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Georgia Watch has been the
state's leading consumer
watchdog for 8 successful
years!

We impact policy and provide
education in the areas of health
care, foreclosure, energy
efficiency, predatory lending
and identity theft.

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GeorgiaWatch
is OUTSPOKEN

In 2009, Georgia Watch attended
over 100 events in 28 counties.
We have reached approximately
10,000 Georgians in our extensive
outreach efforts and have kept up
this momentum so far in 2010!

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GEORGIA WATCH REPORTS: GEORGIA'S FORECLOSURE CRISIS: *CAUSE, EFFECTS & REFORM*

In early 2010, Georgia Watch released a two part report series on the foreclosure crisis plaguing the state.

The Rippling Effects of Foreclosure, released in January, details the overwhelming economic destruction of the housing crash and identifies irresponsible lending as a main impetus for the economic crisis.

Mortgage brokers and lenders often steered borrowers into costlier loans with attractive introductory rates, while taking advantage of specific mechanisms to facilitate overcharging such as yield spread premiums (YSP), or kickbacks.

The Center for Responsible Lending, located in North Carolina, claims that 61 percent of subprime borrowers prior to the housing crash could have qualified for a home loan with a better rate than that which they ultimately ended up with.

Projections are that Georgia will see 350,000 more homes lost to foreclosure by 2012.

The state's rising unemployment rate and an influx of underwater mortgages are cited as catalysts for the predicted increase of foreclosures in Georgia.

Other key findings in the report include:

- By the end of 2009, 13 percent, or one in eight, of the state's mortgage-holders was at least 30 days behind on their loan;
- Fulton, Gwinnett and DeKalb Counties delivered the highest number of foreclosure notices in the state with a combined average of 21,865 per month;
- Georgia saw 25 bank failures in 2009, the most in the nation;
- Approximately one in four or 377,000 of Georgia's 1,573,628 mortgages are "underwater"; and,
- Georgia families will lose \$13 billion in home equity as the result of nearby foreclosures between 2009 and 2012.

As a follow-up to *The Rippling Effects of Foreclosure*, the second part of our series, *The Road to Reform*, details previously enacted reforms in our state, amended fair lending acts in New York and North Carolina; and Senate Bill 57, which is pending legislation that would implement common-sense underwriting standards in Georgia and combat hazardous lending.

The report claims that experts nationwide, including the Center for Responsible Lending, Harvard Center for Housing Studies and the Department of Housing and Urban Development, agree that a major catalyst of the housing market crash was irresponsible mortgage lending.

HELP US HELP YOU

DONATE TO GEORGIA WATCH!

By donating a very small sum to Georgia Watch you can become a member! Members receive free quarterly issues of The Watcher, plus a 100 percent cotton Georgia Watch t-shirt by Alternative Apparel as a special thank-you for donations! Just tell us what size to send you.

Because we are a nonprofit organization, **every penny you donate is tax-deductible.**

Your financial assistance makes it possible for us to continue fighting for your money and for fairness on issues that matter to consumers.

Consumer expert and Georgia Watch board member Clark Howard said we are "the only bona fide group in Georgia looking out for consumers" and a donation to Georgia Watch is "double the bang for your buck because you're helping a great organization that's working for you and you get savings back on your income tax."

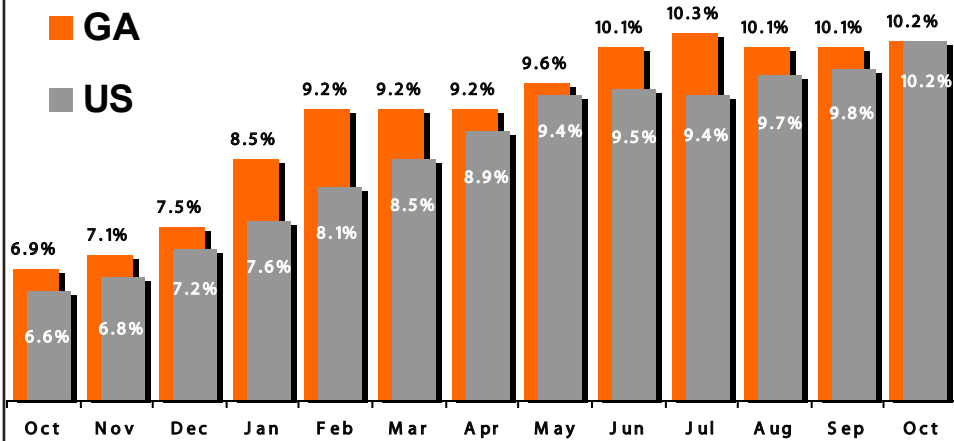
You can view an entire video message from Clark and make a tax-deductible contribution online at www.georgiawatch.org.

