

## The Chicago Way

*Despite its good reputation, a network of housing charities has serious flaws*

**By Michael Volpe**

**Summary:** *Neighborhood Housing Services of Chicago receives much public praise for its mission of helping the unfortunate, but a bit of investigation reveals that it runs an elaborate network of nonprofits that appear to engage in the very kinds of misbehavior the group claims to combat.*

**W**hat if charitable work for the poorest and weakest is covering up deceit and corruption? No one would ever suspect such behavior from a charity, and the people who appear to be swindled are not only unsophisticated but also don't seem to be credible. This was the thought I had while listening to an attorney with Neighborhood Housing Services (NHS) of Chicago as he attempted to defend his company from charges it was committing mortgage fraud.

“We’re the good guys,” the attorney screamed. The charity certainly appears to be. On the surface, Neighborhood Housing Services of Chicago Inc. is a parochial, garden-variety liberal nonprofit located in the Windy City. But if you look deeper you find that NHS runs an empire of sorts whose power extends beyond its home base, and that it is deeply tied to the world of Saul Alinsky-inspired radical left-wing community organizing and the corruption that accompanies it.

Every year NHS gives out the Gale Cincotta Community Visionary Award. The person the award is named after is the first clue



**Ed Jacob is executive director of the troubled, corrupt NHS of Chicago.**

something isn't quite right. Sometimes referred to as the “Mother of the Community Reinvestment Act,” Cincotta was an energetic community organizer who worked to eliminate “redlining” and other “discriminatory practices against low-income and minority communities,” as NHS puts it. Critics say the Community Reinvestment Act, which was significantly strengthened by the Clinton administration, helped to cause the subprime mortgage crisis by pressing banks to lend money to people they ought to have known

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would not be able to pay it back. Taking their cues from activists, banking regulators were given the power to make trouble for banks that in their opinion failed to lend enough money to so-called underserved communities. (See the account in *Reckless Endangerment: How Outsized Ambition, Greed, and Corruption Led to Economic Armageddon*, published by a *New York Times* imprint and written by the Pulitzer-prize winning *New York Times* reporter Gretchen Morgenson and housing expert Joshua Rosner.)

A founding board member of NHS, Cincotta also co-founded the extreme-left National Training and Information Center (NTIC), which provides technical assistance and training for community agitators. She also co-founded Chicago-based National People's Action (NPA), an increasingly influential, sometimes violent nationwide coalition of some 300 community organizations throughout America.

NTIC, like so much in Chicago, has corruption issues. The group had to pay \$550,000 to the U.S. government to settle claims from a 2006 federal lawsuit in which it was accused of misusing federal grant money,

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*Crain's* reported. That media outlet also reported that a U.S. attorney accused NTIC "of violating the federal False Claims Act when it used some of the millions it received from a division of the U.S. Department of Justice to lobby members of Congress with hopes of securing more grants."

On its website, NHS Chicago boasts of helping low- and moderate-income people with foreclosure prevention, home buyer education, neighborhood revitalization, as well as full service lending and real estate services. In a 2012 newsletter, NHS Chicago bragged,

To date, NHS has leveraged over \$1 billion in reinvestment in Chicago's neighborhoods, originated \$285 million in loans, and rehabilitated or built more than 21,000 housing units. NHS also offers direct lending and homeownership education throughout the city. NHS recently announced a \$100 million affordable housing loan pool in partnership with 31 lenders and the City of Chicago. What is more important and harder to quantify is the impact NHS has made on the quality of life of thousands of first-time homebuyers, families needing to fix up or save their homes from foreclosure, and residents of NHS revitalized neighborhoods.

Michael Henderson, one of the persons who ended up in the court case alleging NHS had committed mortgage fraud, said he was referred to NHS Chicago by the City of Chicago when he called the city's 311 information hotline for help with a construction loan.

