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### **NAACP: BAILOUT MORTGAGE PLAN IS TOO LITTLE TOO LATE FOR THE VAST MAJORITY OF AFRICAN AMERICAN BORROWERS**

Los Angeles, California -- The National Association for the Advancement of Colored People (NAACP), which filed a class action lawsuit in July against a dozen major subprime lenders alleging institutionalized racism in lending practices, says President Bush's plan to freeze introductory mortgage rates for five years won't help the vast majority of African Americans who have already been victimized by discriminatory lending practices. (*National Association for the Advancement of Colored People, et al vs. Ameriquest Mortgage Company, A Corporation, et al.* July 11, 2007, Los Angeles Federal Court, Case No. SACV 07-0794)

"It's a case of too little too late," says Brian Kabateck, one of lead the attorneys representing the NAACP and a partner with the Los Angeles law firm of Kabateck Brown Kellner, LLP. African Americans are at least 30% more likely to be placed into subprime loans and the President's so-called solution does nothing to help people who have been late on just one payment. For those hurt the most by predatory lending, the proposal is useless."

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In July 2007, a report published by Freddie Mac (Federal Home Loan Mortgage Corporation), showed that minority borrowers pay higher annual percentage rates on mortgage loans than non-minorities with equal income and credit risk. For instance, in 2005, African American borrowers paid an average of 128 basis points more for loans than their white counterparts. In the subprime market, the difference was even greater--275 basis points more.

In data collected under the Home Mortgage Disclosure Act, from 2004 to 2006 it was estimated that African Americans were at least 31 to 34 percent more likely to be put into a high-cost subprime loan than similarly situated white borrowers.

"It is unfortunate that the government's plan does not scrutinize the practices of lending institutions, but instead provides lenders the opportunity to stave off government investigations into their racially discriminatory lending practices," says Angela Ciccolo, Interim General Counsel of the NAACP. "Although it appears the government is helping, in reality, it is helping a select few. The proposal is mere window dressing, allowing lenders to continue to engage in racially discriminatory practices with little government oversight. "

When the NAACP lawsuit was filed in July, it was the first suit that had ever charged so many major mortgage lenders with racial discrimination. "Since July, we discovered other lenders that practice discriminatory and predatory lending," says Kabateck. "We filed an amended complaint today that names seven more lenders as defendants."

The new defendants are CitiMortgage, Suntrust Mortgage, GMAC Rescap, JP Morgan, National City and First Horizon.

Named in the original class action were Ameriquest Mortgage Company, Fremont Investment & Loan, Option One Mortgage Corporation, WMC Mortgage Corporation, Long Beach Mortgage Company, BNC Mortgage, Accredited Home Lenders, Bear Sterns Residential Mortgage Corporation, Encore Credit, First Franklin Financial Corporation, HSBC Finance Corporation and Washington Mutual, Inc.

"When African Americans pay hundreds of dollars each month on their mortgages because of discriminatory lending it affects everything -- retirement planning, college savings, consumer spending and quality of life," says co-lead counsel Austin Tighe of Feazell & Tighe. "Instead of home ownership being the cornerstone of the American dream, it becomes a nightmare. President Bush should have proposed a real solution. Instead, he bowed to the interests of the lenders and put a band-aid on a shotgun wound. We look forward to forcing real change and real relief through our lawsuit."

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Filing the amended lawsuit is the NAACP and its legal counsel NAACP Interim General Counsel Angela Ciccolo of Baltimore, Maryland, Kabateck Brown Kellner in Los Angeles, Feazell & Tighe in Austin, Texas, and Law Offices of Gary L. Bledsoe & Associates in Austin, Texas.

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**For a copy of the complaint, contact Amalia Najarro at Kabateck Brown Kellner:** 213-217-5000, e-mail: [AN@kbklawyers.com](mailto:AN@kbklawyers.com). Additional information regarding the NAACP is available on its website: [NAACP.org](http://NAACP.org).