

Delaware CRA News

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



HIGH RISK

THIN ICE

PAYDAY LOANS

DCRAC, Inc.
601 N. Church Street
Wilmington, DE 19801

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Georgetown
122 B. North Race Street

Dover
838 Walker Road Ste 22-2

Wilmington
601 N. Church Street

Designed by Christopher Mears for DCRAC, Inc.

DCRAC | Founded in 1987

OUR MISSION: To ensure equal access to credit and capital for the under-served populations and communities throughout Delaware through Education, Outreach, Advocacy, and Legislation.

for more information. please visit our website: <http://www.dcrac.org>



Robert L. Watson, Jr.

& the rest of the
board

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HMDA & HOEPA

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Dear Friends:

It is good to write to you again. Some of you know that Rashmi Rangan is now admitted to the Delaware bar. However, the board of directors has not yet voted on DCRAC's proposition of offering legal services. Therefore, I want to clarify that until you read about it in these pages (or in the newspapers), DCRAC will not offer legal services. Much of our hesitation springs from our financial projections. We are counting on you to help us make this decision.

Do you want us to offer legal services (limited only to consumer finance issues such as predatory lending)?

Currently, legal services are provided by private attorneys, Community Legal Aid Society, Inc., Legal Services Corporation, and Delaware Volunteer Legal Services. A few of our clients have few options due to income, incarceration, conflict, etc. We are exploring the provision of legal services within DCRAC for this population.

Will you donate to DCRAC so we can offer all our services ?

If we offer legal services, we will not be able to write and manage too many grants. Thus, we are looking to you for financial help. We anticipate a \$300,000 budget expended as follows:

Education (Money Matters!) Staff, travel, materials	\$60,000
Outreach (TV, Newsletters, Events) Staff, airtime, printing, postage	\$40,000
Advocacy (research, meetings, etc.) staff, travel, training	\$20,000
Legislation (Fair Financial Services Campaign) staff and meetings	\$20,000
Legal Services (staff, training, court costs, administration, etc.)	\$130,000
Administrative (rent, audit, insurance, supplies, telephone, travel)	\$30,000

How much of a donation can we count on?

If you want us to offer legal services and can help us raise the majority of funds, we will seriously explore establishing our legal services component. This open letter is by way of our first exploratory survey. We want a sense of the need, the desire, and to what extent we can count on your pledge of support.

Separate and independent of the issue of legal services, if you want to contribute to our general operating funds (not legal services), we will readily accept your donation right now. We believe that no amount is too small and no amount too large! On that note, please mark your calendar. October 4th, 2005 from 11:30 am to 1:00 pm we Celebrate CRA (our one and only annual fundraiser) at the Delaware History Museum located on 5th and Market Street in Wilmington.

Thank you for your support of us. We are anxiously waiting to hear from you. Please call me at 302-328-7344 and let me know your thoughts on DCRAC offering legal services.

Bob Watson, Jr.

Bankruptcy cases filed on Monday, October 17, 2005, will be dealt under the new law. Some provisions became effective on April 20, 2005.

GOAL # 1 Prevention is your only protection. Go to www.Delawaremoneyschool.com and check out the free classes that are being offered throughout the state. Spend less than you bring home. Get adequate health insurance and know what it covers. Before you seek a divorce, get your financial house in order.

GOAL # 2 Don't get hooked on credit cards. Credit card companies are extending credit to 18 year olds who have no job nor any credit. Why? Credit use is like drugs. You get hooked. You simply can't give it up. There is no help at all.

GOAL # 3 Get out of debt fast. Now is the time to start reducing your debts as rapidly as you can. If you are in the habit of paying the minimum, change your habits today! Pay much more than you are paying right now. Live on peanut butter jelly sandwiches if that is what it will take to get out of debt. This sacrifice now will save you in the long run. Otherwise, remember you could get a life sentence in debtor's prison!

