

Wrongful Evictions and Government Lies

by Kenneth A. Kuhn
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I write this commentary on the day that ten large banks in the United States settled for the sum of 20 billion dollars with Federal regulators concerning over three million alleged wrongful evictions during the housing debacle in recent years. On the surface if you believe the government and news reports (and in general you should not) then over three million homeowners who were making proper payments on their mortgage and were not delinquent were forcefully evicted from their rightful homes. How dare those “evil” banks do such thing? Many have said that the settlement they agreed to pay is merely a slap on the wrist and shows again that banks get away with whatever at the expense of the little guy.

All of this sounds really bad except for one subtle fact that has been overlooked. In all of the millions of alleged cases there is not one case where a homeowner who was actually making proper mortgage payments and who was not delinquent was put on the street. Not one. Show me the news story of such a case. How could there be millions of cases and yet I confidently say that it never happened? To borrow a phrase from Bill Clinton, it all depends on the definition. The government’s definition of “wrongful eviction” is that banks did not allow those seriously delinquent on their mortgages to remain in the homes for an unspecified extended period. Detractors will claim that the definition I just presented does not appear in any government document. That is true only in the literal sense. I challenge detractors to examine the crafty language used by the government to state exactly the definition I presented – except the definition I presented is clear – no crafty weasel words needed.

I did hear of an occasional error by a bank in sending a delinquent notice to someone who was fully up to date on their payments. Errors in any system will happen. I have been erroneously billed for things on occasion but a simple letter or phone call quickly corrected the issue. I have never heard of such people being forced out of their legitimate homes – that would be a colossal news story. I am sure such errors happen in both good and bad times so there is nothing newsworthy about such an error. Am I perfect? Are you perfect? Hopefully we all correct our mistakes.

Okay, the detractors might say – the banks did in fact use accelerated methods such a robo-signing, etc. to evict people. That is true – there is no dispute on that point. The banks were so overwhelmed with delinquent payments that they had to use extraordinary methods. That is not a valid definition of wrongful eviction. Although it might have happened in a few cases, I am not aware that someone who was rightfully on an eviction list was put on the street sooner than they would have been in normal times whatever methods the bank was using. All of the information I have is that these deadbeats were able to remain in homes for which they were not making payments for an extended period – because of their overwhelming numbers. They were beneficiaries of the situation rather than victims. That they were eventually forced out is not wrongful eviction.

I hear numerous sob stories about how wrong it is for a bank to evict someone who lost their job during a bad economy. Where is the compassion they say? Okay, if you detractors and others

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have so much compassion then why don't the group of you gather your funds and start a bank – call it the Nicey-Bank. Loan money to people and don't try to collect when they don't pay. After all you have compassion and the rest of us evil people don't. Show us how your bank survives to be able to make loans to other people who will truly pay it back. Emotion and money do not mix. Alternatively, since you are so compassionate then instead of the bank foreclosing on these people then how about the bank takes the needed payments from your checking and savings accounts? That is compassion. And you claim to be compassionate. It would be hypocritical not to agree to this. After all, you have money and the other people don't. Did I strike a nerve? Is it that you want to make a bold jab about how uncompassionate others are and then run hide behind mommy's skirt so that you don't have to pay up your share of compassion? Me thinks so – me has seen such before.

When I bought my house back in 1986 I made sure that I bought a small enough house (i.e. within a rational budget) and with a substantial down payment and carefully analyzed my financial situation to be sure I could make payments for an extended period should the worst happen. I also grew up in an era where it was expected that everyone pay their debts – no excuses. I will never forget the statement made by the closing attorney. He presented me with the loan contract and quickly thumbed the many pages. He said, "You can read it if you like but all it says is that if you don't pay, you don't stay." I understood completely. I never read the contract until years later when I studied it to see if there was a penalty for paying the loan off early. There wasn't and I did. Fortunately, the worst did not happen but even if it had I could have lived primitively and made payments for several years – ample time to find a new job. In short, I bought a house I could afford – what a concept!!!

Yes, it is sad that many people lost their homes – I wish no one would. I wish people would seek the truth on what and why the housing debacle happened rather than believing lies from the government and news stories by well-meaning but clueless news media. I did such research and you can read it in a lengthy piece, *The Trillion Dollar Scandal* (http://www.kennethkuhn.com/investing/the_trillion_dollar_scandal.pdf). The facts are overwhelming – the government deliberately caused the housing debacle. The government duped many people not smart enough to figure out financial things for themselves into a debt situation for which there was no escape. Those people trusted the government and seriously paid for that mistake. Although the banks are definitely not saints, the fundamental issue was not their fault – the government forced them to make many of the bad loans as part of a grand financial scheme. Check history to see that the Wall Street debacle followed rather than led the housing debacle. Some on Wall Street did profit from the confusion and lies and I strongly suspect that they had an inside connection to government. Others on Wall Street were major victims too – remember those who went bankrupt? Many people cannot accept that their government would lie to them and commit financial atrocities against the population. Okay, so then no government in the world has ever done wrong against its people – are you that naïve? It happens all the time all over the world. It is folly to believe that the United States is somehow magically exempt from such. Doubters should read my above article I wrote in 2008. Since then a number of books have been published exposing the same things as I said years ago. My article is free – you have to pay for the books. Yes, the truth is ugly. I would rather have an ugly truth than a pretty lie.