Georgia Watch Board Member
Clark Howard



HIGH UNEMPLOYMENT MEANS MORE FORECLOSURES IN GEORGIA

Unemployment Rate Oct 2008 - Oct 2009



At the beginning of 2010, Georgia's unemployment rate rose to 10.3 percent – the highest it's been in a century. As the number of unemployed Georgians raises, so too, will the number of mortgage delinquencies on traditional loans. No longer are subprime borrowers the sole recipients of foreclosure notices. Those with good credit ratings who qualified for prime rates are beginning to default due to the nation's lacking job market.

FORECLOSURES HURT ALL OF US, NOT JUST FAMILIES LOSING THEIR HOMES

Negative equity

or "underwater" mortgages

Negative equity, often referred to as "underwater", means that a borrower owes more on their mortgage than their home is worth. 10.7 million, or 23 percent, of all residential properties with mortgages in the US were in negative equity in September 2009. Negative equity can occur because of a decline in value, an increase in mortgage debt or a combination of both. The real estate crash has led to more and more underwater mortgages.

376,954 Georgia Mortgage-holders underwater

That's **\$72,688,049,523** in lost home equity statewide.

Spillover effect

The projected total home equity wealth lost due to nearby foreclosures 2009-2012 is **\$13 billion**.

When a home is foreclosed upon it often falls into disrepair; this causes surrounding homes to lose value. When several homes are foreclosed upon in a single community or subdivision, neighboring properties suffer an even greater devaluation.

In Georgia, homes under foreclosure have a "spillover" effect that depresses nearby property values by an average of \$1,920 per home. Spillover has a direct negative effect on local governments as the depreciated property values make it difficult to raise revenues and enforce property codes.

As explained in the report, in 2009, a coalition of organizations helped craft and support common sense foreclosure and loan origination reform based largely on reforms enacted in other states. Sponsored by Senator Bill Hamrick (R-Carrollton),



Senate Bill 57 would:

- Ban broker "yield spread premiums" or kickbacks on subprime loans and FHA loans;
- Ban prepayment penalties on subprime loans;
- Require lenders to verify borrower's ability to repay subprime loans, including income verification; and,
- Designate brokers as agents of borrowers.

The Road to Reform illustrates the lifeline of SB 57 and how it landed where it is today -- pending passage in the House Judiciary Committee. Additionally, the report details enacted foreclosure and mortgage reform in Georgia -- SB 531 and SB 141 -- and compiles calls for action from various community leaders and organizations.

Georgia Watch's intention with this series was to outline the problem and its causes not only to offer possible solutions but also to give Georgians hope that their legislators are in a position to pass reforms that could prevent economic catastrophe in the future.

Read these two reports in their entirety at www.georgiawatch.org, or contact Beth Malone at bmalone@georgiawatch.org for more information.

THE DIRECTOR'S CHAIR



BY ANGELA SPEIR PHELPS

As we enter our 8th year of consumer advocacy, we look to the future and what we can achieve but we also look back and reflect on how far we've come and what we've accomplished since our founding. Many things have changed through the years but one thing remains constant -- our dedication to helping Georgians.



Each year, there are new opportunities to help our state. During the 2010 legislative session, we are working to ensure that consumers are protected and have a voice as decisions are being made that will affect our state.

In addition to our advocacy at the legislature, Georgia Watch is preparing to represent consumer interests before the Georgia Public Service Commission. We will engage in many high profile cases this year. You can read more about our involvement in these cases and get to know our new senior counsel, Clare McGuire, in this issue.

We continue to help Georgians fight identity theft -- the fastest growing crime in our country. This has been a core issue for Georgia Watch for many years. Our organization worked for several years to get credit freeze legislation passed to help protect consumers -- we now have one of the best laws in the country. We supported legislation to increase penalties on anyone who knowingly uses another person's personal data fraudulently.

