

**Your Fair Lending  
Advocate!**

# Delaware CRA News

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



**We all need somebody to lean on.**

DCRAC, Inc.  
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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.**

Letter from Dom



Domenic Pedante & the rest of the board

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- Carol Davis
- Austin Edison
- Juana Fuentes-Bowles
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**Founded in 1987**

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- \* DCRAC Volunteers

Dear friends:

After several years of planning and nearly a year of construction, DCRAC is proud to announce the Grand Opening of the Economic Impact Center on Friday, July 11, 2008. Many of you have been instrumental in this community effort. We single out a few whose efforts deserve special acknowledgement:

- The Longwood Foundation (\$100,000 grant)
- The Welfare Foundation (\$25,000 grant)
- NCALL Research, Inc.(Loan)
- Homescape Services (Contractor)
- Board member Austin Edison (Building Committee Chair)

We are excited at the prospect of opening our doors to the community who can access our Point & Click Center for E-Banking/Learning, the Longwood Training Center for all our Money Matters! Classes in Wilmington, and our planned Stepping Stones Community Federal Credit Union. On behalf of our staff and Board of Directors, I invite you to our planned celebrations on this momentous occasion.

I take this time to thank those funders who have made it possible for us to get here today. Wilmington City Council, City of Wilmington (Real Estate & Housing), New Castle County (Community Development), Sussex County Council, State of Delaware (Grant-in-Aid and Delaware State Housing Authority), Allen Hilles Foundation, Catholic Campaign for Human Development (local and national), Disney, Freeman Foundation, Gannett Foundation, Speer Trust Commission, Welfare Foundation, Delaware Housing Coalition, Housing Capacity Building, Ministry of Caring, National Community Reinvestment Coalition, Associates, Bank One, Citi, Citigroup, Commerce, Discover Bank, FCC National Bank, First USA, GMAC Bank, HSBC, Household, ING, JPMorgan Chase, PNC, Wilmington Savings Fund Society, Internal Revenue Services, US Department of Agriculture, US Housing and Urban Development, and Celebrate CRA sponsors.

We bid a fond farewell to Chelsea who is in Officer Candidate School and starts Law School at Widener University. Also leaving us is Tanya Ennis. Our very best wishes and sincerest thanks to both of you.

Thank you Delaware! See you at our grand opening. ~ Dom



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www.dcrac.org

As I sat on my front steps looking at the homes on my block, either rented or owned, I tried to figure out if there was any difference between them. I concluded that the only difference was that one owned the property.

The house at the end of my street caught my attention. The owner was putting a new roof, and I wondered why anyone in their right mind would want such a responsibility. Then, I thought to myself that if he was a tenant, this would be the landlord's problem. My wandering mind shifted to our clients. I wanted to know why they pursued **homeownership**, especially when the daily news seems to be all about foreclosures and housing decline. I wondered why I wanted to be a homeowner.

Walking through my front door, in my own house, reflecting on my personal struggles to redecorate my dining room, I finally realized that the personal sacrifices were all worth it.

My home was the most expensive and valuable purchase that I had ever made. It did not happen overnight! I struggled. One day I returned home to find that my electric in my apartment was turned off. My two girls were little at the time. I realized that we could not live like this. My children deserved better. I had to get a handle around my income and expenses. I had to budget!

We began to make sacrifices. For example, we ate eggs, oatmeal and foods that were low cost. Oh, and

please don't let me forget about spam! I would tell the girls to bring out the good china to eat our spam! Why? My children and I were bitten by the bug called "THE GREAT AMERICAN DREAM!"

I also had to get my credit act together. There was no black, mystical top hat stuffed with bunnies, no bottles filled with enchanted potions, just persistence and a dream.



To my advantage, I was employed at DCRAC and I had all the resources and a strong support system to help me realize my dream. I began applying the money management skills to my life daily--the same skills I was busy preaching to my clients statewide.

By and by; slowly but surely, I became a homeowner.

At DCRAC, we are fully committed to educate and counsel you about smart money choices. We make it our business to know all the resources in the community that may benefit you. If we cannot help, we know someone who can (most of the time).

You must work on your credit because it can move you from a shoe string budget to the closing table.