NHS Chicago receives favorable press because its public persona is that of a do-gooder organization. Here's part of what a Federal Reserve Bank in Philadelphia official wrote about NHS Chicago in 2000:

A Chicago community development financial institution (CDFI) has started the pilot phase of a program to refinance predatory loans with an initial \$2 million

loan pool created from investments by 16 Chicago-area banks.

The CDFI, the Neighborhood Housing Services of Chicago, Inc. (NHSC), started the Neighborhood Ownership Recovery Mortgage Assistance Loan (NORMAL) program in June 2000 and has approved 10 loans in the program's first few months. NHSC staff initially analyzes borrowers' existing loans and related closing documents and provides counseling, intervention, and negotiation with the lender. When necessary, pro bono and Legal Assistance Foundation attorneys negotiate pay-off amounts with lenders and NHSC originates a NORMAL loan to refinance the negotiated loan settlement amount.

But behind this veneer of the upstanding nonprofit dedicated to the needs of low- and moderate-income individuals, the evidence in more than one case suggests that NHS Chicago behaves more like a fly-by-night mortgage company. Before looking at those cases, let's consider the roots of NHS Chicago.

## **History**

In 1967 in Pittsburgh, a local activist named Dorothy Mae Richardson formed a nonprofit entitled Citizens Against Slum Housing (CASH). While fighting a campaign against slumlords in the Central Northside neighborhood, she joined with other activists as they exposed three corrupt officials helping the slumlords—Charles Rosenbloom, Francis Johns, and Alfred Tronzo, who at the time were with the Pittsburgh Housing Authority.

Over the next year, she helped to engineer campaigns in which all three officials eventually resigned, the Housing Authority board was increased from five to seven, and Richardson was named one of the new board members as part of a larger housing campaign that has since become legendary in community organizing circles. By the

end of 1968, Richardson had changed the name of her organization to Neighborhood Housing of Pittsburgh, and by the mid 1970s, NHS of Pittsburgh was considered a model for so-called “community based housing initiatives.”

In 1978, Congress chartered the Neighborhood Reinvestment Corporation with a mission to recreate Neighborhood Housing Services of Pittsburgh’s housing program in cities throughout the nation. By 2008, the name had changed to NeighborWorks, and the NeighborWorks network now includes more than 200 entities.

NeighborWorks is a government-funded housing organization that is politically aligned with left-wing, community-based pressure groups. In recent decades NeighborWorks has become a major funder of radical, taxpayer-supported activism. The nonprofit has grown into one of the most powerful liberal real estate nonprofits, with an on-the-ground presence in all states, over \$300 million in operating income in 2010, and its tentacles in nearly all facets of real estate policy.

## Finances, Leadership

NHS Chicago is a 501(c)(3) nonprofit, first incorporated in 1975. A founding member of NeighborWorks, NHS continues to be one of its most prominent and powerful affiliates. NeighborWorks has given NHS Chicago \$521,172 in grants since 2005.

Major funders of NHS Chicago from the left-wing philanthropic firmament include the John D. and Catherine T. MacArthur Foundation (\$6,104,500 since 1999); Chicago Community Trust (\$1,300,000 since 1998); and the Ford Foundation (\$300,000 since 2003).

Nor has NHS Chicago lacked corporate support. Its major funders among the financial services industry include Bank of America Charitable Foundation Inc. (\$1,205,000 since 2005); JPMorgan Chase Foundation (\$900,000 since 2003); Citi Foundation

(\$449,000 since 2001); Allstate Foundation (\$260,000 since 2001); the Obama-linked Northern Trust Co. Charitable Trust (\$235,000 since 2001), and Wells Fargo Foundation (\$145,000 since 2003).

In the fiscal year ended March 31, 2012, NHS had revenue of \$5,824,110, according to its latest available tax filing. Of that total, \$1,995,385 consisted of contributions, \$727,500 came from government grants, and \$2,406,877 derived from program services. In that time span the nonprofit spent a total of \$4,673,946; only 58 percent (\$2,727,441) went to program services, 35 percent (\$1,630,541) to administration, and 7 percent (\$315,964) to fundraising.