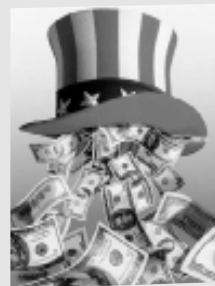
We also supported legislation to make certain that individuals whose identity may be compromised are notified if a government agency or public university's database security

has been breached. Through statewide grassroots outreach, we've educated thousands of Georgians on ID protections.

In recent months, Georgia Watch became partners with Atlanta Victim Assistance, Atlanta Police Department, AARP, Consumer Credit Counseling Service, and the Governor's Office of Consumer Affairs as part of an anti-identity theft alliance called Project SAFE. We are honored to be a part of this very important project continuing to raise awareness and helping consumers protect themselves from fraudsters.

In 2009, federal funds from the American Recovery and Reinvestment Act (stimulus funds) began pouring into Georgia.

More than \$6 billion in federal funds from the ARRA are allocated to Georgia. This money is being spent in many areas including transportation, technology, healthcare, education, housing and energy. Georgia Watch is keeping a keen eye on how taxpayer money is being spent in our state by forming a coalition with Common Cause, Georgia Budget and Policy Institute, Southern Environmental Law Center, Georgia PTA, Georgia Conservancy, and many other organizations. The coalition is called GSTAC (Georgia Stimulus



Transparency and Accountability Coalition). GSTAC was formed to ensure transparency and accountability and represents a broad, diversified group of organizations united to work on public oversight of ARRA spending in Georgia.

By forming this coalition, we hope to prevent waste, fraud and abuse of taxpayer money.

We are proud of our accomplishments and look forward to what lies ahead. Most of all, we are thankful to our members, without whom we could not do the good work we do each day. Thank YOU.

We remain steadfast and continue to fulfill our mission as the state's leading consumer advocacy organization- providing a vital voice in public debates.

Please be in touch with any questions you may have about our work or to let us know if we can help you with a consumer conflict.

GOGREEN, SAVE GREEN with ENERGY STAR APPLIANCES!

Visit www.georgiarebate.com regarding rebates for Georgia residents who have replaced existing appliances with new ENERGY STAR certified appliances purchased on or after February 12, 2010.

Online purchases are not eligible for a rebate. Rebate program ends as soon as funds are exhausted. As of 3-8-10, there were over \$7 million of rebate funds remaining.

AYUDA AL CONSUMIDOR

Cuidado de RALs!!

Prestamos de reembolsos anticipados (RALs por sus ciclos en ingles) son prestamos de altos intereses a corto plazo que están garantizados por la espera de su reembolso de impuestos. Estos préstamos están altamente promocionados por los preparadores de impuestos y a menudo llevan una tasa de interés que puede llegar hasta los tres dígitos.

El IRS prohíbe a los prestamistas basar esta tasa sobre la cantidad que usted espera recibir como reembolso, y por ley, la comisión que los prestamistas cobran debe de ser la misma tanto para el préstamo como para otros productos de préstamos bancarios. En el 2004, el promedio de las tarifas fue de \$32. Además de las tarifas cobradas por el prestamista, el banco a través del

cual se haga el préstamo también puede cobrar intereses o cargos por financiamiento. Las familias de bajos ingresos, que son elegibles para recibir el Earned Income Tax Credit (EITC) pueden perder gran parte de su reembolso a los intereses del préstamo y tarifas de comisión. El dinero que normalmente se gastaría en la comunidad se va para los bancos estatales y las empresas de preparación de impuestos. RALs son costosos tanto para las zonas urbanas y rurales de Georgia. Brinda preparación de impuestos gratis, (también por internet) y asesoramiento en línea a personas de bajos y medianos ingresos y

Otras opciones incluyen:

AARP's Tax Aide Program: <http://www.aarp.org/money/taxaide/>
Brinda preparación de impuestos

gratis, (también por internet) y asesoramiento en línea a personas mayores de 60 años. Personas de bajos ingresos, por ejemplo pueden necesitar ayuda con sus solicitudes para un EITC (crédito por sus impuestos). La publicidad agresiva, la mercadotecnia en las tiendas, y el gran numero de cadenas grandes, como H&R Block, durante el periodo impuestos atrae a miles de consumidores de Georgia a solicitar un RAL cada año.