**Order your free credit report.** You can access 1 free credit bureau report from all three credit reporting agencies online at [www.annualcreditreport.com](http://www.annualcreditreport.com). You do not have to purchase your credit score at this time.

**Read your credit report.** Look for mistakes and dispute them. Look for debts reported on your credit bureau that are not yours. Dispute them.

**Repair your credit.** Start a repayment plan on debts that belong to you. Get some help before you begin this process.

**Rebuild your credit.** There is no such thing as overnight credit repair. Make sure you attend a financial fitness course offered by housing counselors in Delaware. They will give you more

information about credit builder program offered by Artisans Bank.

Finally,

1. Time is your best friend; use it wisely!
2. Be prepared to make sacrifices because you can't have your cake and eat it too.
3. Go to a housing counselor before you begin looking at homes.

For a complete list of the Housing Counseling Agencies in Delaware go to [www.hud.org](http://www.hud.org) or call DCRAC toll free at 1-877-825-0750 or 302-654-5024. Visit us on [www.dcrac.org](http://www.dcrac.org) for our handbooks on Money Matters!

*Jessica teaches Money Matters!  
in Kent and Sussex Counties.*

DCRAC is a HUD funded Fair Housing Initiative Program. Launched in 2002, we have continued to receive funding year after year because we deliver on our promises.

We are very successful with all our initiatives that are designed to educate protected classes about their rights, responsibilities, and obligations under the Fair Housing Act.

Our success is rooted in our belief that we must deepen the roots of our partnerships and continuously expand our branches of networks. In April 2008, DCRAC and the Fair Housing Task Force hosted the First Annual Statewide Disabilities Conference at the Delaware Technical and

Community College in Georgetown. The Conference was very well received by an exceptional audience--both in numbers and in their excitement. Our existing partners helped us build new partners. At this conference itself we set the date for the next one--April 30, 2009 and the topic too--Americans with Disabilities Act!

Fair Housing is the law, not an option. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living

with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). Delaware adds three additional categories: Marital Status, Age and Creed. Wilmingtonians enjoy two additional protections: source of income and sexual orientation.

Under fair housing initiative, in April we focus on fair housing in everything we do--our monthly television program, weekly and monthly radio shows, events in each County! In addition, we help clients file their fair housing complaints. We also comment on regulations and legislation if it violates the federal fair housing act.

We strenuously and vehemently argue that there can be no fair housing without fair lending. As you know, we have been the most vocal advocates against Predatory Practices in lending for almost a decade now. While, DCRAC is not absolutely against sub-prime loans, it is our position that sub prime lending without adequate consumer safeguards, is predatory lending. We have adopted NCRC's definition of a predatory loan.

**A predatory loan** is an unsuitable loan designed to exploit vulnerable and unsophisticated borrowers. Predatory loans are a subset of sub-prime loans. A predatory loan has one or more of the following features:

- 1) charges more in interest and in fees than is required to cover the added risk of lending to borrowers with credit imperfections,
- 2) contains abusive terms and conditions that trap borrowers and lead to increased indebtedness,
- 3) does not take into account the borrower's ability to repay the loan, and

- 4) violates fair lending laws by targeting women, minorities, and communities of color.

**A sub-prime loan** is a loan designed for those borrowers with credit impairments. These loans are more expensive than prime loans.

The foreclosure crisis, as predicted, is upon our doorstep. This year we have already hosted two forums focusing on how homeowners can assess all options available to them to save their home and begin the process of negotiating a loan modification, if that is an option. We assist those who cannot be referred out in their efforts to modify their loan.

Our director serves on the foreclosure prevention task force. We partner with the bank commissioner's office, housing counselors, and all those who are working to stem this foreclosure tide. We use every avenue available to us to help our constituency.

**"We have become so unequal as a nation that we increasingly occupy two different economies -- one for the rich and one for everyone else -- and the latter has been in a recession, if not a depression, for a long, long time."**

**~ Barbara Ehrenreich, author**

**A Call For Action**

When I look at the response to the foreclosure crisis, I am reminded of that ad where the dam develops a crack and one of the engineers sticks a chewing gum to fix it!

What good does disclosure do? "Your money or your life" is a truthful disclosure. Does it really help?

If the house is burning down, you don't just douse the fire in one room do you? What is the federal response? Yesterday's solutions to today's problems.

