked means many things. It doesn't just mean whether or not someone has a checking account. We need to think about how we get people who are unbanked further banked.

And finally, the development of assets. Not just thinking about individual assets, but thinking about how we can build community-shared emergency pools, for example, assets where -- I'm sorry. There is a really nice example of this in Boston with the NACA, National Assistance -- I can't remember the acronym -- Community Association. They have a neighborhood stabilization fund where borrowers pay in a monthly amount, a small amount of money. And that means they can then access -- in a financial emergency, they can access emergency funds to help them to get back on track with their mortgage payment.

We also need to think about forums to empower people to be making decisions that are going to be good in the financial long-term. So what are the ways we can reinforce learning from each other, peer learning. There's been some really great models used in financial education, where folks have been in peer counseling, peer forums, learning from one another, testing out decisions and problems that they may have around -- around their finances. And I think something like home buyer's -- homeowner's home clubs post purchase could be helpful in this purchase.

Okay. So those are just a few. I think I've already gone over. I thought I was going to be done in time. Thank you.

(Applauding.)

AMAAD RIVERA: So good afternoon, everyone. I know it's late. We have belabored all kinds of points, but I'm going to belabor some more, although slightly different.

My name is Amaad Rivera. I am the director of the racial wealth divide for United

for a Fair Economy. What I do there, aside from cause trouble and spread propaganda -- that was a joke -- is one is I analyze and develop public policy that deals with structural racism, particularly as it pertains to wealth and assets. Secondly, I do research and writing on these issues, what affects these issues, what exacerbate these issues, and what makes these issues important to communities of color, as well as everyone in this country.

And lastly, I go around and talk, present, engage on the subject material. So I will try to engage you as much as I can. I know it's late, you had heavy pasta, which is a heavy carb, which will put you to sleep immediately after you do that, so maybe we should think about those types of foods in the future. All right. I'm losing you already.

The other thing is United for a Fair Economy is really committed to addressing issues of economic equality. It is our belief at United for a Fair Equality that inequality affects everyone. It deepens the racial wealth divide and it destroys democracies and erodes communities. So another important tenant of the United for a Fair Economy is something called population education. This is something that was popularized by a man named Paulo Freire, doing work in south America, but it was being done in other parts of the world, but pretty much popularized by him, which basically says I come here as a facilitator and not here as an expert. I'm here to share your experiences and build truth together.

Part of doing that is engaging, making jokes, making activities, asking for your feedback, asking for your input. While I only have 20 minutes, we will try to do one or two interactive -- you may not talk but you may physically move -- activities to really engage. This experience is not just about the data. This is not just about the reports. It is about the everyday experience that people in this room, as well as people outside of this room, are having, and how it affects them at an everyday, empirical level. So I will be asking you to engage, or I will constantly ask for your feedback. Nods work for me, hands work, any way you engages, blinks, blank stares, all of those are really wonderful for me not to feel wanted and to know that you care about what I'm saying and also to engage us in this conversation.

So what this is really going to start us off with, to get you all visualizing a little bit, one is about foreclosures and what does that mean for people of color. But for those of you who don't have a note pad, if you want to visualize with me, one of the ways of looking at this is often we give an analogy of a tree. So what you have most of the time is you have these leaf-like things that are happening. So we know there's inequality in the world. We know something's not right. The bus lines don't go to every neighborhood. The food prices are getting more expensive. A dollar bag of chips are now 1.25. Gas prices are going up. Why are there more Payday lenders in my neighborhood and nobody else's?

So you start seeing these things and you say, something's going on. I'm not sure what it is. I'm not sure if it's racism, I'm not sure if it's sexism. I'm not sure if I'm crazy. Maybe I'm seeing things and I never left my neighborhood. But those things are held up by something, and that's usually the trunk. And these are institutions that, for better or for worse, are part of our everyday experience. These are banks, public policy officials, car dealers, store fronts, schools, religion, faith-based institutions. All these wonderful things that are part of our everyday existence that what we see every day has a place in which helps make it work, helps make it move, help make it operate.