As executive director of NHS, Ed Jacob runs its day-to-day affairs. After a decade as CEO of the North Side Community Federal Credit Union, Jacob took over at NHS in June 2010. According to his official biography, Jacob has more than 25 years of community development and lending experience. “It’s a great honor for me to join NHS,” said Jacob. “There is no better place to be if you want to preserve communities and make an impact in Chicago.”

While at North Side Community FCU, Jacob developed alternatives to “payday” loans and other forms of what NHS terms “predatory” loans. During his tenure the credit union’s assets reportedly doubled, and it received the Vision Award from the Egan Campaign for Payday Loan Reform. The award is named after Monsignor Jack Egan, a crusading left-wing priest and an important ally of the godfather of community organizing, Chicago’s own Saul Alinsky. Egan was also a member of the board of Alinsky’s Industrial Areas Foundation (IAF) and went on later to play a significant role in the creation of the left-wing groups Catholic Campaign for Human Development (CCHD), and the Catholic Committee on Urban Ministry. (For more on CCHD, see the Sept. 2009 *Foundation Watch*).

The NHS Chicago board of directors represents the intersection of local banking interests and local liberal philanthropies. Representatives of Charter One, MB Financial, PNC Financial Services, JPMorgan Chase Bank, and Citi all currently sit on the board, as does Allison B. Clark of the John D. and Catherine T. MacArthur Foundation.

The current financial profile of NHS Chicago is uninspiring at first glance. Its three most recent tax filings show only \$3 million to \$6 million in income. But that only begins to tell the story, because NHS Chicago is a poor man’s ACORN. Just as the disgraced community-organizing group ACORN, now officially defunct, famously incorporated more than 300 so-called “affiliates” all at the same address in New Orleans, so has NHS Chicago created at least five “affiliates,” all of which use the same 1279 North Milwaukee Avenue address in Chicago.

The other affiliates are Neighborhood Lending Services Inc., NHS Redevelopment Corp., NHS of the Fox Valley, Roseland Place Inc NFP, and Roseland Village Inc NFP. Each has its own tax filings, and taken together they show the network in a whole new context. Each of the affiliates are able to provide a plethora of loan options for purchases, construction, and refinance loans, as well as to help a borrower to buy or sell a property and provide funds to revitalize properties in the Chicago area.

Neighborhood Lending Services Inc. was created in 1987. In the fiscal year ended March 31, 2012, its revenues were \$4,466,170, of which \$1,053,591 came from contributions, while program services accounted for \$3,230,682. It spent \$5,483,591: \$4,377,402 on program services and \$1,106,189 on administration.

NHS Redevelopment Corp. was also created in 1987. In the fiscal year ended March 31, 2012, it enjoyed revenues of \$1,527,827; contributions provided \$120,988 of that figure,

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program services, \$1,406,197. The nonprofit spent \$1,687,142: \$1,404,240 on program services and \$282,902 on administration.

NHS of the Fox Valley was created in 1981. In the fiscal year ended March 31, 2012, it had revenues of \$229,328: \$52,000 from contributions, \$174,557 from program services. It spent \$393,604: \$307,199 on program services, \$86,405 on administration.

Roseland Place Inc. NFP was created in 2008. In fiscal 2011 (the most recent year available), it had revenue of \$2,148,885, all of which, according to its tax filing, came from “elderly housing.” The nonprofit reported spending nothing in the fiscal year.

Roseland Village Inc. NFP was created in 2009. In fiscal 2011 the nonprofit had revenue of \$276,184, all of which came from government grants. In that year it says it spent nothing.

