

Overcoming high costs of poverty

By Lorinda M. Bullock
Special to Sentinel-Voice

WASHINGTON (NNPA) - It seemed as if Angela and Edward Johnson's dream of owning their own home would only remain just that — a dream.

When the childcare professional and retired auto mechanic went house hunting with a real estate broker, he took one look at their poor credit scores and flatly predicted they'd never be approved for a loan.

He even suggested the Johnsons find someone else to apply for the loan on their behalf.

It also didn't help when homeowner friends often complained to the Johnsons of backbreaking interest rates on their mortgages.

So when the Johnsons finally moved into their new Suitland, Md., home just outside of Washington, D.C., in May, Angela Johnson was downright giddy when they ran into that broker again.

"I saw him. And you know I was so proud to tell him, 'You know we bought a house and let me tell you what the interest rate is,'" she said.

She's got a reason to beam with pride. The Johnsons beat the odds that are statistically stacked against low-income Black Americans.

The Washington-based Brookings Institution's recent report, "From Poverty, Opportunity," shows that on

average, lower income homeowners (\$30,000 or less) pay interest rates as high as nearly 7 percent, meanwhile people with incomes of more than \$120,000 paid a rate of 5.5 percent.

The Johnsons were able to secure a rate of 4 percent.

So how did they do it? And why aren't more low-income folks rushing to do the same thing?

Financial empowerment experts and the Brookings Institution's study say the number one problem is the lack of information.

For low income Black Americans, there are even deeper issues, said John Hope Bryant, the chair and founder of Operation Hope, a Los Angeles-based financial empowerment organization.

"We really don't have a history of economic capitalism and free enterprise. And that's hurt us. We're experts, generally speaking, in civil rights. We're experts in issues of social justice because those are the things that most impacted our lives from the history we have in this country," said Bryant, who has been featured on "Oprah," and has a number of partnerships with major financial institutions across the country and with former U.S. President Bill Clinton.

"Even our broad church network was used in the social justice perspective around issues of political em-

"There is no dialogue in our homes around money. We just don't talk about it. We like to spend it, but we don't want to talk about it, and we don't understand it."

— John Hope Bryant
Founder Operation Hope



powerment. That was a good strategy for the time, unfortunately, it didn't really prepare us for a world and a country that is a democracy rooted in capitalism," he said.

Because of that, Bryant launched a new movement — the Silver Rights Movement — when he started Operation Hope in 1992. Bryant's goal was to help people in lower income brackets take back their fiscal lives and has developed several programs including credit counseling, job assistance and home ownership classes that help people like the Johnsons.

Banking on our Future, is another nationally recognized financial literacy program from Operation Hope geared toward students ages 9 to 18. That program alone has reached more than 700 schools in the U.S. serving thousands of students, Bryant said.

Operation Hope currently has seven Hope Centers in

the Los Angeles, Oakland and Washington, D.C., areas.

The D.C. office is exactly where 43-year-old Angela Johnson went to find out that despite what she was told by others, she could finally purchase her own home. The Johnsons took a series of classes, and the professionals at the center took them from confusion to their closing.

"They just took you by the hand and were so helpful, and today I still call them," Angela Johnson said.

But home buying isn't the only area where lower income people are getting bad deals.

Generally, lower income homeowners "can pay as much as \$300 more for home

insurance than those in higher income neighborhoods," the report said.

When a low-income person walks into a car dealership, the report showed, that person will pay between \$50 and \$500 more in car prices and an extra two percentage points on an auto loan.

What you pay all hinges on credit, said Tracy Bailey, assistant manager of the Hope Center in D.C.

"People don't understand the power of good credit and they don't check it as often as they should. They really don't understand that they don't need a whole lot of money for purchasing power if they have good credit," Bailey said.

That's why the credit counselors at Operation Hope, teach people how to read their credit report at least twice a year and encourage them to get rid of the fear of contacting their debtors and disputing incorrect information.

"We've got to stop being ashamed of the fact that we may have tore-up credit... We sit there with you and have a good laugh. We laugh, and we encourage you to laugh.

We say this credit report looks like a bus accident. Now it's out. It's not that bad, the world didn't explode. We're proud of you, that you actually stepped forward," Bryant said.

Check cashing, payday loans and rent-to-own furniture businesses are also major contributors draining the pockets of low-income people, says the report.

Most customers of check-cashing businesses earn annual incomes of less than \$30,000 and to cash a \$500 check, the report said. Customers would pay an additional \$5 to \$50 in the 12 metro areas they selected for the study.

The report gave an example that in Wisconsin, "it is estimated that a \$200 television might cost as much as \$700 at one of the rent-to-own businesses in the state after interest."

Bryant said when people use these services, they ask the wrong questions.

"You don't buy almost anything based on what the payment is, but that's how we tend to ask the question. When we go buy a house, a (See Poor, Page 14)

McKinney

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pend on how much support she retains among Black voters, said David Bositis, a senior research associate at the Washington, D.C.-based Center for Joint Political and Economic Studies, a think tank that focuses on policy issues of concern to Blacks.

"When she won last time... she still had pretty solid support," Bositis said. "In terms of what happens now, I think it's going to sort of depend on how solid that Black support remains."

Black voters casting ballots at her Stone Mountain precinct on Tuesday had mixed feelings about McKinney. Vanessa Milton voted for McKinney, and said the congresswoman had a relatively good track record before the Capitol Police incident. But the 48-year-old said she felt McKinney's personality had taken over.

"As an African-American,



Hank Johnson, center, delivers a speech after his victory over controversial Rep. Cynthia McKinney, D-Ga., in the Democratic Primary runoff, in Decatur, Ga., on Tuesday.


I am very committed to our people and being strong, but there comes a time when some people overdo it," Milton said. "I want her to be a strong Black woman, but I don't want her to be a buffoon."

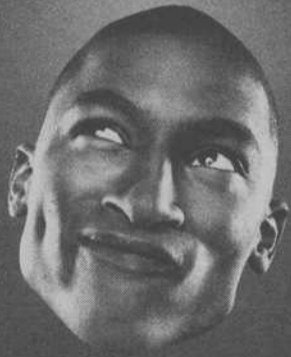
Natasha Brown, a 25-

year-old law student, voted for Johnson.

"She's a pariah," she said of McKinney. "I'd do anything to vote her out."

No one answered the phones at the district office of McKinney, who has five months left in her term.






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