But every tree has its roots, like every plant does. And at the bottom of these

roots are all kinds of things that we believe in that inform the institutions, that are reflected in the leaves, the flowers or the dead fruit that comes from that. And at those roots, UFE believes that there is racism, sexism, different forms of oppression, such as homophobia, other forms of gender discrimination. On top of that, things of we live in a capitalist society. What does that mean? It doesn't mean anything other than at the moment, we have a particular economic belief system in which certain things are happening within that. That informs the institutions, those institutions, once informed, then reflect in different ways.

And so UFE encourages engagement on all of those levels, but it is important we look at a holistic picture. So that was a lot of me really talking very fast to really get that really out there. So what do people think about this mythological tree that holds all of our realities? Is that -- can people work with that? Does that work?

So the first thing we're going to really get you all thinking about is I want to ask, you know, what is wealth? And that's a quick -- what is wealth? What does that mean? What is this word we keep throwing around that we haven't talked much about at this conference? What is that? Does anyone know?

>>: Assets.

AMAAD RIVERA: Assets. What is an asset?

>>: House.

AMAAD RIVERA: That's -- material things. So oftentimes they're put in two categories, bifurcated in two categories. One is financial assets, and one is nonfinancial. Now, this is something that people debate and talk about all the time. But typically a home, cars, which are relatively vicarious, education is vicarious. Does anyone know why education is vicarious?

>>: (Inaudible.)

AMAAD RIVERA: Yes, you may not get -- you may pay \$120,000 for your education. Will you make \$120,000? If you are a woman of color, you are not going to make -- on average, you are not going to make \$120,000, even if you have a bachelor's degree that costs you that much. Same thing for women, people of color, et cetera. So these things are more vicarious such as car loans, et cetera, things of that nature.

So mostly the major tenants of wealth are household, which is your wealth/equity, stocks and bonds, and savings. You can include, at times, retirement accounts, Social Security. Those become interesting, that we can't really get into at the moment. But for the sake of this discussion, the three major components of wealth in this country are stocks and bonds, home ownership, and savings. This is what accounts for the largest portions of those.

And to give you a sense of what that means, for most people in this country, 60 percent of all of their wealth is rooted in their home. That's everybody. For people of color, it's nearly 90 percent. When we actually take home equity out of the asset equation, people of color have nearly zero, or negative. So to give you a sense of how much housing is important to that.

But to really get you all thinking about why income isn't even enough, and then we'll go into why assets are so important, I need six volunteers. Very quickly. Wonderful. We have one. Two. If you all could stand down there for me (indicating). We need four more. I know you all are academics and scholars and very important people, but you can participate. I promise. It's not scary. Come to the front, please. We have five. Excellent. We need one more. Excellent. Thank you so much.

So there's something really interesting about the way we often talk about class in

this country. We often say these words like middle class. Who are those people? Everyone -- we actually look at the surveys. Everyone thinks they're in the middle, from the upper middle to the wealthy, making \$200,000. So people who are making under 17 also think that they're middle class.

What we often call classes is something the government calls quintiles. We basically split the entire country into five groups, or six. I'll explain why in a moment. So I'm going to label you. This is not who you are, who you will be. These are labels I'm putting on you. Please don't accept these or reject them in any way you need to do so.

So I'm going to start with you down at the left. You represent the bottom 20 percent, which makes approximately -- now, this changes between individual and family, but approximately zero to \$25,000 a year. So that's the bottom. What it does not account for, which will be interesting as we move on, is actually people who have negative income and negative wealth. It actually doesn't necessarily count them in. And that's an interesting thing we'll have to talk about as far as policy implications. What do you do when someone has negative wealth and yet the data for most people are not seeing that? And most of the policy makers aren't seeing that they have negative wealth. They're starting off with negative wealth.