GOAL # 4 Stay away from loan sharks. Use credit card BUT ONLY TO THE EXTENT YOU CAN PAY IT OFF IN FULL EACH MONTH WELL BEFORE THE DUE DATE. Send your payment certified return receipt requested if you have to or make payments on line. Pay day loans are expensive--stay away. Open a bank account and stay away from check cashers. Seek advise before you refinance your mortgage, get a contractor to work on your home, buy a car, or a manufactured home. Stay away from Refund anticipation loans.

Goal # 5 Sock away in IRAs (Individual Retirement Accounts) Learn about them and invest in them.

Goal # 6 Protect your identity. Under this bill, your entire income tax returns are court files and potentially on the Internet. What does your income tax return have? Your name, SSN, your address, and everything else about you!

TELEVISION

NEW CASTLE COUNTY

Channel 28 on First Sunday
from 3:00 pm to 4:00 pm

KENT COUNTY

Channel 64 on Third Wednesday
from 8:00 pm to 9:00 pm

SUSSEX COUNTY

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, email us
our address is rashmi@dcrac.org.

www.dcrac.org

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

Para recibir este
periodico
en español
llámenos al
1-877-825-0750

In our effort at cutting costs, we want to use the
email to notify you when our newsletters are pub-
lished on the web. Interested? Let me know at
rashmi@dcrac.org.

In April, we hosted three events, one in each County. More than 35 folk attended each event. Special thanks to those of you who attended and to our partners who made this such a resounding success.

If you believe that your Fair Housing rights have been violated, please contact us at 302-654-5024 or toll free 877-825-0750.

NO DISCRIMINATION based on Race, Color, National Origin, Religion, Sex, Familial Status, Handicap. Age, Creed, and Marital Status are additional protections in Delaware.

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.

Delaware media gave **County Bank** ample ink for damage control. Please be sure to read the entire FDIC order for yourself on www.dcrac.org. FDIC order (although not half as strong as it should be) in pertinent parts suggests that as to its payday lending activities County Bank (a) was operating with a board of directors which fails to provide adequate supervision and direction; (b) was operating with management whose practices fail to provide effective oversight and control; (c) was operating the Insured Institution with an inadequate system of internal controls; (d) was operating the Insured Institution with inadequate information systems; (e) was operating the Insured Institution with an inadequate internal audit system; (f) was engaging in hazardous lending practices that include, but are not limited to, allowing individuals other than the named borrower to execute loan documents, allowing Merchants to circumvent paydown requirements, and allowing Merchants to circumvent cooling off periods; and (g) was operating in contravention of the Insured Institution's Policy and Procedures.

DCRAC (and quite a few of you) has commented on First Bank of Delaware. These are the only two Delaware Banks that make up the "Dirty Dozen" engaged in payday lending. First Bank of Delaware used to be regulated by OCC. When OCC guidelines became too stringent, rather than changing their practices, they changed their regulator!

HOPE YOU WILL JOIN DCRAC'S ANTI-PREDATORY LENDING CAMPAIGN. CALL US 877-825-0750.

IF YOU
RECEIVE A
NOTICE
FROM THE
IRS, PLEASE
DO NOT
IGNORE IT.

CALL US
877-825-0750
302-654-5024

In the first few months in 2005, we were flooded with calls for assistance. Thank you for allowing us to help you.

Generally, we responded to your need for help with an IRS notice saying you owe the IRS some money. Some of you contacted us because your EITC was denied. You may continue getting these notices throughout the year. We are here to help you figure out your next steps. Please don't hesitate. Give us a call.

For those who took out a refund anticipation loan and received a notice that their returns were being audited not only are these tax payers getting no refund, they are stuck with a high cost loan.

Say No to Refund Anticipation Loans

NEVER Ignore An IRS Notice.

CRA: The Law That Banks Still Love To Hate

DCRAC is a member of the National Community Reinvestment Coalition. NCRC's website www.ncrc.org has sample form letters and the capability for you to comment on issues that we are grappling with. It takes less than five minutes of your time! The letter, addressee, and other information already exists. All you have to do is fill in your information and hit submit! Please take advantage of this resource.