When you buy a hair dryer, you get more protections than when you pledge your home as collateral!

When Wall Street bleeds, Feds exer-

cise their little known and used powers (last used during the depression) to bail out banks. When neighborhoods bleed, Feds take two years to hold HOEPA hearings.

The murder weapon has multiple finger prints, yet curbing irresponsible lending is not on the agenda. Congress believes that the victim has committed suicide!

There is an irrational belief that markets are invisible fences and we really don't need to put collars on the dogs.

Liquidity is more than an invitation to commit fraud. Feds pumped money to lenders to lend but did nothing to address the moral hazard of irresponsible market behavior. With these Fed

enabled bail outs, why would a lender ever be responsible?

Reverse Mortgage is the next mortgage disaster waiting to happen. What are we doing about it? Nothing.

Wall Street was buying stolen goods. It says, it did not know that the goods were stolen. Come on! When you buy a watch at a street corner from one who has several of them hidden inside her coat pocket, you know you are buying a stolen watch.

So, we are asking Congress to act on NCRC's proposal to Help us now, Fix the Community Reinvestment Act, and End it from happening again by enacting a strong national anti-predatory lending legislation.

*According to Moody's Investors Service, only 3.5 percent of loans scheduled for interest rate resets in the first nine months of 2007 were modified.*

Voluntary measures fail to respond to the scale of the problems. Even where work outs are made, all they have done is shift the problems into the future. The FHASecure program, introduced in August of 2007, is helpful for refinancing people stuck in bad loans, but limited.

*January 28, 2008 Reuters: The American Securitization Forum estimates that FHASecure will assist roughly 44,000 subprime borrowers in its current form.*

NCRC's Homeowners Emergency Loan Program (HELP Now) is a common sense approach that punishes irresponsibility.

HELP Now addresses the immediate need of homeowners facing foreclosure without rewarding lenders for irresponsible lending practices. Under the program, the federal government would offer to purchase, at a discount, loans held in securitized pools. Discounting the purchase of loan pools would strike a balance between assisting homeowners and ensuring that lenders, servicers, and securitizers are not rewarded for financing and servicing predatory loans.



An example will help put this in perspective. A borrower with a \$200,000 Adjustable Rate Mortgage is unable to pay when the rate adjusts. By now, the home drops in value to \$150,000. If there is no meaningful and sustainable work-out, HELP Now steps in. It purchases the loan at a discount—\$150,000. The irresponsible lender pays \$50,000. The borrower pays in the form of a second lien of \$50,000. As a result of fixing the loan to value, the borrower can refinance in the private market. If there is no way to salvage this loan, the federal subsidy is minimal.

**HELP Now!**

**"Let us not bankrupt our todays by paying interest on the regrets of yesterday and by borrowing in advance the troubles of tomorrow." ~ Ralph W. Stockman**

**FIX It Now!**

CRA is a great instrument to make sure that banks behave and invest in low and moderate income communities. Unfortunately, the way business is conducted now a days has changed. We support CRA Modernization.

A few CRA-covered lenders invested in and financed secondary market activity of some unsavory lenders. While CRA covers their originations, it does not cover their secondary market activity. Why not cover all aspects of and every entity involved in lending with the CRA brush?

This crisis is a crisis of confidence in our regulatory system. Regulators empowered to protect consumers must protect consumers. They didn't. During the CRA exam, in which banks

are reviewed for their lending, investment, and service to the community, regulators must investigate the full scope of the bank's operation, not just those which the banks are willing to disclose. How is it that two banks get CRA credit for one loan? Don't regulators know the game?

During bank mergers, regulators just hold public meetings. They must hold meaningful public HEARINGS!



By the way, can someone explain the mortgage crisis when every bank gets a satisfactory or outstanding rating?

If CRA-covered lenders are indeed meeting the spirit, intent, and language of CRA, then why not disclose Small Business Lending data?

CRA's reliance on weak fair lending exams to investigate race-based lending resulted in reverse redlining.

Bank branches are not serving poor and minority neighborhoods. And if banks don't, predators will. On that note, why not evaluate the bank's affiliation with such predators?

The moral hazard of irresponsible lending will continue unless we punish abusive lending.