You're approximately 25 to 50. You would be working class. That's what often they're called. You would be approximately 25 to 50. You would be the official 20 percent that is middle class, literally in the middle.

You are about 50 to 75. So you're upper middle. You're not even a big dog yet. You're upper middle.

And you are \$100,000 and above. But these two -- but there is -- we have such an interesting issue in this country with the fact that the top 3 percent actually has their own class warfare going on, because the top -- the bottom 15 of that group makes nowhere next to the top 5. And then the top 5 doesn't -- top 5 percent doesn't make anywhere near the top 1. We were not going to go into that interesting framework that's been exacerbated by current economic crises that have been going on the last five years for most people of color. It is starting to hit everybody.

So you represent a hundred thousand dollars. You represent 250 and above. So quickly -- and then we're going to move past this exercise, I want to show you what income looked like between 1946 and 1979.

So if you can move step steps forward. Can you take 11. That's not -- you have to keep walking. You have to take 10. 10 forward. Can you take 8. You take 11. You take 8. 9. Can you take 7.

So this is what income growth -- oh, wow. We're really going to have to go through this quickly, then.

So this is what income growth looked like from 1946 to 1979. Just quick one-word response. What do people see? They're relatively equal. Just because -- relatively. Do you see that the bottom group -- the bottom half is doing well? I think some people took bigger steps than they were supposed to. That's okay. That's all right.

And now this person, are they doing poorly, the top 5 percent, are they doing poorly? No, they're doing fine.

Now, quickly come back. We're going to do this in 35 seconds and then you recall going to get in the process and I get to move on. We're going to show you what happened between 1979 and 2006. What I want you to think about is what happened between 1946 and 1979. I now the age of this room, even though I look really young, you know, I remember

some of those things. But remember what happened then. There are some really beautiful things, like civil rights movements, second wave feminism, the GI bill. Really -- high unionization. Really brilliant things, like trying to end redlining and these things that -- does anyone remember or think about these things? Those are good, right? Great. I'm glad that -- okay.

So can everyone take two steps forward. And can you take two steps back. You take 5 steps forward. 7. 15. 37. 78. I'm sorry. 56, 78. Keep walking. While they're walking, what this -- this is what income looked like between 1979 and 2006. I will give you the charts on this information. Please keep walking.

So what people are starting to see is that something is changing. And as we're talking about this tree analogy, income doesn't come from just anywhere. Income doesn't exist on itself. It's in a vacuum. It is connected to things. What's interesting is where do you think most people of color and women are? Please point this way. Excellent. They're on this end. And what does that mean? It means something very interesting, because what's not accounted for is what is happening to their wealth.

Please sit down. Thank you very much.

We're going to fly now. Please ask lots of questions when it's time to do so, but we're going to quickly fly through this work. My apologies for trying to engage you all in that short amount of time.

So quickly -- this was a report, but just to give you a sense of what that means, what I would usually do after this is tell you what wealth meant after that. Just to give you a quick number, the most recent data shows that people of color -- for every \$1 of white wealth, people of color have 13 cents. It actually went down. There is some interesting data that has been done for two years that says it went up. It would be interesting to put that in more longitudinal space. I'm intrigued by that. That's on the median. On the average, it is 8 and 7 cents respectively to blacks and Latinos, meaning 8 cents for \$1 of white wealth, 7 cents for Latinos for every white dollar.

To give you a sense, income is a problem. Then we are in -- we've already been in a depression for the last 25 years as far as wealth is concerned. And that essential to that has to do with assets. So now you brought me to foreclosures.

Now, you have been inundated with a litany of information about what happened to people of color in a disproportional effect. So I'm not going to go into that. What I am going to say are two things that I'm going to do in about six and a half minutes. Why were they targeted, and why was it a problem, and why did it devastate them at this level, and why are assets the key tool for both class mobility, stability, and intergenerational mobility. So I'm going to do all of that in six and a half minutes. So it's going to be a little bit of a roller coaster. You with me? Strap a seat belt on and write notes feverishly.

