

January 2005

Volume 10

Issue 1

Edición Bilingüe

Your Fair Lending Advocate!

Delaware CRA News

A Quarterly Publication of the Delaware Community Reinvestment Action Council, Inc.



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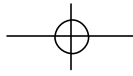
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Designed by Christopher Mears for DCRAC, Inc.

DCRAC | Founded in 198



Robert L. Watson, Jr.

& the rest of the board

Anthony Bruce Wright
Carol Davis
Anthony Albence
Joe Myer
Juana Fuentes Bowles
Esther Giuliani
Susan Haberstroh
Michelle Harris
Harold Stafford

On behalf of the staff and board of directors of the Delaware Community Reinvestment Action Council, Inc., (DCRAC) I want to wish you a very prosperous New Year. I hope this year you resolve to take advantage of the many resources in our community. We are your fair lending advocate in Delaware and your resource for information about anything to do with you as a consumer of financial services. I want to welcome our new board members, Esther, Michelle, Harold and Susan.

Thanks to Pilar who served us well over the past few years as our downstate board member. Congratulations Rashmi, now an attorney in Delaware. Welcome to our new staff and the existing ones who got us here today. Hope you like our new look! Thanks Chris for helping us.

In 2005, our predatory lending campaign focuses on payday loans - you might have guessed it from the quotes scattered across the newsletter. Feel free to contact our staff with comments, compliments, or concerns.

God Bless.

NCRC 2005 Annual Conference

March 16 to 19, 2005
Hyatt Regency Hotel
Capitol Hill/Washington DC
www.ncrc.org or 202-628-8866

Federal Reserve Board Chairman
Alan Greenspan is a confirmed speaker.
This is the conference on CRA!

Come home inspired!

Small Business Workshops

SCORE
www.scoredelaware.org
or 302-573-6552

First State Community Loan Fund
www.firststateloan.org
or 302-652-6774

SAVE CRA

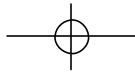
The OTS is seeking comments on a proposal to redefine small banks as those with assets less than a billion dollars. Currently, a small bank is a bank with assets less than \$250 millions.

Send your comments to:

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street NW
Washington, DC 20552

Attention: No. 2004-53 & 2004-54
Deadline: January 24, 2005

DCRAC comments are on
www.dcrac.org



1. I will devote one hour a week to manage my finances.
2. I will tithe 10% of my earnings to me (not my spending money).
3. I will invest my tithing in Mutual Funds or Stocks and Bonds.
4. I will look into the IDA account, which matches my savings dollar for dollar.
5. I will take advantage of free tax preparation and all credits I can.
6. I will open a checking account and learn to manage it.
7. I will visit www.eloan.com and get my free credit score.
8. I will order my credit reports. I WILL REPAIR MY CREDIT MYSELF.
9. I will go to a housing counselor and become a homeowner by _____.
10. I will be credit card debt free by _____.

TELEVISION

NEW CASTLE COUNTY

on Channel 28 on First Sunday

from 3:00 pm to 4:00 pm

KENT COUNTY

on Channel 64 on Third Wednesday

from 8:00 pm to 9:00 pm

SUSSEX COUNTY

on Channel 24 and 19 on Second Tuesday from

7:00 pm to 8:00 pm

TV program is also heard on Radio--

Tuesdays 8 pm to 9 pm on WRBG 107.9

NEWSLETTER

To receive our newsletter via email, please

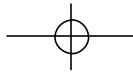
email us rashmi@dcrac.org.

WEBSITE

Do be sure to visit the web every now and again. We update the site relatively frequently.

Our Strategic Goal for outreach is that DCRAC becomes the point of access to Delawareans in all local communities to information and education about their financial rights and responsibilities as consumers in Delaware.

Our primary objective is to raise awareness. Our focus will be on Money Matters!, Predatory lending practices, Fair Housing/Lending Act, Tax consequences, and DCRAC. Our major activities include: Television Program, Newsletters, Website, and other non-traditional outreach mechanisms.



Fair Housing is the law of the land. The law prohibits discrimination in the rental, sale, and advertising of a home on the basis of: Race or color, National origin, Religion, Sex, Familial status, and Handicap. States have included other categories as protected classes. Delaware includes age, creed, and marital status as protected classes. Most housing is covered under the act. Exempt from coverage are owner-occupied buildings with no more than four-units, single family housing sold or rented without the use of broker, and housing operated by organizations and private clubs that limit occupancy to members.

FAIR HOUSING ACT PROHIBITS

- Refusal to rent or sell housing
- Refusal to negotiate for housing
- Making housing unavailable
- Denying dwelling
- Setting different terms, condition, or privileges for sale or rental of a dwelling
- Providing different housing services or facilities
- Falsely denying housing is available for inspection, sale or rental
- For profit persuading owners to rent or sell (block busting)
- Denying access to or membership in a facility or service related to sale or rental of housing.

