

# Why Banks Deserve Preferential Treatment While Millions of Homeowners Are Denied Assistance And Are At Risk of Foreclosure?

By [Washington's Blog](#)

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**“Many Americans Are Struggling To Understand Why Banks Deserve Such Preferential Treatment While Millions of Homeowners Are Being Denied Assistance And Are At Increasing Risk Of Foreclosure”**

**The Fed Threw \$7 Trillion at the Big Banks, Without Telling Congress or Shareholders**

The Hill [notes](#):

A top House Democrat is calling for a hearing with Federal Reserve Chairman Ben Bernanke following a report that the central bank secretly committed more than \$7 trillion to save banks during the financial crisis.

House Oversight and Government Reform Committee ranking member Elijah Cummings (Md.) [sent a letter](#) on Monday to panel Chairman Darrell Issa (R-Calif.) requesting the committee look into how banks “benefitted from trillions of dollars in previously undisclosed government loans provided at below-market rates.”

“Many Americans are struggling to understand why banks deserve such preferential treatment while millions of homeowners are being denied assistance and are at increasing risk of foreclosure,” Cummings said.

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The request comes on the heels of a [Bloomberg report](#) that said the Fed secretly committed more than \$7 trillion as of March 2009 to rescuing the nation’s top financial institutions, and that these banks “reaped an estimated \$13 billion of income” on the below-market rates.

“Unfortunately, officials from many of these financial institutions declined to comment about these loans, including officials from Goldman Sachs, JPMorgan, Bank of America, Citigroup, and Morgan Stanley,” Cummings writes.

Information about the loans was withheld from Congress as lawmakers debated and passed the Dodd-Frank financial regulatory reform bill and Consumer Protection Act of 2010, Cummings said. Banks also failed to disclose the information to their shareholders.

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This “secret financing helped America’s biggest financial firms get bigger and go on to pay employees as much as they did at the height of the housing bubble,” according to economists cited in the report.

Indeed, as I’ve repeatedly noted, virtually all of [the so-called help for homeowners is actually yet another bailout for the banks at the expense of homeowners](#).

All of this might make sense if throwing money at the banks would help the economy, but it is actually [destroying the economy](#). Also, a large portion of bailout funds [went to foreign banks](#). And we may be getting ready to do it [again](#).

But since [the banks have bought and sold Washington D.C.](#), the [perpetual](#), stealth bailouts will [continue forever](#) unless [We the People stand up and “just say no”](#).

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