

Your Fair Lending Advocate!

# Delaware CRA News

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



*Your Fair Lending Advocate in Delaware!*

**Summer Time at DCRAC!!**

DCRAC, Inc.  
601 N. Church Street  
Wilmington, DE 19801  
1-877-825-0750 or 302-654-5024

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Designed by Christopher Mears for DCRAC, Inc.  
**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.

**Delaware's Compact for Economic Impact**

...because everyone deserves a chance to succeed.

**Draft 6/7/07**

We hope you will take the time to provide us your feedback at [Rashmi@dcrac.org](mailto:Rashmi@dcrac.org). A little more explanation can be found on the draft document on our website [www.dcrac.org](http://www.dcrac.org). If you wish to be a signatory on this compact, please contact us.

In order to help alleviate the current circumstances that make it difficult for many low- income communities to achieve economic independence, we believe that Delaware's Economic Impact Campaign must focus on increasing choices for the distressed consumer. We need them to have access to banking services, an alternative to high cost loans, rescue from the exotic and predatory mortgages, and legal recourse. Specifically, it is imperative that workable solutions be identified for:

- **Living Wage**
- **Moderated Spending**
  - Predatory lending
  - Universal healthcare
  - Utility and insurance regulations
- **Education**

As a coalition building endeavor, we have reached out to concerned citizens and determined the change we seek in our community. There is growing concern about economic issues, and recognition that no one organization can resolve these issues alone. So that Delaware, as a strong banking state, may move steadily toward creating an environment where stable economic circumstances are available to as many of its citizens as possible, the goals above will be the focus of a collective effort based on the following principles:

**Principle One**

The Campaign will strive to meet goals that are **ACHIEVABLE**—giving both partners and constituents alike the confidence that change will, in fact, happen.

**Principle Two**

All Campaign partners will adhere to policies and programs that are **EQUITABLE**, and do not favor one economic group or class over any other.

**Principle Three**

To maintain the goodwill of traditional stakeholders, and to further engage non-traditional stakeholders, the Campaign will be **SOLUTION-CENTERED**, with the focus on workable and beneficial changes.

**Principle Four**

Because it will take time for the Delaware Financial System to reflect the changes in progress, the Campaign will be **SERVICE-ORIENTED**.

**Principle Five**

Coalition will be **CONSENSUS-BASED** to maintain its strength in partnership and grounded in an ethic that such consensus is in the best interests of the constituents being served.

*continued on page three*

Robert L. Watson, Jr.  
& the rest of the board

Charles Brittingham  
Carol Davis  
Anthony Albence  
Joe Myer  
Juana Fuentes-Bowles  
Austin Edison  
Susan Haberstroh  
Michelle Harris  
Gwen Miller-Reilly  
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Founded in 1987

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Christopher Tijerino  
&  
The Office cats  
HMDA, HOEPA & EJ

\* DCRAC Volunteers

1 - 8 7 7 - 8 2 5 - 0 7 5 0

www.dcrac.org

**"Money is like manure. If you spread it around it does a lot of good. But if you pile it up in one place it stinks like hell." Junior Murchison**

**Principle Six**

Coalition will be grounded in **TRANSPARENCY** to assure that all have the opportunity to provide feedback and build trust among the general public and the organizations represented within the Coalition.

**Principle Seven**

To ensure that all viewpoints are represented, the Coalition will be **DIVERSE**.

**Principle Eight**

It is expected that Coalition members will act in a manner that is both credible and trustworthy as we work toward the accomplishment of common goals. This presumes a high degree of **RESPECT** for existing efforts and partnerships and work that seeks to build new bridges.

**Principle Nine:**

Because the problems we seek to resolve represent the interaction of social, political, and economic conditions, successful change needs **INNOVATIVE** solutions to these complex problems.

**Principle Ten**

The Campaign Issues will have a **FINITE** end.