We need a strong federal anti-predatory lending law. Given the role that unfair and deceptive practices have played in creating the current crisis and the reality that all Americans are paying the cost of regulatory failure, responsible public policy demands a thoughtful and meaningful response.

Apparently our law makers are scared to support a strong anti-predatory lending legislation. They had no problems with the Federal Reserve's bailout of Bear Stearns within 96 short hours. Why is it taking them so long to help millions of homeowners?

To help our lawmakers understand that the call for anti-predatory lending is not a call for bail out but a mar-

ket necessity, let us recall the lead-based paint toys crisis.

Would we allow these tainted toys to remain on the market? If the children were harmed by them and the government stepped with monetary compensation, would we oppose this bail out? Would we not have accepted responsibility at the national level for failing to protect American consumers and would not immediate intervention ensue? Would not companies that were negligent in their duty to protect the public be held accountable?

So, why is Congress hesitating to help consumers who have been financially damaged by failed regula-

tory policy in the mortgage arena ?

On May 20, 2008, the Senate Banking Committee amended and passed the Federal Housing Finance Regulatory Reform Act of 2008 by a vote of 19 to 2.

To learn more about this and other bills, a summary, and status, visit [www.ncrc.org](http://www.ncrc.org).

Contact your Congressional delegate and let your position be known.



**END it forever!**

**"Two things are infinite: the universe and human stupidity; and I'm not sure about the universe."  
Albert Einstein**

**¡Fuerza Financiera!**

Es un seminario en el cual cubrimos información muy importante para el consumidor, cubrimos temas como presupuesto o plan de gastos, cuentas bancarias, el reporte y el puntaje de crédito, hipotecas, préstamos al consumidor, inversiones y recursos.

Ofrecemos este seminario en diferentes lugares en el estado de Delaware.

Para información acerca de nuestros seminarios pueden llamar gratis al **1-877-825-0750** o pueden entrar a la página de Delaware Money School **www.delawaremoneyschool.com**.

**Programa de Iniciativa de Vivienda Justa (FHIP)**

Somos una agencia FHIP reconocida por el Departamento de Vivienda y Desarrollo Urbano de EE.UU. desde el 2002. Queremos que la comunidad sepa que existe una ley llamada el Acto de Vivienda Justa, en el cual se prohíbe la discriminación en base a **raza, color, religión, sexo, discapacidad, estado familiar y origen nacional**. Si usted o alguien que conoce ha sido discriminado debe de hacer una queja con **HUD llamando al 1-(800) 669-9777 o visitando la página web <http://espanol.hud.gov>** También ayudamos a personas que estén en riesgo de perder su casa.

**Clínica de Impuestos del Contribuyente de Menor Recurso (LITC)**

Somos una clínica que ayuda con cualquier problema que tenga con el IRS, ya que puede ser muy confuso. No ignore las cartas del IRS, es lo peor que puede hacer. Nuestros servicios son gratis y confidenciales. Para mas información nos puede llamar o visitar nuestra página web **www.dcrac.org**.

Nuestro personal hispano esta conformado de Rony Peralta y Diana Bernal. Usted los puede contactar al 302-654-5024 ó al 1-877-825-0750; para Español presione el 2.

**¿Ha recibido alguna carta del IRS y no sabe qué significa?**

Cuando reciba una carta del IRS no la ignore, abra el sobre y lea la carta sin importar cuán asustado o preocupado esté. Ignorar las cartas es lo peor que puede hacer; recuerde que el problema no va a desaparecer.

Trate de entender porque el IRS lo está contactando, a veces la solución puede ser muy simple. Si necesita ayuda entendiendo la carta puede llamar a nuestras oficinas al 1-877-825-0750; también puede contactar al IRS al **1-800-829-1040** o al **Servicio del Defensor del Contribuyente al 302-286-1643**.

Usualmente, las cartas del IRS tienen un número en la parte superior el

cual explica el motivo de la carta; este número empieza con las letras CP.

Si usted no está de acuerdo con lo que dice la carta debe contactar al IRS al número telefónico que se le da en esta, explicando porque usted no está de acuerdo con la misma. Si eso no funciona puede contactar al Servicio del Defensor del Contribuyente o a DCRAC para ver como se lo puede asistir.