If you have not guessed it yet, decks are stacked against the consumer. Bankruptcy reform became law. Consumer advocacy is now an imperative. Please stay alert. Read the news. React to the news by doing something about it. Please don't sit this fight out.

On CRA, we suggest that you make it a habit to visit the following:
www.dcrac.org--your fair lending advocate in Delaware
www.ncrc.org--a strong trade association with a active member base
www.innercitypress.org--a very diligent watchdog

If you are not on the Internet (the information superhighway), you are missing out on so much. Visit the nearest library or community center and get connected!

Do visit www.innercitypress.org. ICP analysis of the
Twelve largest US Banks for denial rates by race

Institution	White Denial rate	African American Denial rate	Hispanic Denial rate
Citigroup	28.25%	43.87%	37.62%
HSBC*	41.60%	49.43%	45.78%
Ameriquest	22.24%	26.19%	18.43%
Wells Fargo	15.91%	29.96%	29.53%
JP Morgan Chase	26.45%	43.75%	35.06%
Washington Mutual	20.98%	33.80%	28.45%
Countrywide	14.74%	20.28%	17.72%
National City	10.45%	16.68%	13.22%
Bank of America**	16.88%	32.91%	32.60%
ABN Amro	4.56%	16.12%	8.40%
US Bancorp	22.48%	40.68%	37.27%
Royal Bank of Canada	7.72%	12.84%	10.39%

*HSBC includes HSBC Bank, HSBC Mortgage, HFC, Beneficial and Decision One

** Bank of America does not include Fleet

Denial rate of x% means that of the number of applicants, x% were denied.

Visit www.dcrac.org in September 2005 for analysis of Delaware Banks

Below is ICP analysis of the twelve largest US Banks for offer of high cost loans by race.

Institution	White high cost	African American high cost	Hispanic high cost
Citigroup	25.16%	54.02%	34.64%
HSBC *	32.25%	47.36%	35.91%
Ameriquest	53.03%	64.88%	52.31%
Wells Fargo	7.63%	24.34%	11.58%
JP Morgan Chase	5.84%	14.60%	6.95%
Washington Mutual	6.40%	20.87%	13.25%
Countrywide	10.28%	26.23%	16.56%
National City	12.22%	25.11%	15.96%
Bank of America* *	0.40%	0.58%	1.02%
ABN Amro	0.27%	1.13%	0.29%
US Bancorp	6.91%	12.94%	8.19%
Royal Bank of Canada	1.84%	7.39%	2.67%

*HSBC includes HSBC Bank, HSBC Mortgage, HFC, Beneficial and Decision One

** Bank of America does not include Fleet

x% high cost is the percent of applicants offered the high cost loans.

"Annual percentage rates on average exceed 400% and trapped payday borrowers are often threatened with legal action and intimidating collection tactics." Center for Responsible Lending.

DCRAC begins a new fiscal year on July 1, 2005 with far fewer resources (staff and funds) than in the past. **Andrea Charry** is leaving us to go to New York. We are going to miss her immensely. She helped us become fully bilingual. She has developed our LITC program and training material for new staff. She ensured that the Spanish speaking community got to know how we serve them. **Jessica Grill-Ryan** left us in March to care for her newborn Rachel Elizabeth Mallamace. **Kimberlee Gorgo**, our Public Ally will graduate and move on to grad school. So, our plans for 2005 are:

Education

We will teach **Money Matters! to 2,000** Delawareans (up from 1,130 in 2004). **Chris Tijerino, Ulrick Dorce** and **Rashmi Rangan** will teach these classes. Between January and April 2005 we have already served nearly 500 Delawareans.

Outreach

We will serve **100 Delawareans through our LITC** (the low income tax clinic) Education and Outreach campaign.