We are asking you to review these ten principles, contact us with your feedback or questions

Then we hope you will consider being a signatory to this Compact

At our 20th anniversary celebrate

October 2, 2007

Delaware History Museum

11:00 am to 1:00 pm

rashmi@dcrac.org for more information

**10 ways to Avoid Foreclosure  
Gerry Kelly, Deputy Bank Commissioner  
302-577-5092**

**Before you buy the home**

- (1) Knowledge:
  - Attend Homeownership workshops
  - Use the Web sites:
    - www.ftc.gov
    - www.hud.gov
    - www.state.de.us/attgen
    - www.destatehousing.com
    - www.state.de.us/bank
  - Pick up brochures: A to Zs of Mortgage Lending
  - Watch: "Buried by Debt: The Dangers of Borrowing" (Philadelphia Federal Reserve)
- (2) Shop for a mortgage  
<http://www.hud.gov/utilities/intercept.cfm?buying/booklet.pdf>
- (3) Home inspection: www.hud.gov

first few months and then costs pile up as your case is transferred to an attorney and filed in Superior Court.

- (2) Speak Up and save your home:
  - Notify the servicer of your loan (loss mitigation) Explain your situation especially if it may take sometime to resolve. See if you are presented with options such as forbearance agreements or loan modifications (defined in Mortgage Late brochure).
  - 1-888-995-HOPE, 24 hour hotline
  - Call housing counselors
  - www.delawaremoneyschool.com
  - First Saturday of every month at Woodlawn Library, 10 AM to Noon, come ask questions.
- (3) www.hud.gov or www.state.de/bank
  - Reinstatement, Forbearance, Repayment plan, or mortgage modification are choices you may have to keep your home.

- Sale, Pre-foreclosure sale, Assumption or deed-in-lieu
- (4) Ask housing counselors about Delaware Emergency Mortgage Assistance Program.
- (5) Be aware of scams:
  - Phantom help--help you never get
  - Promise to buy from you and rent property back to you until you are ready to repurchase. Be careful. Never sign any papers you do not fully understand.
  - Get all promises in writing. Have your attorney review and facts.
- (6) Do not sign anything you do not understand. **SIGNING OVER THE DEED DOES NOT NECESSARILY RELEASE YOU OF YOUR LOAN OBLIGATION.**
- (7) Bankruptcy may be also be used to save your home from foreclosure.

**After you buy home/ signs of trouble**

- (1) Understand foreclosure process 9-10 month process, you have choices in

**Common IRS notices & the importance of responding immediately**

**Do not fear or panic when you receive a notice from the IRS! Many of your tax issues can be resolved easily and painlessly.**

Every year, the IRS sends out millions of notices. These notices are received usually 30 to 60 days from when the taxpayer has filed, if not sooner. Most of these notices let taxpayers know of common filing mistakes that mean a change in a tax bill. Others request additional information about the return. The notice normally covers a specific issue and offers equally specific instructions on what the IRS wants from you to settle the matter.

**Commonly issued IRS notices**

Each IRS notice is identified by its CP (computer paragraph) number, found in the upper right hand corner of the first page of correspondence. Each also has a title in large, bold print near the center of the page.

Please remember, **DO NOT** ignore any correspondence from the IRS. The most common mistakes are fearing and ignoring what could be a simple reminder or correction. Most issues can be resolved fairly painlessly. If you have any questions regarding notices and or issues with your taxes, please feel free to contact us. As a Low-Income Tax Clinic, we can help you better understand your tax issues and guide you through the steps in resolving your taxpayer issue.

Here are the most common notices and why they are issue:

CP NOTICE	TAX REASON
CP 12	Math error – Overpayment of \$1 or more
CP 14	Balance Due (you owe money), no math error
CP 49	Overpaid tax applied to other taxes you owe
CP 90 & CP- 297 (sent simultaneously)	Final notice – Notice of intent to levy and Notice of your right to a hearing
CP 91 & CP 298 (sent simultaneously)	Final notice before levy on Social Security benefits
CP 161	No math error, balance due (you owe money)
CP 501	Reminder notice – balance due (you owe money)
CP 504	Urgent notice – balance due (you owe money)
CP 523	Notice of default on installment agreement
CP 2000	Notice of proposed adjustment for underpayment or overpayment

**Home Ownership and Equity Protection Act (HOEPA) needs strengthening**, excerpts from NCRC comments.

The nation stands on the edge of a mortgage tsunami of massive foreclosures. The federal agencies themselves estimate that close to two million families face dire financial circumstances and/or foreclosure when the interest rates on their adjustable rate mortgages (ARMs) reset and climb higher this year and in 2008. In many cases borrowers of exotic loans could have qualified for less expensive and safer fixed-rate loans. The devastation wrought by predatory lending is maddening because stronger federal regulation and legislation would have avoided much of the abusive lending and replaced the predatory lending with responsible prime and subprime loans.