So the quick and dirty is when you look at employment or income as one of the ways in which it needs to work, income is like a river. It goes in and it goes right back out. But assets and wealth are like a reservoir. It's a thing that we tap into, the think that we need, the thing that is beautiful and serene at times, that we need to really sustain our living, to make things work. As I said before, the three major components of that are home ownership, which is housing equity, savings, and stocks and bonds.

To give you a quick understanding of stocks and bonds, the top 1 percent own 53 percent of all stocks and bonds in the country. The top 10 percent own 76 percent of all the wealth in this country. And that is, at the moment, irregardless of race. It is further exacerbated when you bring in a racialized picture. I'll repeat that again

because I think those are interesting and substantial numbers. The top 1 percent owns 53 percent of all stocks and bonds. So whose crisis are we really helping? Additionally, the top 10 percent owns 76 percent of all the wealth.

So why is this happening to people of color? Why is this different than any other form of recession that we've ever had? One is because it's focused on one capital that people of color have recently had access to. Two, at the same time we were experiencing a draining of property, which is the key capital since the inception of this country, since both the property of -- people of color being property to them actually having the opportunity to own property, which is always a very interesting theoretical transition for a different conversation.

But you have to see that incomes were stagnant. So what you find over and over again -- this is all, again, in foreclose -- is that you have seen income stagnant among communities of color in teens. So you're seeing over the last four to five years, people who are making -- people of color, on average, make about \$33,000 to about \$57,000 to their white counterparts. This is obviously -- if you separate it by gender and class, you start seeing some other interesting tidbits. So they're already at a median average of about \$35,000 a year compared to about 57 for their white counterparts. So income has been going nowhere and become completely flat.

On top of that, we had a very interesting thing called getting rid of the manufacturing sector. Because of the labor force, the labor force is overwhelmingly one white and, too, in that labor force, the managerial positions -- this is actually a census data -- are overwhelmingly white and overwhelmingly male, meaning that in the labor force, the percentage of professionals and managerial percents are nearly 85 percent white. They account for about 50 to 60 -- 50 to 70 percent of the population and have 85 percent managerial positions.

So most of the concentration, both of women and people of color in manufacturing sectors. I can't go into all of the reasons why that happened, but all that went really quickly, really fast. In addition, unionization increases wages approximately 35 percent, just by having a union present. And this is for nonunion workers and union workers. We have seen the greatest decline in unionization in history since its inception, so we are now -- about 7 percent of the professional force is actually in a labor union. There are higher rates depending on industry, but in the private corporate -- more corporate, more -- sector, you have only about 7 percent of unionization.

So on top of that, we have the movement of benefits away from the employer and on to the employee, so you have healthcare costs. So as -- actually Jim mentioned earlier some of the things that are hugely problematic about the bankruptcy code changes is that healthcare was taken out of it, as well as other forms of things. Now, what's interesting is that Number 1 and 2 reasons for bankruptcy are credit card debt, which people of color had to use because of stagnant incomes, and healthcare costs, because they're the least -- they're the most likely to be uninsured, even with full-time employment. And ironically, they also have more than one job. So not only they have more than one job, their wages are still stagnant, they're least likely to be insured, and least likely to have employer-based benefits.

So what does that basically mean? That basically means they needed to use their one asset, which is meant as the reservoir, to be able to pay these bills, to be able to take care of their children, to be able to put children into college, to be able to take care of their healthcare costs, to even buy food. I mean, this is how deep this went. And so they refinanced. And guess what? Someone said, hey, we can make this work for

you. As you can hear -- and foreclosure also goes into this -- sometimes they had 24 hours to sign them. Some people, as Nadine knows, who is in the back of the room, people were blind. Some people never got to read them. The only lawyer in the room was the lawyer for the bank. So you have a whole litany of reasons why. And people said, I believe the lawyer. Okay. Lawyers are always scary. I'm teasing. I love lawyers. I think I wanted to be one once.

