Owning a home is a key part of the “American Dream” and critical step in creating wealth; even low- and moderate-income homeowners are able to benefit from their investment. Unfortunately, with the recent crash of both the housing and financial markets, fewer Americans own homes than they did just a few years ago. The biggest declines were among minorities, with blacks and Latinos homeownership rates falling at a rate much faster than whites.

A recent study by the Pew Hispanic Center shows that the rate of homeownership for all American households dropped from 69 percent to just under 68 percent over a four year period. However, African-American homeownership fell two percentage points during that same four year period, while homeownership for native born Latinos dropped nearly three points. For whites, the decline was much smaller, around 1 percent.

Why is minority homeownership dropping at a faster rate? Many experts believe it is because black and Latinos were the recipients of subprime mortgages. A subprime mortgage is designed for borrowers who have either missed payments on a debt or have been late with payments. Mortgage lenders charge a higher interest rate to make up for any potential losses from customers who may run into trouble with their loans. Many of the subprime mortgages included interest only loans where, for the first year or so of the mortgage, the buyer paid only the interest, resulting in a much lower payment. Later, when the payment went up and buyers weren’t able to make it, they ran into trouble. Additionally, many lenders, fueled by greed, relaxed their lending standards, allowing buyers to purchase far more home than they could actually afford.

Long before the market meltdowns, both the mortgage and financial industries were well aware that these lending practices would result in an economic downturn. Despite this knowledge, they continued with business as usual…more concerned with profits than the buyer or the health of the economy. Now, millions of Americas are watching that elusive “American Dream” slip away. More than 1.3 million homes have been lost to foreclosure since the market meltdown began in August 2007. Last month, one of every 374 U.S. homes received a foreclosure filing. Banks need to aggressively work to keep buyers who have defaulted on their loans in their homes. The media has reported on the efforts of some banks to work with buyers by refinancing loans and negotiating payments. However, a universal push, embraced by the entire industry, must be happen to not only save the futures of so many families but to also strengthen our economy and to keep communities financially stable. Since minorities are the hardest hits, banking institutions must increase their presence in those communities, offering financial literacy classes to homeowners, sitting down with buyers before they get into trouble with their loan.

It's going to take time to fix the housing market and to rebuild the financial sector. But both industries can work together on behalf of all of those homeowners who fell victim to their greed-driven practices.