## Self-promotion

The U.S. Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country that provide advice on buying a home, renting, defaults, foreclosures, and credit issues. As a HUD-certified counselor, NHS Chicago is in a position to be selected to implement all sorts of misguided local and federal laws. For instance, in May 2010, NHS Chicago was invited to be one of several presenters for a Chicago area event called, “Keep Your Home: Apply for President Obama’s Loan Modification Program.”

During the comment period for a regulation resulting from the Dodd-Frank Act, NHS Chicago fired off a letter to the Federal Deposit Insurance Corp. on August 11, 2011. In the letter, NHS Chicago told the FDIC that Dodd-Frank should be used to introduce new opportunities for education—from HUD counselors like NHS Chicago itself.

## Enforcers of Local Social Justice

Because of its HUD certification, NHS also participated intimately in two of the most notorious local real estate laws: HB 4050 and its successor, SB 1167.

In summer 2005, the Illinois legislature, fearful of reports of increased fraud and so-called “predatory lending,” passed HB 4050, a pilot program that identified 10 zip codes which the powers-that-be deemed especially endangered. It decreed that subprime loans in those zip codes would receive extra scrutiny—and mandated that individuals with certain types of loans make an appointment to receive financial advice from federally approved financial counselors before completing a mortgage. As a HUD-certified counselor, of course, NHS Chicago was chosen as one of those federally approved financial counselors.

The program went live in January 2006. Though it had good intentions, it added an extra layer of bureaucracy to the already burdensome loan process. The results were predictable: after just six months passed, each of the 10 zip codes had seen real estate sales drop.

NHS Chicago was an early supporter of the law and the organization continued supporting the law even after most others had recognized it was a disaster. Here’s part of a news article from summer 2006 (available at <http://www.mortgageorb.com/print.php?plugin:content.928>), when the law’s flaws were apparent:

“But one person took a bold (if lonely) stand in stating HB 4050 was beginning to work before the plug was pulled. Jim Wheaton, deputy director for program services and strategy at HUD-certified counseling agency Neighborhood Housing Services of Chicago, cited the 360 customers counseled under the program before the governor’s suspension.”

The program finally fell apart entirely after a series of subprime banks refused to do any more business in those 10 zip codes. The program was mercifully put out of its misery in January 2007, only a year after it began.

In September 2007, the Illinois legislature passed SB 1167. It effectively mirrored HB 4050, targeting especially high risk loans for extra counseling, but this time it applied to all of Cook County. The law went into effect the following July, and once again, as a HUD-certified counselor, NHS Chicago provided counseling to individuals the law deemed in need. Ironically, in the interim since the last law, the subprime market collapsed. And so by the time the new law took effect, no bank approved any loan which the law deemed required extra counseling. SB 1167 continues to be in effect today, though updated, and is now known for its predatory lending database.

## HOPI follows the money

“The good news is that Chicago is on the cutting edge of addressing foreclosure-related issues. Neighborhood Housing Services began its Homeownership Preservation Initiative, or HOPI, in 2003—and it has been viewed as a national model ever since. This report includes descriptions of HOPI and other foreclosure programs in and around Chicago.”

That quotation may make HOPI sound good as an innovative way of tackling the issue of foreclosures, but consider its source: a 2008 white paper, “The Foreclosure Crisis in the Chicago Area: Facts, Trends, and Responses,” underwritten by the John D. and Catherine T. MacArthur Foundation as well as the Chicago Community Trust.

As the white paper lays out, HOPI is a cog in a larger liberal real estate fantasy that includes an even greater emphasis on counseling, HUD money and local money for bailout programs for troubled borrowers, loan modifications that include loan write-downs (making the amount of the loan smaller), as

well as legislative schemes like the American Housing and Foreclosure Prevention Act of 2008 and the aforementioned SB 1167.