And all these -- these are in my interests, so they really were that way. So one time they were supposed to use the assets, they did. And what happened is they got the one-two punch, literally. After two years, they got the punch, and it jumped. When you don't have -- when you have stagnant wages and declining wages, high unemployment, concentrated communities of color, you have women who are the center of communities of color and often holding it up, and yet they're being highly discriminated against in mostly every industry on wages, as well as child care, healthcare, et cetera, and you have the only asset they were using, which is 90 percent of their wealth, going past the income they can pay. And their only choice is to foreclose. You just swept away the largest amount of wealth in modern history for people of color all because of deregulation and nonadherence to civil rights legislation and not acknowledgment of structural racism.

So that was the quickest version of foreclosure of the dream, and why assets are really important -- and I'm going to do this in 15 seconds -- why assets are really important. Why assets do that income cannot do is transfer from generation to generation. So what you had, moving across these patterns, is you had -- all of the sudden, the one thing they could pass on that took us nearly four years, 1968, to get to about 51.2 percent, which was the highest rate of wealth, I believe December, 2006, for people of color home ownership rates. It dropped 46.1 as of this last quarter. So we have 5 to 6 percent. It took over 40 years to build up.

So that was just to give you an understanding of what does that mean for these communities. And then you have to give that inheritance. The only major way they can give inheritance -- while wealthy families can give all forms of inheritance, people of color can typically only give their homes. And due to that, we took that away, this is the first generation that will not exceed their parents in income because of the economy, they are now not going to get housing, and you have just created one of the largest black depressions that we've ever had.

Thank you. Please ask questions. I have lots of data. Thank you.

(Applauding.)

HIRAM JOSE IRIZARRY OSORIO: Thank you to our panelists. We are close to being done, but I can leave 10 minutes for Q and A before we transition into the next panel.

Any questions from the audience or comments to our panelists?

AMAAD RIVERA: We stumped you? I scared them.

>>: Jesus, you said that what you wanted us to take from your -- the slide that you wanted us to take from your presentation, the 2004, 2005, you had an increase in the percentage of subprime -- the subprime share of the mortgages. It looked like from that slide in -- I guess '05 and '06, it looked like an even bigger spike. To me, it seemed like that --

JESUS HERNANDEZ: You got it. You got the point. The point that I was trying to make is that '03 and '04, the years that you will see right now. Those -- '05 and '06, you haven't seen that hit, which means we're not even half -- at the halfway mark. And that is the point I was trying to make, because it's like -- we're not even -- we feel overwhelmed right now, but looking at the data for Sacramento, we're not even halfway

there. And so the work asset foreclosure counselors are doing, they're not even close to the workload in the next couple of years.

AMAAD RIVERA: I just quickly want to explain why I put this up. I didn't get a chance to get this to as it was building up. This is actually the wealth lost by state. This was actually done after my research, which actually -- this actually is a lot higher than the wealth loss that we calculated. It does not do it by race but it does do it by state. It also shows you the median house prices and how the losses change over the period.

I welcome everyone -- this was done by the Joint Economic Committee, headed by Charles Schumer. I encourage as many people as possible to look at this information as it is -- and it is very small. It's very, very important. They have an estimated 2.6 trillion loss of wealth and/or change of wealth as a totality of the entire country. So this gives you a sense of what we're actually dealing with as a real way.

What's interesting is that we haven't yet really figured out an incredibly scientific way to acquire or understand loss of wealth because it hasn't been in the framework of most scholars and or practitioners. So I always encourage people that there really is still building, how do we calculate loss of wealth. But to give you a sense of how intense this really is, I wanted to show you this by state.

So I can obviously send this to you. Again, it's the Joint Economic Committee, headed by Charles Schumer, who did this data analysis after the research we did. And foreclosure is obviously -- foreclose rates are available at [faireconomy.org](http://faireconomy.org) for those who would like a copy of that.