- **Prepayment penalties:** Prepayment penalties must not apply after the expiration of teaser rates in ARM prime and subprime loans. For fixed-rate subprime loans, prepayment penalties must not extend beyond two or three years. Limiting prepayment penalties prevents borrowers being trapped in abusive and predatory loans.
- **Escrows for Taxes and Insurance:** Lenders must require escrows for all loans, prime and subprime, fixed and adjustable rate. Currently, since escrows are not required, deceitful lending flourishes when unscrupulous brokers and lenders blind borrowers to the true cost of their loans by not discussing payments for insurance and taxes.
- **Stated Income or Low Doc Loans:** Stated income or low doc loans are prone to abuse when predatory lenders and brokers inflate borrowers' incomes to qualify them for unsustainable loans. At the very least, we need clear protections and procedures for these loans including the requirement that pay stubs, tax forms, and other acceptable verification of income must be received by the lender.
- **Unaffordable Loans:** A core plague of predatory lending is lending beyond borrower payment ability. Abusive lenders are underwriting ARM loans at initial and low rates, leaving borrowers vulnerable to rapid rate increases. We need a suitable cushion above the fully-indexed rate or the maximum possible rate stipulated in the loan contract. There should be a presumption that a loan is unaffordable if the borrower's debt-to-income ratio exceeds 50%.

Our comments will be on the website by August 5, 2007.

Deadline is August 15, 2007

**Excerpts from..**

**AIG Enters Mortgage Order**, American Banker, June 11, 2007, By [Cheyenne Hopkins](#) American International Group Inc. has entered into an enforcement agreement with the Office of Thrift Supervision to improve the practices of three subsidiaries. The agreement, announced Friday, covers subprime mortgages originated from July 2003 to May 2006 by Wilmington Finance Inc. and American General Finance Inc., affiliates of AIG Federal Savings Bank. The OTS charged that the thrift did not manage or control the lending activities outsourced to its affiliates. The OTS said Wilmington assessed the creditworthiness of some borrowers incorrectly and charged large broker and lender fees. AIG agreed to establish a \$128 million pretax fund to refinance affected borrowers into affordable loans and reimburse borrowers who paid large broker or lender fees. The company also agreed to terminate the objectionable practices, donate \$15 million to financial literacy and credit counseling services, and establish a mechanism for resolving consumer complaints.

**CRA Grades Cited in Objection to Deal**, American Banker, June 8, 2007 By [Steven Sloan](#) California advocacy groups are fighting the planned acquisition of Desert Community Bank by East West Bancorp Inc. ... Robert Gnaizda, the general counsel of the Greenlining Institute, and other housing advocates wrote that East West was the only banking company of its size to get a "needs to improve" rating for its investments in the community. Only 5% of large banks received lower CRA ratings than Desert Community on lending and service to underserved communities, the letter said.

**Lawsuits in Ohio Claim Pressure on Appraisers**, American Banker, June 8, 2007 By Bloomberg News. Ohio has sued two lenders, six mortgage brokerages, a broker, and an appraisal firm for improperly pressuring appraisers to inflate home values...The companies set specific estimated values on properties and communicated a desired price to appraisers. ... In Ohio, the state with the third-highest number of foreclosures, it is illegal to influence an appraiser.

**1-888-995-HOPE**  
Homeowners Hotline

**Bair: Don't Skimp on Loan Modifications**, American Banker, June 7, 2007 By [Joe Adler](#) Federal Deposit Insurance Corp. Chairman Sheila Bair praised investors for taking steps to protect subprime borrowers but warned them not to treat modifications as a short-term cure. ... The securitization forum issued guidelines that supported a variety of payment restructuring methods to reduce mortgage losses, including interest rate adjustments and forgiving principal. The guidelines also said that servicers were permitted to use their judgment in considering loan modifications, and that modifications should be structured "in the best interests of the borrower."