PLANNING THE INTERVENTION: GEORGIA POWER'S INTEGRATED RESOURCE PLAN

BY CLARE MCGUIRE

This year, a number of important cases will be heard before the Georgia Public Service Commission. Last month, Georgia Power filed its Integrated Resource Plan (IRP). By law, Georgia Power must file an IRP every three years.

The IRP outlines the utility's electric demand and energy forecast for at least a 20 year period, contains its program for meeting the requirements shown in its forecast in an economical and reliable manner, and contains the utility's analysis of all capacity resource options.

Among the issues which the Commission will consider as part of the IRP are demand-side capacity options, which are programs for the reduction of future electricity requirements including, but not limited to, conservation, load management and renewable energy technologies. Such programs include the Weatherization Assistance for Low Income Customer

Program. Weatherization makes homes more energy efficient so that they require less energy to heat and cool. The benefits of weatherization include lower utility bills and a higher standard of living for occupants of weatherized homes and, potentially, significantly greater energy savings. Georgia Power funds the low income weatherization program at \$2 million annually, and the current level of assistance per home is capped at \$2,500. The American Recovery and Reinvestment Act of 2009 (also known as the Stimulus Act) provides for a \$6,500 level of assistance per home which, coupled with the Stimulus Act's allocating \$124 million



in weatherization assistance to Georgia, ensuring the weatherization of many homes throughout the state. Other existing demand-side programs offered by Georgia Power are in-home and on-line energy audits. As part of its 2010 IRP, the Company is requesting that the Commission certify additional residential programs, including a refrigerator recycling program which will provide cash incentives, free pickup and recycling for second refrigerators and/or freezers, and a residential lighting and appliance program, which promotes the purchase and installation of energy efficient equipment through promotional giveaways of compact fluorescent lights, customer education, and retailer partnerships and sales training.

Georgia Watch plans to intervene in the IRP case, so that it may fully participate in the hearings, which will be held in April, May and June of this year.

HERE WE GROW AGAIN!!!



In January 2010, Georgia Watch welcomed Clare McGuire as senior counsel and director of the Consumer Energy Program bringing with her years of experience as a staff attorney for the Georgia Public Service Commission (PSC) and the Governor's Office of Consumer Affairs.

As the Director of the Consumer Energy Program (CEP), McGuire will intervene on behalf of consumers in rate cases and cases involving the state's energy portfolio heard before the Public Service Commission. Georgia Watch's presence at these hearings will allow for more transparency at the commission, a panel of five statewide elected officials that decides billion dollar rate cases.

"Clare is one of the most respected, knowledgeable attorneys in our state," Georgia Watch Executive Director Angela Speir Phelps said. "Her experience at the Governor's Office of Consumer Affairs, the PSC and the Consumers' Utility Counsel provides a strong cornerstone for the Consumer Energy Program and the consumer protection issues we work on at Georgia Watch. The residents of our state have another strong ally at Georgia Watch looking out for them."

All told, McGuire has almost two decades of legal and professional experience in utility and energy matters that have come before the PSC. As a staff attorney at several of Georgia's regulatory bodies, she has a vast working

WELCOME CLARE MCGUIRE!

**DIRECTOR OF THE
CONSUMER ENERGY
PROGRAM AND SENIOR
COUNSEL**

knowledge of the bureaucratic process that occurs within the state's utility industry. And as an advocate fighting for fair procedure and equitable rates, McGuire has represented the interests of approximately nine million Georgians.

"Joining Georgia Watch as senior counsel and director of the Consumer Energy Program feels like a natural progression, given my background in utility, regulatory and consumer protection matters," McGuire said. "The organization's reputation of integrity and consumer protection precedes it. I will strive to maintain this impressive standard with my work here."

Georgia Watch plans to formally intervene in upcoming cases at the PSC including, but not limited to, the Integrated Resource Plan filed by Georgia Power, a Georgia Power rate case, and an Atlanta Gas Light Company rate case. These cases are worth potentially billions of dollars and have far-reaching impacts on our state's economy and our environment.

