FAIR ELECTIONS NOW

PEOPLE.ACTION.DEMOCRACY.
www.commoncause.org/FairElectionsNow

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BIG MONEY'S ROLE IN AMERICA'S HOUSING CRASH

As the mortgage crisis hit the United States in 2008, hundreds of thousands of homes slid into foreclosure. Countrywide, Fannie Mae, Freddie Mac, IndyMac, Lehman Brothers, Merrill Lynch and American International Group (AIG) all more or less collapsed under the weight of the housing crash.

Yet what is most troubling about this historic episode is that the problems were identified years ago. Thanks in part to the political power of the financial institutions that stood to gain from the frenzy of borrowing and buying during the housing boom, however, the government failed to step in or even slow the breathtaking growth of unsustainable lending.

When the bubble did burst, Congress took only weak action to protect the victims of the crisis.

CASE STUDY:

FORECLOSURE RELIEF OPTIONAL

In response to the 2008 mortgage crisis, Congress considered a proposal to allow bankruptcy judges to adjust a house loan to reflect the true value of the home. Bankruptcy law covers most other types of loans, but exempts mortgages. Closing that loophole was widely seen as a necessary part of a long term solution.

This was the cleanest, easiest way to strike at the heart of the problem many homeowners now face – a home worth less than the mortgage. Yet the financial industry vociferously opposed this response because it could cost them big and set a precedent favoring homeowners. *(continued...)*

> **"What is missing is a rational and urgent push to help the estimated 2.2 million families in danger of losing their homes to foreclosure."**
> Jack Kemp
> Former Secretary of Housing and Urban Development
> *January 2008 opinion piece*

American Bankers Association	$12,659,293
American Financial Services Association	$418,500
Bank of America	$7,157,742
Citigroup	$12,903,501
Consumer Bankers Association*	$3,755,975
Countrywide Financial Corporation	$2,324,813
Financial Services Roundtable	$10,996,829
Huntington Bancshares	$356,497
Ind. Community Bankers of America	$6,183,652
Mortgage Bankers Association	$5,975,245
Wachovia	$2,947,152
Total	$65,679,199

<< Lobbying and Contributions by members of the "Bankruptcy Coalition"

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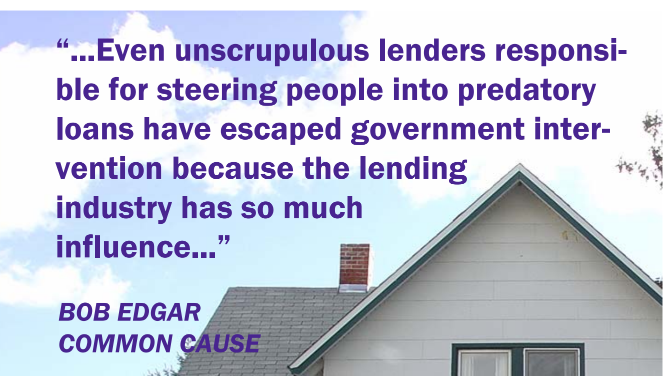
So far, Congress has not passed any legislation in response to the mortgage meltdown crisis that the lending industry has opposed.

The Democratic leadership at first offered legislation with a provision to temporarily give this power to bankruptcy judges, but it was stripped out and later reintroduced as a stand-alone bill. This bill, too, was ultimately defeated. Indeed, some of the same lawmakers who supported the original version voted it down.

Most active in the fight against this pro-homeowner measure was a group of industry giants known as the "Bankruptcy Coalition," who warned the bill would undermine the recovery of the housing market, despite any evidence to support their claim. In the 2008 election cycle, the Coalition gave over $65 million to Congress.

To this day, Congress has not passed any legislation in response to the mortgage meltdown that the lending industry has opposed. After all that has come to light about the abusive lending practices of the financial industry targeting vulnerable American families, Congress still seems afraid to move aggressively. And the big financial firms continue to shower Washington with cash even after receiving billions in bailout money.



"...Even unscrupulous lenders responsible for steering people into predatory loans have escaped government intervention because the lending industry has so much influence..."

BOB EDGAR
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THE SOLUTION
THE FAIR ELECTIONS NOW ACT

The Fair Elections Now Act, sponsored by Senators Dick Durbin and Arlen Specter, and Congressmen John Larson and Walter Jones, would allow candidates for Congress to run for office on small donations and public funds.

Members of Congress spend too much time fundraising and too little time working to solve the country's problems and listening to constituents. The citizen-funded Fair Elections system would get elected officials out of the fundraising race and let them do the job we elect them to do.

How it works:

- ✓ **Candidates who swear off large contributions and raise a large number of small contributions--$100 or less--from their communities could qualify for Fair Elections funding.**
- ✓ **Qualified candidates would receive Fair Elections funding in the primary, and if they win, in the general election to run a competitive campaign.**
- ✓ **Candidates would be also eligible to receive add tional matching Fair Elections funds if they continued to raise small donations from their home state.**
- ✓ **Once in office, elected officials would no longer be beholden to powerful special interests.**

SUPPORTING GROUPS

- ✓ **Brennan Center for Justice**
- ✓ **Democracy Matters**
- ✓ **Consumer Watchdog**
- ✓ **NAACP**
- ✓ **SEIU, AFSCME**

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