**Frank Tells Fed to Protect Consumers or Lose Authority** [Dow Jones](#) June 13, 2007, By [Damian Paletta](#). House Financial Services Committee Chairman Barney Frank, D-Mass., leveled harsh criticism at the Federal Reserve Wednesday, threatening to strip the central bank's authority to ban certain high-risk lending practices if it did not use this power soon.... Only the Fed has the ability, under the Truth in Lending Act, to ban certain mortgage lending practices on an industry-wide basis, labeling practices unfair and deceptive. The Fed has only used its authority to ban certain practices on less than 1% of mortgages. Democratic lawmakers and a growing number of Republicans have called on the agency to do more in the wake of rising delinquency and foreclosure rates related to subprime mortgage lending.

**FDIC to Weigh Small-Dollar Loan Plan**, American Banker, June 13, 2007, By [Joe Adler](#) The Federal Deposit Insurance Corp. is set to consider a pilot plan next week to give banks incentives to offer a small-dollar loan product.... In the plan endorsed by the advisory committee, typical loans would be no more than \$1,000, divert 5% of loan payments into a savings account held by the borrower, cap interest rates at 36%, include low origination fees and zero prepayment penalties, and include financial education for borrower.

1-877-825-0750

**"Buy when everyone else is selling and hold until everyone else is buying. That's not just a catchy slogan. It's the very essence of successful investing." J. Paul Getty**

**FREE Tax Clinic Community Forum on September 18, 2007 12:00 noon to 3:00 pm**

At Public Archives Building, 121 Duke of York Street.

Seating is limited to 40 so please call and register. There is no cost. **You must register 1-877-825-0750**

**Life's a Beach Picnic**



**August 3, 2007**

**10am-5pm**

Main Beach Pavilion

42 Cape Henlopen

Lewes, DE 19958

Foreclosure on your mind? Hold off your worries until tomorrow. Join our picnic, surf with us, go on bike trails, play volleyball and just have some unadulterated fun!

**Fees:** \$4 Delaware Tags; \$6 out of state tags; \$0 with DE state park sticker

**Softball  
DCRAC Debt Dragons  
vs.  
Delaware  
Community Reinvesters  
August 11, 2007 1pm-3pm**

Marbrook Field on  
Kirkwood Hwy and Rte. 41

All are welcome.

Want to join our team?

Free event



**DCRAC Disco  
Derby!**

**August 14, 2007**

**6:30pm-9:00 pm**

Dover Skating Center

2201 S. Dupont Highway

Dover De 19901



Dress in your best 70's attire. All are welcome

**Why:** 1977 gave us Community Reinvestment Act and disco!

**Fees:** \$2 admission at the door; \$1.75 for skates; \$3.25 inline skates

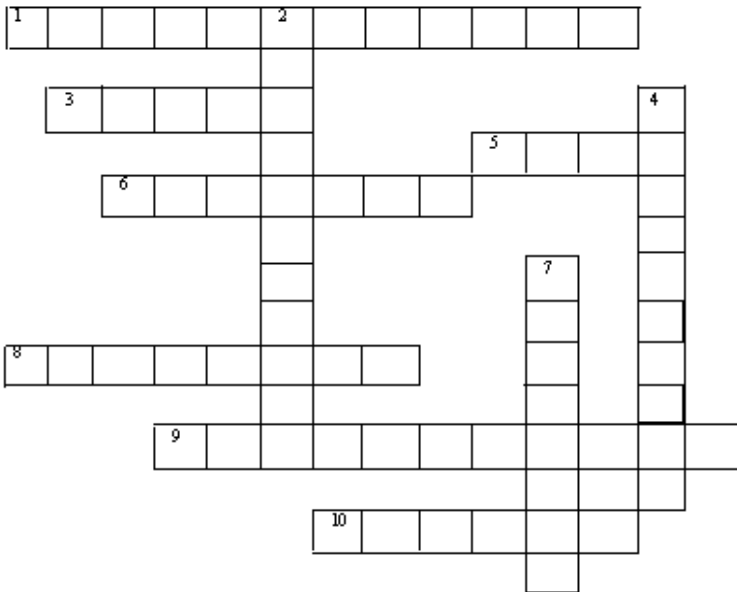
Thank you **Welfare Foundation** for a very generous donation of **\$25,000** toward acquisition and rehabilitation of 603 North Church Street.

Thank you **Speer Trust Commission** for a grant of **\$30,000** for the credit union.

Thank you **National Catholic Campaign for Human Development** for a **\$20,000** award for the credit union.