After foreclosures nearly doubled in Chicago from 1993 to 2002, the city partnered with NHS Chicago for what the city described as a multi-faceted foreclosure prevention program. The City of Chicago's website declares, "The Home Ownership Preservation Initiative (HOPI) is a partnership between the City of Chicago, Neighborhood Housing Services of Chicago, and key lending, investment and mortgage servicing institutions doing business in Chicago. The partnership seeks to preserve homeownership whenever possible and keep families in their homes through counseling, loss mitigation, and loan workouts. When foreclosure is unavoidable, the partners seek to preserve the vacant properties as neighborhood assets."

In the last decade, NHS brags that HOPI:

- \* Saved over 6,585 Chicagoans from foreclosure.
- \* Counseled or educated over 27,125 homeowners at risk of foreclosure.
- \* Reclaimed 980 vacant or at-risk properties.

According to a 2005 paper published by NeighborWorks, the HOPI program is funded through a \$2.2 million loan program. The apparent success of HOPI caught the eye of Cook County Board member Bridget Gainer, who cited HOPI and other NHS Chicago initiatives repeatedly as she pushed for a Cook County Land Bank throughout 2012. She hoped to create a more ambitious HOPI for all Cook County.

The Cook County Land Bank, which now costs more than \$100 million, was created in January 2013 and received universal praise at the time from powerful local politicians, according to a press release from the Cook County Board.

"I've been to every corner of Cook County, and I've seen first-hand how municipalities

struggle to return vacant properties to their tax rolls," Cook County Board President Toni Preckwinkle said. "This landmark ordinance will help the County combat the foreclosure crisis that has decimated communities. We are going to work hand-in-hand with communities throughout the County to ensure the Land Bank Authority is effective and sustainable."

"The land bank will provide another tool to strategically bring vacant buildings into productive use in cities and towns throughout Cook County," said Chicago Mayor Rahm Emanuel, who will appoint a representative to the Land Bank Authority's board of directors.

### Another HUD gravy train

NHS has also profited under the HUD Asset Control Area (ACA) program. According to the HUD website, "Foreclosed properties conveyed back to FHA that are located in a designated ACA are first offered for sale to an ACA participant. Under the ACA Program, state, county and local units of government, as well as approved nonprofit organizations may enter into a two-year contract with HUD requiring HUD to first make FHA properties located in an ACA exclusively available for sale to the ACA participant. ACA properties with an appraised value of \$25,000 or less may be purchased for \$100; all other properties sold under the ACA Program are offered for sale at a minimum discount of 50 percent of the appraised property value."

Through this program, NHS is eligible to bid on hundreds of local foreclosed properties owned by HUD and then resell the properties to new borrowers. A whole series of similar programs in which NHS participates accomplish roughly the same thing: Chicago Homeownership Rehabilitation Initiative Program (CHiRP), Lawndale Restoration (another local HUD program), and the Troubled Building Initiative (a City of Chicago program).

So, what happens when NHS Chicago gets its

hands on goodies like the federal HUD ACA money? Here are some examples of loans which fell under one of these programs.

Michael Henderson is an African-American man who lives on the West Side of Chicago, and he received a construction loan with NHS Chicago after being referred to the group by the City of Chicago in 2003. Now, more 10 years later, Henderson says he was the victim of the very predatory lending tactics that NHS publicly claims to help protect homeowners from. Henderson charges that NHS inflated his income, including adding rental income (even though the property was a single family residence that was gutted at the time of the loan), and put that inflated income figure on all of his loan documents. Henderson says that he made just over \$50,000 yearly at the time of the loan. Yet, the monthly income listed on his application was \$5,232.12 (\$82,785.44 yearly) and the application claimed he would receive \$1,650 in monthly rent. The home at issue is a

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single family residence that was gutted and unlivable at the time, making it impossible to have renters.

The recorded mortgage has a legal description that inaccurately adds about 1,600 square feet to the lot. That extra land includes three additional empty lots the city now owns, according to the Recorder of Deeds office. Finally, the loan had a balloon payment that popped after only one year, a most unusual loan to be offered by a group that claims it protects against predatory lending.