>>: Say that again.

AMAAD RIVERA: [Faireconomy.org](http://Faireconomy.org).

>>: Is there a Web site where this is available?

AMAAD RIVERA: [Jc.org](http://Jc.org), gov, backward slash? I would type in Joint Economic Committee or put in Charles Schumer. It will come up. Interesting man.

>>: What about the report, the state of the dream, 2008, same thing?

AMAAD RIVERA: [Faireconomy.org](http://Faireconomy.org).

HIRAM JOSE IRIZARRY OSORIO: Well --

>>: I just wanted to say, since I've been here -- I'm Shirley Mock. I'm from Mississippi -- Jackson, Mississippi. I'm with a non-profit organization, Community Policy Research and Training Institute, CPRTI. And if I did not have such a sureness about myself, a person of color, gosh, the things that I've heard today, just sitting over lunch, when I noticed it was six of us at the table, three whites, two African-Americans, one Latino. By the time we had practically finished lunch, only the plates had been taken away from the three whites. And I began to get kind of, what's going on?

But this world is amazing. I'm thankful to be in it. I'm blessed and just glad to be in this struggle, because it is a struggle. And we appreciate you guys --

HIRAM JOSE IRIZARRY OSORIO: Thank you for sharing your thoughts.

>>: -- and girls.

HIRAM JOSE IRIZARRY OSORIO: I think I have one general question. We don't have a lot of time, but I would like to invite our panelists, if they could step back regarding the research and presentations and try to think about what they have heard today and also the other panelists' presentations, and if you can single out one or two critical interests that are a must, what would be those recommendations, and then we can wrap up with that. Whoever wants to start.

AMAAD RIVERA: I'll go, because I -- my brain's going.

I think that the other panelists, as well as what I've heard today, that's really important, is twofold. There is both a real economic cost, but there is also a large social cost. And I think that we have often commodified the identities of most people without really recognizing the desperate impact this is having. I think I can speak not only for Massachusetts, but other states around the country. People are killing themselves, for example. People are losing schools. People are -- I mean, schools are being shut down in communities of color. Things that, for most people, they have not really seen the impacts of this on their community and/or people that look like them. And we have to understand that any solutions -- and I think brilliantly talked about by my co-panelists -- has to be comprehensive. Comprehensive does mean including race, class, gender. It does not mean it is divisive or problematic. It means we can do this, and do it positively.

Just to quickly respond to you, I believe that we built this world the way it is, and we can create a whole new one. And it's not that far off. These things aren't that crazy, and they're not that radical, and that we can really do this together. And that has only been the way that we've done it in the past. And we have a history of doing beautiful things together. So I do -- despite the negative data, do think we can do this as long as we look at it comprehensively and understand both the economic impacts and social impacts.

HANNAH THOMAS: I think -- yeah, I would agree, Amaad. I was looking at the list -- community development list serve the other day. And Stella Adams put out what -- she described it as humorous at the end of it. She worked out if we divided up the 7 billion between all the people in foreclosure -- no, I'm sorry, not in foreclosure, across the entire population of the U.S, the citizens, there would be \$425,000 to each person. 425,000. That's massive. Now, if that money was flowing back to Main Street instead of to Wall Street, I think that that would have a very profound impact on rectifying the situation. I know not exactly that proposition, but a similar sort of flow it back to Main Street was what was being talked about earlier today. And I think that could have a really big impact, I think, on the situation.

I think more importantly -- well, maybe at the same time, and what might allow that to happen, is we've got to stop blaming the victim. It's something -- it's a phase from the '60s, but it still has so much relevance. And I've heard in the interviews I was doing with community groups and with regulators in this project I worked on in the last year, I heard community practitioners blaming -- continuing to blame the victim. And so we've got to start talking about that blaming the victim and how to reframe the narratives around that, because it's not about -- it's not about a blame game at this point. It wasn't ever about a blame game, at least for the borrowers. They're not the ones at fault in most cases.