See credit union updates on [www.dcrac.org](http://www.dcrac.org)

**The DCRAC Crossword Puzzle**



**ACROSS**

- 1 The financial education program DCRAC offers.
- 3 Fair Housing Month.
- 5 Home Ownership Month.
- 6 DCRAC's mission is to ensure equal access to credit and \_\_\_\_\_.
- 8 One of the 3 credit bureaus.
- 9 620 is the national average for this.
- 10 CRA celebrates this birthday in 2007.

**DOWN**

- 2 If you want to be a \_\_\_\_\_, don't live like one.
- 4 Negative info. on your credit report is obsolete when \_\_\_\_\_ have passed.
- 7 DCRAC is your fair lending \_\_\_\_\_ in Delaware.

Answers: Across: 1. Money Matters, 3. April, 5. June, 6. Capital, 8. Experian, 9. Credit Score, 10. Thirty. Down: 2. Millionaire, 4. Seven Years, 7. Advocate

Have some fun

**"Empty pockets never held anyone back. Only empty heads and empty hearts can do that." Norman Vincent Peale**



**PROYECTO DEL DUEÑO CORRECTO**

**Busque a los dueños de los fondos no reclamados por la ventas de las propiedades.**

La Corte Suprema tiene mas de \$5 millones esperando ser reclamados por los Dueños Correctos. Estos fondos son los sobrantes del proceso de Venta hecha por el Alguacil durante los ultimos 5 años.

Los fondos sobrantes ocurren cuando el valor de la propiedad, al momento de la venta, exceden la cantidad del dinero que se necesita para pagar las deudas y la hipoteca. Los fondos sobrantes son mas comunes hoy en dia debido al incremento dramático en el valor de las propiedades en años recientes.

Para chequear si usted es un Dueño Correcto hagalo en línea en la página de las **Cortes del Estado de Delaware**

<http://courts.delaware.gov>

Haga clic en el ícono de **Corte Superior** en la izquierda (*Superior Court*). En esa página haga clic en el ícono de **Proyecto**

del **Dueño Correcto** igualmente a la izquierda (*Project Rightful Owner*). Una vez ahí, haga clic en **Click here to view the online list of names, properties, and Sheriff's Sale date**, esta es la lista de las personas que pueden reclamar dinero. Si tiene un reclamo se le aconseja buscar un abogado debido a que el proceso para probar que el dinero le pertenece es un poco complicado. Usted podria calificar para la asistencia de un abogado gratis. **Contacte a los Voluntarios de Servicios Legales de Delaware al 302-478-8850** y pregunte hacera del Proyecto del Dueño Correcto de la Corte Superior.

**¡FUERZA FINANCIERA!**

Nuestros seminarios de Money Matters! en español!!

**Donde:**

- Nueva Vida en Bear.
- Holy Angels en Newark.
- La Esperanza y Abriendo Puertas en Georgetown.

**Si usted esta interesado en atender nuestras clases lla- menos al 302-654-502**

Las clases no tienen costo alguno y en ellas encontrará información muy valiosa.

También nos interesa saber de lugares donde podriamos ofrecer nuestras clases, no duden en llamarnos.

**Avisos del IRS, es muy importante responder inmediatamente.**

**Si recibe una carta del IRS no se alarme! Muchos de los problemas con sus impuestos se pueden resolver facilmente.**

Cada año el IRS manda millones de avisos. El departamento del IRS usualmente manda cartas acerca de los problemas con sus impuestos entre 30 o 60 días después que ha enviado sus impuestos preparados. Muchas de estas cartas son para corregir problemas sencillos. Otros avisos son mandados por algo simple, como su firma. El aviso usualmente incluye instrucciones y también explica que es lo que el IRS necesita para hacer sus impuestos.

**Avisos comunes**

Cada carta incluye un número CP ('computer paragraph' o párrafo de computadora), este se puede encontrar en la esquina superior derecha en la primera página de correspondencia. La carta también incluye un título escrito en letras grandes en el centro de la primera página explicando lo que falta en su trámite.