Henderson adds that for the last eight years he has been unable to receive even one mortgage statement or escrow analysis. When he requested payoff amounts, NHS would routinely take months to prepare them, even though they are often done immediately by regular banks.

While Henderson never received a mortgage statement, his servicer, MB Financial, accepted payments for \$185.83 monthly until 2007, three years after the loan was to have ended, according to the mortgage documents, and provided a receipt for acceptance. Henderson supplied numerous copies of these receipts. In a letter dated January 24, 2005, NHS made this startling admission: “the payments that you make to MB Financial in reference to your loan with NHS are purely to ensure the insurance (homeowner) is paid and that the real estate taxes are paid on the property.”

Despite all this evidence, which Henderson presented in chancery court while acting as his own lawyer, Cook County Judge John Griffin ruled in favor of a foreclosure order on behalf of NHS Chicago, and Henderson was forced out of his home in 2013.

In his near decade long battle with NHS, Henderson went to any local and federal

agency he could think of including HUD, the FBI, the Illinois Attorney General’s office. All of these agencies dismissed Henderson or pawned him off on a different agency which ultimately would then dismiss him.

He even sent a letter in 2006 to then-U.S. Senator Barack Obama, whose office told Henderson that mortgage fraud is a state issue, pawning him off on an Illinois State Senator. Ironically enough, in 2009, one of the first pieces of legislation President Obama championed was federal legislation against mortgage fraud. (I featured Henderson in chapter three of my book on the traumatic effects of being a whistleblower, *The Definitive Dossier of PTSD in Whistleblowers.*)

Then there’s the case of Michael Schubert, who’s white, and appears to be a left-wing nonprofit insider. He served as Housing Commissioner for the City of Chicago from 1987 to 1989. Prior to that, Schubert was the Associate Director at NHS Chicago, and his experience there was singled out in a 1989 Chicago Tribune story on Mayor Richard Daley’s cabinet. A 2004 pamphlet from NHS Chicago also highlights Schubert’s role as an especially generous contributor. Schubert is also a regularly featured speaker at left-wing nonprofit conferences on housing like those hosted by NeighborWorks and the Federal Reserve.

Schubert received a number of sweetheart loans from NHS, including a residential loan on a commercial property for nearly twice the value of the property at the time. Since 2000, Schubert has financed and refinanced a total of more than \$1.5 million in home loans on a single property on the same Southwest Side of Chicago, according to records at the Cook County Recorder of Deeds. While many of those refinancings did in fact pay off prior loans, that is only the beginning of a pattern of suspect lending behavior, according to

an analysis of mortgage documents, county records, and the testimony of a mortgage professional.

The curious behavior began as soon as Schubert purchased the property, says Paul Pimentel, a mortgage broker and realtor. Pimentel has more than a decade of experience in all facets of real estate sales and financing. He also says that Cook County records show the property was purchased by Schubert for \$200,000 on December 29, 2000. Two mortgages are recorded on that property with Schubert as a mortgagee, on the exact same date for \$385,000.

In other words, Schubert was able to finance 193 percent of the purchase price. By 2006, the amount owed had grown to \$583,000. On June 19, 2012, NHS Chicago first filed foreclosure paperwork against Schubert for all the loans. On February 15, 2013, an order of possession was granted to NHS Chicago by Cook County Judge Michael Otto.

Schubert, who had previously cooperated with other stories before his property was being foreclosed on, has declined several offers to explain the circumstances of his foreclosure. (Both the case of Michael Henderson and the case of Michael Schubert were first featured on the Rebel Pundit website.)

Patricia Boone, an African American from the Southwest Side of Chicago, said that after she came to NHS Chicago to fix up her backyard in 2006, NHS Chicago manipulated her into working with a shoddy contractor. That contractor, Boone said, started months late and performed poor work. Boone added that NHS Chicago was supposed to oversee the project, but instead her backyard looked worse after the contractor was done. Boone provided this writer with a number of photos taken before, during, and after the work done on her property, and the photos support her story. Boone also provided a number of letters she wrote to Wheaton personally, describing the problems as she saw them.