We will host **three Fair Housing/ Fair Lending Conferences** (one in each County) in April 2006 under our FHIP initiative. We had three very successful fair housing/fair lending conferences in 2005--one in each County. Over 100 Delawareans attended these events. I want to thank our partners who presented at each location.

We will host a **Homeownership Day** sometime during the fiscal year under our FHIP initiative. We held a very successful one in Ellendale in February 2005, attended by over 35 Delawareans.

We will publish three (maybe four) **Newsletters**. Printing English and Spanish separately will reduce the cost. In addition, if many of you request an email bulletin as soon as our newsletters are on the web, our cost will be curtailed significantly. **Clarence Helm** maintains our address data base which now exceeds 6,500!

We will air an hour long **TV program** in each County. If you wish to buy a tape of a program already aired, you can order it. Each tape sells for \$10.00--shipping & handling included.

Advocacy

We will continue **watchdogging over Delaware banks and their regulators**. We rely on you to keep us posted as well. So, please feel free to contact us and let us know what issues you face.

Legislation

We will enhance our **Campaign for Fair Financial Services** focused on payday lending with the help of a **new Public Ally**.

The 101 you have come to depend on

We will respond to your questions as we have always done. As you know, my preference is communication via email--email your questions.

Volunteerism at DCRAC

We cannot thank our volunteers enough. **Michael Rosen** is our intern who volunteers 20 hours a week. He is busy building partners in Kent County. If you would like to volunteer, please email me.

Consumer Publications

We know you love our **Money Matters!** We have even sold a few to those who heard me in far away places such as Kentucky! You can buy one for \$15.00.

We have also published two new Handbooks **How to Buy your Manufactured Home and Refinancing** Each can be purchased for a donation of \$15.00. We have many other handbooks on budget, credit, etc. For a small donation

of \$10.00/handbook it is yours!

A **draft on alternatives to payday lending** is being reviewed by the committee. The draft was circulated to a small group of participants for their initial feed back. We hope to publish it for a larger circulation in a few months.

"The UD Journalism Faculty has selected Artika Rangan as the winner of the "E.A. Nickerson Award for Excellence in Journalism" for 2005. The award goes annually to the student who, in the eyes of the Journalism Program faculty, has exhibited the highest standards of the journalism profession during the previous calendar year."

I am her very proud mother

If it is too good to be true, it probably is

A payday loan, also known as a cash advance loan, is a small sum, short-term, high-rate, unsecured personal loan.

- * These short-term loans average between \$300 and \$500
- * Interest rates, if adjusted to an annual rate, range from 350% to over 500% APR
- * There is no consideration of the borrower's ability to repay
- * Checks are used as collateral for the loan, leading to insufficient funds fees and bounced checks

Know the Law

- * No more than 4 rollovers
- * Payday loan companies sometimes threaten criminal prosecutions. This is an illegal scare tactic.
- * The loan must be presented in both English and Spanish
- * You have a one-day right to rescind. This gives you 24 hours to reconsider the loan.

Payday loans are NOT a long-term fix!

- * Get help immediately. Go to your faith-based or community-based organization for help.

County Bank President Harold Slatcher

"The third area is reputational risk. We've had articles about our program in newspapers, we've been on the radio and television, we've had pickets at our branches – what else could happen?" said Slatcher. "There's never been as much as a hiccup as a result. We've lost no depositors, and no one has sold a single share of stock. On the contrary, our deposits continue to grow and there's a waiting line for our stock shares. Our earnings this year are running 40 percent ahead of last year. The strength of County Bank as a community bank is one of the reasons why we can run the payday lending program so well. Others would and have buckled, under the scrutiny and regulation."

Cape Gazette, 05/09/2005 [FDIC orders bank to improve payday loan program](#), By Dennis Forney

FACT ACT

Each of the nationwide consumer reporting companies must 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

DO NOT CONTACT THE CREDIT BUREAU INDIVIDUALLY.

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.