**Avisos CP mas comunes**

Aviso CP	Razón
CP 12	Error matemático- a sobrepagado un dólar o más
CP 14	Debe dinero, no hay errors matemáticos
CP 49	Sobrepago aplicado a otros impuestos que debe.
CP 90 & CP- 297 (sent simultaneously)	Nota final – Se empezara ha imponer impuestos y su derecho a un juicio
CP 91 & CP 298 (sent simultaneously)	Nota final antes de quitarle dinero de sus beneficios del Seguro Social
CP 161	No hay errors matemáticos, debe impuestos
CP 501	Rocordatorio- debe dinero
CP 504	Aviso urgente- debe dinero
CP 523	Notificación de falta de pagos en acuerdo contractual
CP 2000	Aviso de ajustes propuestos para pagos sobre o debajo de lo que debe

Por Favor, **SIEMPRE** responda la correspondencia recibida del IRS. Para ayuda llame a nuestra clínica al **1-877-825-0750**.



### Project Rightful Owner

#### SEARCH FOR OWNERS OF UNCLAIMED SHERIFF'S SALE EXCESS PROCEEDS

The Superior Court has over \$5 million waiting to be claimed by the Rightful Owner of the money. The funds are the excess proceeds of Sheriff's Sales that occurred in the past five years.

Excess proceeds arise when the value of the property, at the time of sale, exceeds the amount of money needed to pay off all recorded liens and mortgages. Because of the dramatic increase in the value of real estate in recent years, excess proceeds have become more common.

If you have a claim, you are encouraged to secure an attorney to assist you because the process of demonstrating your entitlement to the money can be complicated.

If you qualify, pro bono (no fee) attorneys are available. If you need pro bono assistance, you may contact the **Delaware Volunteer Legal Services at 302.478.8850**—tell them that your call concerns Superior Court's Project Rightful Owner.

If you can prove entitlement to all, or a portion of the money, you will also receive interest from the time the money was transferred from the Sheriff's Office to the Prothonotary of the Superior Court.

Search the online list and make sure that the name, Sheriff's Sale property address, and Sheriff's Sale date exactly match your records. The list is arranged in alphabetical order by people's last name or business/firm's name.

Go online to the **Delaware State Courts'** website <http://courts.delaware.gov>

Click on the **Superior Court** link.

Click on the **Project Rightful Owner** link.

### Setting Priorities

#### Things to know:

- **Narrow your objectives:** Identify your goals clearly and why they matter to you, and decide which are most important.
- **Focus first on the goals that matter.**
- **Put time on your side:** The most important ally you have in reaching your goals is time.
- **Choose carefully:** You should look for things that will help you feel financially secure, happy or fulfilled
- **Start now:** The longer you wait to identify and begin working toward your goals, the more difficulty you'll have reaching them
- **Keep spending on course:** Whenever you make a large payment for anything ask yourself: "Is this taking me nearer to my primary goals -- or leading me further away from them?" If a big expense doesn't get you closer to your goals, try to defer or reduce it.
- **Be prepared for change:** Your needs and desires will change as you age, so you should probably reexamine your priorities at least every five years.

That's why to get what you want most you must:

- 1) Decide which goals will take priority and
- 2) Work toward the lesser goals only after the really important ones are well provided for.

Fortunately, you have at least one ally in meeting your long-range goals: **TIME**. Suppose there are two siblings who both invest in Individual Retirement Accounts earning 8 percent a year. The sister starts at age 20, and for the next 10 years she stuffs \$3,000 a year into her IRA. At age 30, though, she stops and never adds another penny. Her brother waits until age 30 to get started, but then dutifully salts away \$3,000 a year for the rest of his life. Which sibling do you think will be better off? In this case, the early bird will always be ahead. The sister reaches age 65 with over \$642,000, while her brother will have a little under \$518,000 - about 20 percent less. Of course, it's far better, to start early AND keep it up. If both siblings started saving \$3,000 a year in an IRA at 20, and kept it up until retirement, each would end up with nearly \$1.2 million.

#### Here are some goals you may want to consider:

- Accumulating enough savings to handle an emergency situation.
- Buying a house.
- Getting out of debt.
- Ensuring that your parents are comfortable and well taken care of in their old age.
- Paying for your children's college education.
- Amassing enough wealth to retire comfortably.

source: [cnmmoney.com](http://cnmmoney.com)

**"A bank is a place where they lend you an umbrella in fair weather and ask for it back when it begins to rain."**

**Robert Frost**