NATIONAL CATHOLIC REPORTER
Published on *National Catholic Reporter* (http://ncronline.org)

Faith-based investors warned of mortgage crisis

Carol Zimmermann Catholic News Service | Sep. 13, 2008

tWASHINGTON -- Members of a coalition of faith-based investors said Sept. 10 they had warned of a potential mortgage crisis 15 years ago, long before it became headline news.

tNow they question why more wasn't done to avert the crisis and have issued a whole new set of warnings on other issues that they say put not only investors at risk but communities as well.

tDuring a teleconference, members of the Interfaith Center on Corporate Responsibility in New York highlighted practices they said are "just below the radar" that need to be addressed including: the use of sweatshop workers for major U.S. brands and retailers, continued pollution of the nation's waterways from factory-farm waste, and human trafficking.

t"Time and time again, the prophetic voice of faith has allowed our members to anticipate emerging areas of corporate responsibility in investment policy as well as in social, economic and environmental policy," said Laura Berry, the center's executive director.

tShe said that while the country's banking institutions and the government recover from the mortgage crisis, members of the Interfaith Center on Corporate Responsibility are focusing on "emerging issues." They are persuading companies to improve their working conditions and eliminate sweatshops, urging U.S. meat companies to develop sustainable water management practices to reduce waste and bringing more attention to the plight of human trafficking.

tIn 1993, Berry said, faith-based investors filed six resolutions calling for a closer regulation of subprime mortgages or loans for those with impaired or limited credit histories. These loans became common in the early 1990s in part because of federal laws that put pressure on banks to lend money to those with lower incomes.

tBerry said members of the interfaith center "understood too well the dangers facing people who were often poor, minorities and without access to conventional lenders." She said the faith-based investors expressed their caution about mortgage lending with officers from banks and lending institutions for several years and "asked tough questions about the depth of banks' exposure to risky financial practices."

tWhen asked why their warnings weren't heeded, especially as many Americans began losing their homes, Berry noted that "greed blurs the vision of people."

tUrsuline Sister Valerie Heinonen, a consultant on corporate social responsibility for the Mercy Investment Program in Orwigsburg, Pa., also pointed out that "blame can be placed on many desks."
tShe said the Mercy sisters have a commitment to support and build sustainable, affordable housing for poor and low-income families and noted that when subprime lending is done correctly it "allows working families to build assets through homeownership."

tFor more than 15 years, she said, the Mercy Investment Program has pressured banks and other financial

institutions to end predatory lending practices, which often involves levying excessive fees, instituting abusive prepayment penalties and selling borrowers unnecessary loan-related products.
tNow, as the mortgage crisis continues to unfold, she said, the sisters remain even more committed to helping people get affordable housing which she described as a basic human right.

tHarry Van Buren, a consultant for the Episcopal Church and assistant professor of business and society at the University of New Mexico in Rio Rancho, teaches a course in business ethics, an area not lacking for material.

tHe said his students are taking a close look at what happened in the mortgage crisis and how the country can move forward. Right now they are looking at "how to clean up the mess we're in and who should bear the cost," he said.

Source URL (retrieved on *07/23/2014 - 00:58*): http://ncronline.org/news/faith-based-investors-warned-mortgage-crisis