**Antes de contactarnos asegúrese de:**

- (1) Tener su presupuesto listo.
- (2) Los tres últimos estados de cuenta del banco y tres cheques de pago de su trabajo.
- (3) Cualquier otro tipo de ingreso.
- (4) Número de Seguro Social.

(5) Copias de las cartas del IRS.

(6) Copias de cartas que usted haya mandado al IRS.

(7) Copias de su declaración de impuestos del año que está en disputa.

**Controversias Más Comunes**

**Auditorias, Exámenes** – usted ha declarado sus impuestos y el IRS le informa que necesita mas información para substanciar su reembolso.

**Notas de Deficiencia** – usted ha declarado sus impuestos y el IRS le informa que usted debe dinero adicional.

**Colección** – los impuestos se han sumado en contra suya y ahora el IRS está tomando los pasos necesarios para hacer que usted pague.

**Money Matters!**

Education seems to be the one commodity of which we try to get as little as we can for our money. So, we offer it for free knowing that our audience will get much more than what they paid.

We have taught Money Matters! since 1994. For a while now, we have been offering a Financial Fitness series of Money Matters! with our partners. Our curriculum can be tailored to teenagers, young adults, but it is primarily geared toward adults.

In May 2008, we tried out a unique Credit Workshop. Our audience was the students participating in the Reflections Education & Employment Department (REED), a Program spon-

sored by the Westend Neighborhood House.

This program focuses on young adults between the ages of 16-21 in achieving self-sufficiency through individualized academic instruction and tutoring, GED preparation, job placement and much more.

The Credit workshop provided a hands-on-approach. The students worked in the computer lab to retrieve their credit reports online at [www.annualcreditreport.com](http://www.annualcreditreport.com). Some had to mail the free credit report forms.

Before this workshop, students did not know that their late payments

show up on their credit reports.

When they saw delinquent store lines of credit, late cellular phone and utility bills, medical bills, the importance of paying bills on time finally hit home. They even saw the impact of identity theft by a close relative!

Facilitated by DCRAC's Tanya Ennis and Westend Neighborhood GED Instructor, Desiree Norwood, the goal was to change their mindset about credit. Rave reviews from the students suggest that we met our goals.

Students were a pleasure to work with. We know that they are more prepared to become self-sufficient and it gives us hope.

<b>Radio</b>	<ul style="list-style-type: none"> <li>• 107.9 fm in Millsboro, DE</li> <li>• <a href="http://www.wrbg1079fm.com">www.wrbg1079fm.com</a></li> </ul>
<b>Radio</b>	<ul style="list-style-type: none"> <li>• Saturdays 10 am to noon</li> </ul>
<b>Radio</b>	<ul style="list-style-type: none"> <li>• ¡Fuerza Financiera! Last Wednesday 4 to 5 pm</li> <li>• TV on Radio last Wednesday 5 to 6 pm</li> </ul>

**July**  
 11th at 10:00 am (to 4:00 pm open house)  
 Grand Opening  
 Economic Impact Center

**Housing Forums (6 pm to 8 pm)**  
 24th Epworth Church (Rehoboth Beach)  
 29th WestEnd (Wilmington)  
 30th NCALL Research (Dover)

**August (Call us for details)**  
 9th 1 pm to 3 pm Softball Game  
 23rd 10 am to 4 pm Picnic at Killens Pond

**September**  
**Tax Forum (6 pm to 8 pm)**  
 25th Sussex County West Complex

**October**  
 Celebrate CRA (Fundraiser)  
 October 7, 2008

For other public classes log on to  
[www.delawaremoneyschool.com](http://www.delawaremoneyschool.com)

<b>Channel 28</b>	<b>Channel 64</b>	<b>Channel 24</b>
<ul style="list-style-type: none"> <li>• New Castle</li> <li>• 3 to 4 pm</li> <li>• 1<sup>st</sup> Sunday</li> </ul>	<ul style="list-style-type: none"> <li>• Kent</li> <li>• 8 to 9 pm</li> <li>• 3rd Wednesday</li> </ul>	<ul style="list-style-type: none"> <li>• Sussex</li> <li>• 7 to 8 pm</li> <li>• 2nd Tuesday</li> </ul>

**Mark Your Calendars**

**"Coming together is a beginning. Keeping together is progress. Working together is success." ~ Henry Ford**