In mortgage lending, it prohibits:

- Refuse to make a loan
- Refuse to provide information regarding loans
- Impose different terms and conditions on a loan
- Discriminate in appraising property
- Refuse to purchase a loan
- Set different terms or conditions for purchasing a loan.

It is also illegal to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right.
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap.
- This prohibition applies to single-family and owner-occupied housing that is other wise exempt from fair housing act.

Our Campaign for Fair Financial Services in Delaware focuses on payday lending in 2005.

Kimberlee Gorgo is organizing meetings among leaders in the community to assess the interest in seriously considering low cost alternatives in Delaware.

Rashmi Rangan is organizing the grass roots community around several issues.

This tax season, the first quarter will focus on Refund Anticipation Loans.

In partnership with DE ACORN and Voice Without Borders, we have scheduled the following meeting dates:

February 15

March 15

April 12

April 26

(A successful tax season!)

TIME

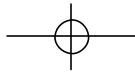
6:00 pm to 9:00 pm

LOCATION

St. Paul's Catholic Church
4th & Jackson Street, Wilmington
4th Street Entrance

FREE TAX PREPARATION

(January 18 through April 15)
302-654-5024



FREE TAX SITES

Call the Delaware Help Line for more Info.
1-800-464-4357

Sponsored by the Delaware EITC Campaign

Electronic Filing (E-File)
+ Direct Deposit
= Quick Refunds in
7 to 10 days!

Tax Breaks aren't just for the rich!

Get YOURS TOO!

Did you know that the IRS envelope you haven't opened yet could be an audit?

The IRS does not have to physically rummage through your papers to audit your tax returns. The letter in the mail could very well be an audit.

PLEASE OPEN ALL YOUR MAIL PARTICULARLY FROM THE IRS.

IF YOU DO NOT UNDERSTAND THE CONTENTS, PLEASE CALL US AT 302-654-5024 OR TOLL FREE 877-825-0750.

Be sure to contact the Legal Services Corporation if you have an issue with the IRS. **302-575-0408**

SAVE CRA go to page 2 for where to comment by January 24, 2005

The Office of Thrift Supervision (OTS) has proposed changes to the Community Reinvestment Act (CRA) regulations that will reduce lending, investments, and banking services in low- and moderate-income communities.

The OTS will allow large thrifts with more than \$1 billion in assets to pick and choose which community needs they will meet. CRA requires banks and thrifts to meet all needs, not pick and choose among them.

Under the OTS proposal, the "design your own watered down" exam option will lead to fewer

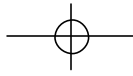
investments, basic banking services, and branches in low- and moderate-income communities.

Under the OTS proposal, all thrifts can earn CRA points by providing community development financing and services to affluent neighborhoods, while neglecting low- and moderate-income ones, in rural areas and areas impacted by natural disasters.

The OTS' proposal removes CRA's focus of meeting the credit needs of low- and moderate-income communities. CRA is not intended to fund ritzy golf courses in rural areas!

SEE PAGE 6 where we briefly analyze 2003 mortgage lending. Already we see a disturbing pattern. Black and Hispanic applicants are nearly twice as likely to denied a loan as white applicants!

Under current regulation, the OTS must hold two meetings for community groups and thrifts to discuss fair lending matters when two thrifts are merging. Now, the OTS is proposing that it may or may not grant a meeting at the discretion of the agency.



Denial Rate in 2003 in Wilmington MSA

	Overall	White	Black	Hispanic
Conventional	10.35%	8.60%	15.45%	20.27%
Government Loan	8.09%	6.13%	11.04%	8.92%
Refinance	22.54%	13.71%	30.87%	28.33%
Home Improvement	32.58%	25.94%	52.72%	53.64%

Denial Rate in 2003 in Dover MSA

	Overall	White	Black	Hispanic
Conventional	18.51%	15.98%	27.17%	32.20%
Government Loan	7.86%	6.78%	10.15%	3.33%
Refinance	28.97%	22.51%	36.73%	30.25%
Home Improvement	38.36%	33.20%	56.90%	36.84%

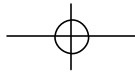
High-Rate, High-Fee Loans (HOEPA / Section 32 Mortgages)

If you're refinancing your mortgage or applying for a home equity installment loan, you should know about the Home Ownership and Equity Protection Act of 1994 (HOEPA). Only certain loans are covered. If your loan is covered, there are many disclosures that are required at least 3 business days before the loan is finalized. If your loan is covered, the following practices are prohibited, although there are some exceptions:

- *Balloon payments
- *Negative amortization
- *Default interest rates higher than pre-default rates
- *Rebates of interest upon default calculated by a less favorable method
- *A repayment schedule that consolidates more than two periodic payments to be paid in advance from the proceeds of the loan.
- *Most prepayment penalties, calculated by a less favorable method
- *A due-on-demand clause

Creditors also cannot:

- *Make loans based on the value of property WITHOUT REGARD to your ability to repay the loan.
- *Refinance a HOEPA loan into another HOEPA loan within the first 12 months of origination, unless the new loan is in the borrower's best interest.
- *Wrongfully document a closed-end, high-cost loan as an open-end loan.



