

# The Gadsden Times

## OUR VIEW: Found money for states?

*Published: Tuesday, June 19, 2012 at 6:26 p.m.*

In February, the federal government and attorneys general of 49 states (Oklahoma cut its own deal) announced a \$25 billion settlement with five major mortgage providers to end investigations into alleged abuses by those companies.

The settlement's official website, *nationalmortgagesettlement.com*, said the money is supposed to provide "relief to distressed borrowers and direct payments to states and the federal government."

The direct payments to states totaled \$2.5 billion, and again that money was designed to aid homeowners who are behind, close to being behind or underwater on their mortgages, or whose homes were foreclosed on during the worst of the recession and housing crisis.

It's not working out that way.

According to a report issued last month by Enterprise Community Partners, a group that advocates affordable housing for low- and moderate-income people, 27 of 42 states surveyed planned to use all or most of the money for that purpose, nine planned to use some and six planned to use none.

Texas dumped its \$134.6 million straight into its General Fund, and California is preparing to pay down state debts with most of its \$410.6 million. Georgia (\$99.4 million) and South Carolina (\$31.3 million) are using all their money for economic development, and virtually all of Missouri's \$39.6 million is going toward education. Virginia is using its \$66.5 million to avoid cuts in aid to local governments and to give state employees a raise.

Alabama's plans weren't included in the ECP report, but this week it was announced that \$19.3 million of a \$25.3 million allotment to the state attorney general's office would be used to help fund that office and county district attorney's offices from 2013 to 2015.

That leaves \$6 million, so Alabama — whose homeowners will receive other benefits worth roughly \$80 million from the settlement — remains in the "some" category as far as the direct state allotments.

The Arise Citizens' Policy Project and the Low Income Housing Coalition of Alabama are calling for it to be routed to the Housing Trust Fund, which was created by the Legislature, but not funded because of budget issues, to help provide affordable housing for the poor.

We think that's a good idea and reflects the spirit behind this settlement that took a year to nail down.

States that are treading in budgetary red ink and adamant about not raising new revenue apparently can't resist the temptation to treat this as found money, instead of as compensation for those who were wronged. That's wrong.

Copyright © 2012 GadsdenTimes.com — All rights reserved. Restricted use only.