

Foreclosures Epidemic to Blame for Decreased African-American Wealth

By James H. Buford

Recently the Pew Research Center released an alarming report highlighting the fact that white Americans now have 20 times more wealth than African Americans and 18 times more wealth than Hispanic Americans. While this came as a shock to some, it is par for the course for others. Historically, whites have always earned and accumulated more wealth than minorities in the American society. Despite this, the white-black wealth gap is the widest it has been since the census began tracking the disparity in 1984, when the ratio was roughly 12 to 1.

The collapse of the housing market bubble coupled with the recession caused median wealth to fall by 53 percent for African-American households, 66 percent for Hispanics and 16 percent for whites. One of the main reasons for such a major decline in minority wealth is due to the fact that African-Americans and Hispanic Americans tend to invest heavily in their homes without investing in other asset building products such as stocks, bonds and savings accounts. With a foreclosure rate of 11 percent, foreclosures have played a major role in decreasing black wealth. The Center for Responsible Lending predicts that property values in communities of color will have dropped by more than \$350 billion between 2009 and 2012. This year, there are over 22,000 homes that were foreclosed upon in the state of Missouri. In the month of August 2011, there were over 1,400 properties foreclosed in the St. Louis metropolitan area alone. So as you can see,

housing counseling is still a critical need which is not as widely publicized or funded as during the initial foreclosure crisis.

Many homeowners who are in danger of losing their homes are not aware of foreclosure mitigation counseling which can help them save their most prized possession. HUD-approved housing counseling is a free but invaluable service that can be used to lower mortgage payments, renegotiate interest rates, or arrange short sales to avoid foreclosure.

During 2010, the Urban League provided foreclosure intervention counseling to 705 homeowners in the St. Louis region. Of these homeowners, 62% were able to keep their homes. In addition to the Urban League, Catholic Charities, Beyond Housing and Better Family Life also provide housing counseling services. The Urban League and Fannie Mae recently opened a mortgage help center in Clayton to provide free education and advice to struggling homeowners with Fannie Mae loans. Additionally, Bank of America, Chase and GMAC have recently opened mortgage help centers in the St. Louis area that troubled homeowners can utilize to save their homes. Those who are interested in foreclosure intervention counseling can call 1-866-442-9375 for more information. It is imperative that homeowners who are in danger of foreclosure contact HUD-approved counselors to get the help they need to save their homes.