Finally, after months of haggling with NHS Chicago, Boone said she demanded that all work cease and that the remaining money then in real estate escrow be applied to the loan. Boone said that NHS only followed her instructions after she pestered the organization for months.

A forensic audit performed by the Consumer Mortgage Audit Center, a company that specializes in forensic mortgage audits, found a number of violations of federal mortgage laws, which led the auditors to conclude that Neighborhood Housing Services of Chicago engaged in behavior that was unfair and deceptive. The audit found at least two “material violations” of a federal statute known as the Truth In Lending Act. At the time of the violations, the Act was administered by the Federal Reserve through a regulation called Regulation Z. Each violation, the audit concluded, meant NHS had committed unfair and deceptive acts and practices as defined by the Federal Trade Commission (FTC): “The FTC has specifically held that violations of Federal Reserve Board Regulation Z and the Truth in Lending Act are Unfair and Deceptive Practices under the FTC Act.”

The audit also revealed that Ms. Boone’s loan was approved even though her debt-to-income ratio was a staggering 63 percent. While mortgages with high ratios proliferated during the boom years when Boone received her loan, they’ve since been blamed for contributing to the mortgage crisis. And even for subprime loans, a 50 percent ratio was generally considered the limit.

Boone said she was forced into Chapter 13 bankruptcy (in which debts are restructured) on May 22, 2009. The bankruptcy process concluded on November 5, 2013. Boone said that she was forced to pay about \$3,000 per month from the beginning of the bankruptcy until her loan modification went through July 3, 2012, at which time her payment went down significantly.

Consider another NHS victim. In 2004, Wilma Walker from the far South Side of Chicago refinanced her property with NHS, intending to receive money she could use to repair the property. She said she was given a grant in the amount of \$27,000 for property repairs as part of her construction loan. NHS clients are given a list of contractors from which to choose, but Walker said usually the client will end up with the contractor that NHS Chicago Construction Specialist selects. Walker ended up with the contractor Columbus Construction Company and the nightmare began. Instead of performing repairs on her home, the contractor came in and nearly demolished her home. (Walker was eventually forced to pay out of pocket to correct the mistakes and damages the contractor left behind.) The next day she sent a letter to NHS complaining about Columbus Construction, but she says NHS ignored repeated complaints. Over the next several weeks, she sent letter after letter until she was finally forced to contact Illinois Attorney General Lisa Madigan’s office.

### **Jim Wheaton**

From a few years after its founding until roughly a year ago, the public face of NHS Chicago was Jim Wheaton. Wheaton is a veteran of more than three decades in the world of nonprofit lending, urban revitalization, and foreclosure prevention. His name comes up most often when NHS Chicago is cited in the media and appears prominently on public tax filings and Internet searches. Until the end of 2012, Wheaton held a variety of roles at NHS Chicago and in its network, culminating in his service as NHS executive director for many years.

Just as some of the allegations of mortgage fraud against NHS first came to light locally, in December 2012, Wheaton changed jobs despite his three decades at NHS. He moved from NHS to one of its competitors, Community Investment Corp. (CIC). Jack Markowski, who runs CIC, dismissed the accusations against Wheaton, saying he had a long and sterling reputation in nonprofit lending. “Jim Wheaton has been in community

development for 30 years, and he has a great reputation in community development.”

In fact, Markowski boasted that Wheaton will now manage a \$15 million grant from the John D. and Catherine T. MacArthur Foundation as well as a Bank of America Foundation grant. He will manage a portfolio of second mortgages for multi-unit properties that do retro-fitting for energy conservation.

CIC and NHS of Chicago share many of the same funders, including the Chicago area giant, the MacArthur Foundation. Both the MacArthur Foundation and Bank of America refused to comment for this story.