So I think if we can reframe that narrative, we might have a chance of flowing more money back to Main Street instead of to Wall Street.

JESUS HERNANDEZ: In California right now, we have about 30,000-plus foreclosures a year. Actually, I think it's a month -- a month now. It's an astronomical amount. The problem is, we're going to need to see an immense amount of foreclosure workouts before they get to the next stage, and no one's prepared. FHA secure doesn't work. It only works one out of 55 people or something like that. The foreclosure counselors are way overstressed. They're bogged down because the lenders won't even talk to them. Lenders won't do workouts because they only work out 5 percent from any given loan pool.

So you're having troubles working out the foreclosures process, which means you're

going to have a lot of people losing their homes. And this is what we need to prepare people home, because this is not going away for a while. And so we need to have -- we need to step up our advocacy, because we need to stop. The solutions are from the ground up, not from top down, because this is what happens. It happens on the ground.

We're -- when payments do not hit, mortgage bank security holders, they don't get returns on their investment. Wall Street falls. Wall Street falls because the hood falls. Okay? It doesn't happen from top down. It happens from bottom up. And the solution has to come from the same place.

HIRAM JOSE IRIZARRY OSORIO: Any final comments, questions?

>>: Could Hannah speak to the numerator and the denominator, make that explicit, that gives you that 400,000 or whatever it is per person?

HANNAH THOMAS: Oh. I can't give you the explicit -- I know it was 7 billion to 5 -- divided by the number of citizens.

>>: Oh, you mean the --

HANNAH THOMAS: 700 billion.

>>: Oh, that's what you're referring to?

HANNAH THOMAS: Yeah.

>>: Okay. I'm with you there. Divided by 300 million population, okay. But that doesn't give you 400,000, what you said. That gives you more like --

HANNAH THOMAS: I'd have to go back and look at Stella's e-mail.

>>: It is divided by the number of foreclosed homes.

>>: And the number of foreclosed homes is how much?

HANNAH THOMAS: 2.2 million.

>>: Okay.

AMAAD RIVERA: But those predictions are even three or four times that. It depends on how you're engaging the data.

>>: I'm sorry. Say that again.

AMAAD RIVERA: It depends how you're engaging the data. There are larger predictions up to 2010, 2011 that are two to three times that amount. There are some who are saying we're only been a million, million and a half in, and there are some saying we're only a third of the way in. So, for example, among people of color, unemployment is expected to rise potentially -- unless there is public policy solutions -- up to 15 percent in 2010 to 2011. So it just depends on who's estimating, how they're using the estimation. So far, we've had over a million, close to 2 million.

>>: And if there is an economic recession, even upper middle class people would lose their jobs, that would add even more to foreclosures.

AMAAD RIVERA: We're actually already seeing the indicators for a recession. We've actually been seeing since December of 2007 for the entire economy. Among communities of color, it's actually been going on for three to four years, all of the national indicators. But usually it's not marked until about a year and a half afterwards.

But -- and the last thing -- quickly, I just think the last thing we have to understand is there are three phases to this. There is preforeclosure, foreclosure, and postforeclosure. And most people are not dealing with maybe one of those three, and that is a situation we're in. We are in a preforeclosure crisis, a foreclosure crisis, and a postforeclosure crisis. Some people losing their home will never be able to get a home again for the rest of their lives. And that is a very serious thing that we have heard not really any public solutions except for the bill, things that deal with certain credit

defaults, making credit go back to before they had the foreclosed property. That's only been seen at the state level and hasn't been seen at all at the federal level. So that's just to get us all thinking about that.

HIRAM JOSE IRIZARRY OSORIO: Well, thanks to our panelists and for your attention. And there are a set of new panelists starting now, so you can stay here for the next panel or go to the other three rooms. Thanks a lot.

This is a rough draft - it has not been proofread for errors