

The Atlanta Journal and The Atlanta Constitution

March 14, 1998

Section: Business

Edition: The Atlanta Journal Constitution

Page: H02

Memo: Final Metro

Senate hearing set Monday on lending to poor

Rob Chambers Staff

Atlanta Legal Aid Society attorney William Brennan will address a U. S. Senate committee Monday in Washington on home lending practices that victimize the poor.

Brennan, who has for 10 years directed the Society's Home Defense Program, said his remarks will be part of a hearing conducted by the Senate's Special Committee on Aging. The topic is "Equity Predators: Stripping, Flipping and Packing Their Way to Profits. Howard **Rothbloom**, a Marietta attorney who has filed two class-action lawsuits in Georgia alleging such practices, said stripping refers "to draining the equity out of a home." Flipping "is repeated, costly refinancings with little benefit to the borrower, while packing involves selling expensive credit insurance policies, financed at high rates with the loan."

Brennan, who said his typical client is a "poor, elderly African-American" who has a substantial equity stake home, but, who may need home repairs or cash because Social Security, for instance, doesn't go far enough.

Patrick Fitzgerald of Home Equity News in New York estimates that, nationally, home equity loans amount to about \$150 billion in principal, with \$3.2 to \$3.5 billion outstanding in Georgia

Copyright 1998 The Atlanta Journal and The Atlanta Constitution