

## O'S DANGEROUS PALS

### BARACK'S 'ORGANIZER' BUDS PUSHED FOR BAD MORTGAGES

By Stanley Kurtz (*New York Post*)

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WHAT exactly does a "community organizer" do? Barack Obama's rise has left many Americans asking themselves that question. Here's a big part of the answer: Community organizers intimidate banks into making high-risk loans to customers with poor credit.

In the name of fairness to minorities, community organizers occupy private offices, chant inside bank lobbies, and confront executives at their homes - and thereby force financial institutions to direct hundreds of millions of dollars in mortgages to low-credit customers.

In other words, community organizers help to undermine the US economy by pushing the banking system into a sinkhole of bad loans. And Obama has spent years training and funding the organizers who do it.

THE seeds of today's financial meltdown lie in the Community Reinvestment Act - a law passed in 1977 and made riskier by unwise amendments and regulatory rulings in later decades.

CRA was meant to encourage banks to make loans to high-risk borrowers, often minorities living in unstable neighborhoods. That has provided an opening to radical groups like ACORN (the Association of Community Organizations for Reform Now) to abuse the law by forcing banks to make hundreds of millions of dollars in "subprime" loans to often uncreditworthy poor and minority customers.

Any bank that wants to expand or merge with another has to show it has complied with CRA - and approval can be held up by complaints filed by groups like ACORN.

In fact, intimidation tactics, public charges of racism and threats to use CRA to block business expansion have enabled ACORN to extract hundreds of millions of dollars in loans and contributions from America's financial institutions.

Banks already overexposed by these shaky loans were pushed still further in the wrong direction when government-sponsored Fannie Mae and Freddie Mac began buying up their bad loans and offering them for sale on world markets.

Fannie and Freddie acted in response to Clinton administration pressure to boost homeownership rates among minorities and the poor. However compassionate the motive, the result of this systematic disregard for normal credit standards has been financial disaster.

ONE key pioneer of ACORN's subprime-loan shakedown racket was Madeline Talbott - an activist with extensive ties to Barack Obama. She was also in on the ground floor of the disastrous turn in Fannie Mae's mortgage policies.

Long the director of Chicago ACORN, Talbott is a specialist in "direct action" - organizers' term for their militant tactics of intimidation and disruption. Perhaps her most famous stunt was leading a group of ACORN protesters breaking into a meeting of the Chicago City Council to push for a "living wage" law, shouting in defiance as she was arrested for mob action and disorderly conduct. But her real legacy may be her drive to push banks into making risky mortgage loans.

In February 1990, Illinois regulators held what was believed to be the first-ever state hearing to consider blocking a thrift merger for lack of compliance with CRA. The challenge was filed by ACORN, led by Talbott. Officials of Bell Federal Savings and Loan Association, her target, complained that ACORN pressure was undermining its ability to meet strict financial requirements it was obligated to uphold and protested being boxed into an "affirmative-action lending policy." The following years saw Talbott featured in dozens of news stories about pressuring banks into higher-risk minority loans.

IN April 1992, Talbott filed an other precedent-setting complaint using the "community support requirements" of the 1989 savings-and-loan bailout, this time against Avondale Federal Bank for Savings. Within a month, Chicago ACORN had organized its first "bank fair" at Malcolm X College and found 16 Chicago-area financial institutions willing to participate.

Two months later, aided by ACORN organizer Sandra Maxwell, Talbott announced plans to conduct demonstrations in the lobbies of area banks that refused to attend an ACORN-sponsored national bank "summit" in New York. She insisted that banks show a commitment to minority lending by lowering their standards on downpayments and underwriting - for example, by overlooking bad credit histories.

By September 1992, The Chicago Tribune was describing Talbott's program as "affirmative-action lending" and ACORN was issuing fact sheets bragging about relaxations of credit standards that it had won on behalf of minorities.

And Talbott continued her effort to, as she put it, drag banks "kicking and screaming" into high-risk loans. A September 1993 story in The Chicago Sun-Times presents her as the leader of an initiative in which five area financial institutions (including two of her former targets, now plainly cowed - Bell Federal Savings and Avondale Federal Savings) were "participating in a \$55 million national pilot program with affordable-housing group ACORN to make mortgages for low- and moderate-income people with troubled credit histories."

What made this program different from others, the paper added, was the participation of Fannie Mae - which had agreed to buy up the loans. "If this pilot program works," crowed Talbott, "it will send a message to the lending community that it's OK to make these kind of loans."

Well, the pilot program "worked," and Fannie Mae's message that risky loans to minorities were "OK" was sent. The rest is financial-meltdown history.

IT would be tough to find an "on the ground" community organizer more closely tied to the subprime-mortgage fiasco than Madeline Talbott. And no one has been more supportive of Madeline Talbott than Barack Obama.

When Obama was just a budding community organizer in Chicago, Talbott was so impressed that she asked him to train her personal staff.

He returned to Chicago in the early '90s, just as Talbott was starting her pressure campaign on local banks. Chicago ACORN sought out Obama's legal services for a "motor voter" case and partnered with him on his 1992 "Project VOTE" registration drive.

In those years, he also conducted leadership-training seminars for ACORN's up-and-coming organizers. That is, Obama was training the army of ACORN organizers who participated in Madeline Talbott's drive against Chicago's banks.

More than that, Obama was *funding* them. As he rose to a leadership role at Chicago's Woods Fund, he became the most powerful voice on the foundation's board for supporting ACORN and other community organizers. In 1995, the Woods Fund substantially expanded its funding of community organizers - and Obama chaired the committee that urged and managed the shift.

That committee's report on strategies for funding groups like ACORN features all the key names in Obama's organizer network. The report quotes Talbott more than any other figure; Sandra Maxwell, Talbott's ACORN ally in the bank battle, was also among the organizers consulted.

MORE, the Obama-supervised Woods Fund report acknowledges the problem of getting donors and foundations to contribute to radical groups like ACORN - whose confrontational tactics often scare off even liberal donors and foundations.

Indeed, the report *brags* about pulling the wool over the public's eye. The Woods Fund's claim to be "nonideological," it says, has "enabled the Trustees to make grants to organizations that use confrontational tactics against the business and government 'establishments' without undue risk of being criticized for partisanship."

Hmm. Radicalism disguised by a claim to be postideological. Sound familiar?

The Woods Fund report makes it clear Obama was fully aware of the intimidation tactics used by ACORN's Madeline Talbott in her pioneering efforts to force banks to suspend their usual credit standards. Yet he supported Talbott in every conceivable way. He trained her personal staff and other aspiring ACORN leaders, he consulted with her extensively, and he arranged a major boost in foundation funding for her efforts.

And, as the leader of another charity, the Chicago Annenberg Challenge, Obama channeled *more* funding Talbott's way - ostensibly for education projects but surely supportive of ACORN's overall efforts.

In return, Talbott proudly announced her support of Obama's first campaign for state Senate, saying, "We accept and respect him as a kindred spirit, a fellow organizer."

IN short, to understand the roots of the subprime-mortgage crisis, look to ACORN's Madeline Talbott. And to see how Talbott was able to work her mischief, look to Barack Obama.

Then you'll truly know what community organizers do.

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