VISION

DCRAC envisions Delaware to serve consumers of financial services by providing them the needed education, necessary consumer protections, convenient and competitive financial services, and an environment where they are heard.

MISSION

DCRAC's mission is to ensure equal access to credit and capital for the underserved populations and communities throughout Delaware through Education, Outreach, Advocacy, and Legislation.

PURPOSE

Through Education and Outreach we develop consumers of financial services who can bank with and borrow from the main stream financial service providers.

Through Advocacy and Legislation, we strive to deepen the commitment to equal access to credit and asset building opportunities for all Delawareans among our financial systems, their regulators, our legislators, and the larger Delaware community.

EDUCATION STRATEGIC PLAN

- *Continuously improve the design, content, and delivery system of our Money Matters! to meet the target audience needs
- *Design a marketing strategy targeted to the lower income Delawareans and those who serve them
- *Build Strategic partnerships
- *Evaluate the strength of partnerships, Money Matters!, and the need for our services
- *Strengthen areas of weaknesses in those above
- *Institutionalize continuing education training for DCRAC staff in the area of education

OUTREACH STRATEGIC PLAN

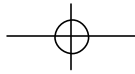
- *Allocate 10% of annual budget to DCRAC's strategic outreach
- *Begin each year with a strategic message, approved by the board
- *Use this message in every outreach activity
- *Weave this message in every other program as far as is feasible

ADVOCACY STRATEGIC PLAN

- *Continue to refer clients
- *Continue evaluating Financial Institutions
- *Continue to communicate during bank exams, bank mergers, regulatory re-write, and to assist individual clients
- *Assure that convenience and needs of the consumer are fully explored by the merging banks
- *Establish a forum for a more formalized communication with stakeholders
- *Research and potentially establish a predatory lending hotline
- *Provide the impacted a platform to express the impact on them of predatory lending practices
- *Research successful alternatives to predatory lending

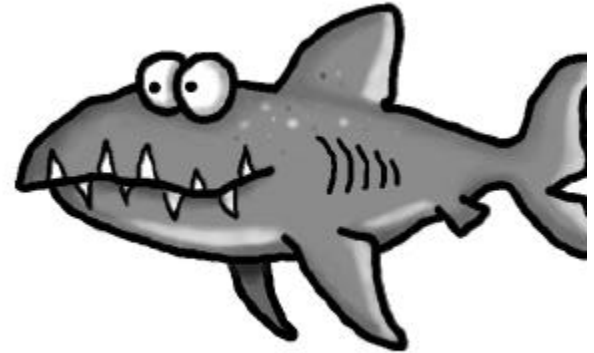
LEGISLATION STRATEGIC PLAN

- *Implement a successful Campaign for Fair Financial Services in Delaware focused on a segment of predatory lending practices.



Reducing the Risk of a Shark Encounter: Advice to Consumers of Payday Loan Services

The relative risk of a shark attack to humans is very high. Risks should always be minimized whenever possible in any activity. The chances of having an interaction with a shark can be reduced if one heeds the following advice:



- *Plan in advance and save for an emergency. Cash in a bank helps when emergencies strike.
- *Don't use payday lenders unless you have absolutely no other option!
- *Investigate ALL your options first (family, friends, community resources, and credit).
- *Establish a relationship with a community credit union or a bank
 - *They are more likely to provide you with a short term (low cost) emergency loan.
- *Obtain a credit card when you are not in an emergency situation.
 - *You may get a short term loan at a low price
- *If you have no other choice and MUST use a payday lender, then
 - *Have a definite plan of repayment when the loan is first due. If you default on the repayment, you may be charged excessive fees and penalties.
- *Get help immediately. Go to your faith-based or community-based organization for help.

Advice from your community advocates, The Delaware Money School and DCRAC

FACT ACT:

A recent amendment to the Federal Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies to provide you with a free copy of your credit report, at your request, once every 12 months. In Delaware, beginning September 1, 2005, you are eligible to get a free report. The law allows you to order one free copy from each of the nationwide consumer reporting companies every 12 months. Stagger your requests--order from one bureau every four months.

ON THE WEB
www.annualcreditreport.com

TOLL FREE
877-322-8228

BY MAIL
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

WARNING
DO NOT CONTACT THE CREDIT BUREAU INDIVIDUALLY.
www.annualcreditreport.com is the only authorized source. If you get an email or see a pop-up ad claiming it's from www.annualcreditreport.com or any of the three nationwide consumer reporting companies, do not reply or click on any link in the message - it's probably a scam. Forward any email that claims to be from www.annualcreditreport.com or any of three consumer reporting companies to the FTC's database of deceptive spam at spam@uce.gov.