To contact Clare with questions about utility rates and cases coming before the Public Service Commission call (404) 525-1085 ext 14 or email her at cmcguire@georgiawatch.org

FACT BOX

BEWARE OF RALs THIS TAX SEASON!

You know it's tax season when tax preparation chains such as H&R Block, Jackson Hewitt and Liberty ramp up advertising for their refund anticipation loans, also known as RALs.

RALs are short-term loans on your own money – your expected tax refund. And the interest rates typically run between 40 and 500 percent.

Instead of taking out a RAL, you could get your taxes prepared and your refund deposited directly into your bank account in less than ten days.

AARP's Tax-Aide program - <http://www.aarp.org/money/taxaide/> - provides free tax preparation, electronic filing and online counseling to low and middle-income taxpayers, and taxpayers ages 60 and older. AARP operates walk-up tax prep sites around the state beginning in January. Online tax assistance through the AARP Web site is available year-round.

Low-income taxpayers, for example, may need help with their filings to apply for the Earned Income Tax Credit (EITC). The aggressive advertising, in-store marketing and the large number of locations big chains operate during tax time lure thousands of Georgia consumers into RALs every year.

The IRS offers free tax preparation and fast refunds through walk-up Voluntary Income Tax Assistance (VITA) sites and e-file.

Taxpayers save money and get their full refund in five to ten business days when using e-file and direct deposit to their bank account.

2010 LEGISLATIVE PREVIEW

By **DANNY ORROCK**

The 2010 General Assembly will be the second session of the two-year term, which typically makes for a more eventful 40 days as legislators try and get substantive action on key issues before returning to their districts to run for re-election. Finding solutions on water and the shrinking state budget are expected to take up a lot of time, but Georgia Watch is working on several important consumer issues as well. Here is a preview of some of our top concerns for 2010:



SUPPORTING MORTGAGE REFORM

Georgia Watch has been pushing legislation for the past two years to curtail some of the reckless lending practices that led to the economic collapse of 2008 and the state's catastrophic foreclosure problem.

Senate Bill 57, sponsored by Senator Bill Hamrick (R-Carrollton) would focus primarily on subprime loans, since those transactions defaulted at a higher rate. Here is a list of the key changes that we are pushing for:

- Ban prepayment penalties on subprime loans;
- Ban broker "yield spread premiums" (mortgage broker kickbacks) on subprime loans and FHA loans;
- Designate brokers as agents of borrowers, with fiduciary responsibilities;
- Require that lenders verify that the borrower has the ability to repay for subprime loans, including requiring

income verification; and,

- Prohibit needless flipping or churning of loans which generate income for lenders but don't benefit the borrower.



SUPPORT ACCOUNTABILITY FOR INJURED PATIENTS

Georgia Watch will continue to stand up for patients who have been hurt or killed through negligence while receiving medical care. Typically, health care bills are filed that limit liability for health care professionals, therefore leaving injured patients and family members remain uncompensated for death or injury. Georgia Watch will continue to advocate for accountability in the health care system.

SUPPORT HEALTH INSURANCE AVAILABILITY FOR DEPENDENT YOUNG ADULTS NOT IN COLLEGE

SB 329 was authored by Senator Judson Hill (R-Marietta) and would allow more young adults to remain on their parents' health insurance policy. Georgia statutes currently require dependent children of parents with group health insurance (which is the most common type of policy offered by employers) to be enrolled in school at least part-time in order to continue coverage from age 18 to 25. SB 94 simply strikes that requirement from the law so that dependent children can remain on their parents insurance, regardless of the educational status. This will allow more young people to have insurance coverage after high school.

SUPPORT ANNUITY INVESTOR PROTECTION – SB 95

Senator Renee Unterman (R-Buford) filed a bill last year to look out for older Georgians considering investment opportunities. Some annuities products don't make sense for seniors because the money that is invested won't be available for a number of years. For individuals in the later stages of their life, it's very possible that certain investments may lock up their money until after their death, leaving that person with no benefit from their decision to devote funds toward future needs.

SB 95 requires that companies selling annuities ensure that the investment is suitable before selling to customers 65 or older. Other states have passed similar laws which have been key in returning funds to seniors who were tricked into an annuity that won't mature for many years.