### **Conclusion**

The elements of corruption are obvious: conflicts of interest, access to too much money and power, complicated and interlocking corporate structures, and the ability to operate with little or no oversight. Given the egregious allegations involved, the key questions to ask are, How widespread is the corruption, and just how much power does NHS wield, both locally and nationally?

*Chicago-based writer Michael Volpe spent more than a decade in finance (including mortgage lending) before becoming a freelance journalist. His work has appeared in such national publications as the Daily Caller, FrontPage Magazine, CounterPunch, and the Southern Christian Leadership Conference Newsletter. His second book, The Definitive Dossier of PTSD in Whistleblowers, was published last February.*

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# Briefly Noted

Radical **Bill de Blasio**, New York City's newly sworn in 109th mayor, owes his political existence to **Bertha Lewis**, former chief organizer of **ACORN (Association of Community Organizations for Reform Now)**. Lewis played a "critical behind-the-scenes" role in de Blasio's primary campaign, according to reports. New York ACORN's successor group, **New York Communities for Change (NYCC)**, endorsed de Blasio early last year. NYCC field director **Harold Miller**, a Lewis protégé, helped run the mayor's field operation. Lewis stood behind de Blasio during his primary night victory address. De Blasio recognized the role that NYCC played in his campaign, tweeting, "Thanks to ny-change members for coming out tonight!" Lewis gloated, "We're *baaccck*. The right wing will have to deal with it." Lewis is also a co-founder of the ACORN-affiliated **Working Families Party** and the ACORN spinoff group, the **Black Institute**.

The fact that in 2016 America's largest metropolis as well as the critical battleground state of **Virginia** will be under the control of longtime Clinton loyalists is bound to assist the presidential campaign of **Hillary Clinton**. De Blasio was campaign manager for Mrs. Clinton's successful U.S. Senate bid in New York State in 2000. Former **Democratic National Committee** chief and fundraiser extraordinaire Terry McAuliffe, a longtime Clinton crony, was sworn in as Virginia's 72nd governor on Jan. 11.

President **Obama** has nominated **Debo Adegbile**, a former head of the **NAACP Legal Defense and Educational Fund**, to be the nation's top civil rights enforcer at the Department of Justice. During his time at the NAACP Adegbile tried to permanently free unrepentant Philadelphia cop-killer **Mumia Abu-Jamal**, who has become a folk hero to the radical Left. Like Attorney General **Eric Holder**, Adegbile is a staunch affirmative action supporter. Currently he serves as senior counsel to the U.S. Senate Judiciary Committee, chaired by Sen. **Pat Leahy** (D-Vt.).

Fifty years after liberals launched their "War on Poverty," Americans aren't better off. In the State of the Union address on January 8, 1964, President **Lyndon B. Johnson** said, "Let this session of Congress be known ... as the session which declared all-out war on human poverty and unemployment in these United States." A half a century later, federal and state welfare spending, adjusted for inflation, is now 16 times greater. The country has spent \$20.7 trillion in 2011 dollars over the past 50 years on welfare programs, far exceeding what the U.S. has spent on every war it has fought. Yet "victory" in the War on Poverty is nowhere in sight. In 2012, 15 percent of Americans lived below the poverty line, roughly the same percentage as in the mid-1960s. Currently, around 50 million Americans live below the poverty line, which the government defines as a four-member family earning \$23,550 a year. And 47 million Americans receive food stamp benefits, 13 million more than when President Obama was first sworn in.

The War on Poverty also gave taxpayers' money to so-called community groups like ACORN and Saul Alinsky's **Industrial Areas Foundation** in order to encourage them to agitate against the status quo. This, in turn, stimulated demand for more government spending as taxpayer dollars became a kind of ever-increasing subsidy for pro-big government activism. The federal government still hands out huge grants to left-wing groups to subsidize their efforts to take away our economic freedoms.