The year, but now sits in the House Insurance Committee with no action. However, Rep. John Meadows (R-Calhoun) is the new House Insurance Chairman after Rep. Tom Knox (R-Cumming) stepped down to focus on his campaign for Insurance Commissioner. We are hopeful that Chairman Meadows will let this important bill have a vote and move forward toward final passage.

For More information on Georgia Watch's legislative agenda, or to volunteer your time at the Capitol, contact Danny Orrock at dorrock@georgiawatch.org.

SMALL IMPROVEMENTS TO STATE HEALTH SYSTEM COULD HAVE **LARGE** IMPACT ON UNINSURED

Each day, 430 people in Georgia lose their health care coverage. And for every 100 people who lost their job in 2008, 20 became uninsured. One in every three of Georgia's non-elderly adults – nearly 3 million people – had no health insurance at some point in 2007 and 2008. And of those 3 million people, more than two-thirds had a job while uninsured.

These numbers were calculated before the recession, when so many lost their jobs and their insurance, and therefore have likely increased substantially.

The rate of the uninsured among African Americans is nearly double what it is for Caucasians in Georgia, and our state is among the highest

in the nation for uninsured Hispanics – two out of three lack health coverage. What's more, for Hispanic families having moved to the country less than five years ago, most public health insurance plans aren't even an option, regardless of their legal status.

Regardless of what happens at our nation's Capitol regarding health care reform, there are measures we can take in Georgia to combat what is a crisis of affordable care.

See below for our recommendations.



GEORGIA WATCH RECOMMENDS:

* Better awareness – and more funding – for area clinics so patients are able to stay out of the hospital as much as they can, especially the emergency room, the most expensive place to receive care. Preventative care, such as that received at clinics, also lets a patient know when they have a potential problem that could not only prove devastating to their health but also their pocketbooks.

* All hospitals should have the same qualifications for financial aid throughout the state, which would make it easier for patients to navigate the system. Right now, most hospitals have different requirements that can be confusing to patients. By having the same or very similar eligibility and documentation requirements at all hospitals, patients will know better how to access financial assistance.

* Better awareness of existing financial assistance programs as many uninsured patients qualify for federal and state financial assistance

programs they are not utilizing. For example, in Fulton County alone, it is estimated that 20 percent of the county's uninsured population qualify for existing public options such as Medicaid or PeachCare but are not enrolled.

* Hospitals should offer the same prices to uninsured patients as they do the insurance companies. Insurance companies pay an average of 60 percent less than the uninsured. Without these sorts of discounts, affordable care is out of reach for many.

* Hospitals should cut back charges at hospitals so they are fairer to Georgians. So often hospital charges are spiked so much that many uninsured or underinsured patients can't afford the care, and buckle under the cost. For example, we recently received a call from a patient who was charged \$600 for an IV dye that cost the hospital only \$14. That's a 4,285 percent mark-up over cost.

FACT BOX

GEORGIAHEALTHINFO.GOV

This free online resource offers quality and cost information on:

- 1. Hospitals** – Find hospitals in your area and compare their “grades” for quality and cost.
- 2. Pharmacies** – Compare the cost of commonly prescribed drugs at different pharmacies.
- 3. Doctors** – Find cost information for the top 50 outpatient procedures and quality of care rankings.
- 4. Insurance Plans** – Compare the quality of plans as rated by Cap Score, including benefits, cost, etc.

Next spring, the site will be expanded to include information on assisted living homes, hospice care and nursing homes.

HEALTHGRADES:

FIND THE STATE'S BEST HOSPITALS

www.HealthGrades.com provides free quality comparisons that allow consumers to see how their local hospitals stack up to other facilities.

Each medical center receives star ratings based on how many patients develop complications or die after receiving treatment there.

1 star = poor

3 stars = as expected

5 stars = excellent

Consumers are able to look up hospital rankings by state, condition or procedure. Included are heart failure, heart attack, carotid surgery, bypass surgery, respiratory failure, stroke and many more.

The site's information is based on three years of data from Medicare. Recently, all hospital ratings were updated in October.

One Georgia hospital landed on the site's “Top 50 US Hospitals” list: Saint Joseph's of Atlanta.