

# Delaware CRA News

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

	Column	Row	Horizontal (H), Vertical (V), Diagonal (D)
ARM	9	G	V
Balloon	3	J	H
Credit	3	A	V
CCCS	7	G	V
Cost	5	I	H
DCRAC	5	E	V
Foreclose	1	A	V
HMDA	5	A	V
HOEPA	5	A	H
Live Check	1	J	Diagonal
Loan Shark	6	J	V
No Equity	4	I	V
Pack	9	E	V
Payday Loan	10	J	V
Scam	6	F	H
Title Loans	2	J	V

	1	2	3	4	5	6	7	8	9	10
A	F	S	C	A	H	O	E	P	A	N
B	O	N	R	Y	M	K	T	I	K	A
C	R	A	E	T	D	R	B	C	C	O
D	E	O	D	I	A	A	E	K	A	L
E	C	L	I	U	D	H	D	B	P	Y
F	L	E	T	Q	C	S	C	A	M	A
G	O	L	X	E	R	N	C	C	A	D
H	S	T	V	O	A	A	C	K	R	Y
I	E	I	G	N	C	Q	S	T	M	A
J	L	T	B	A	L	L	O	O	N	P

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>

## Can you match them?

A	Acceleration	13	Lender demands the full balance of the loan immediately.
B	Accord & Satisfaction	9	It is very clear that your payment is full and final resolution of the dispute.
C	APR	1	Annual Percentage Rate or the cost of borrowing expressed as an annual rate.
D	ARM	2	An Adjustable Rate Mortgage is one where the rate adjusts each year. It can never go over or below the disclosed rate range. There is a cap on how much the rate goes up or down each year.
E	Arrears	12	The total amount you are behind on debt--all back payments plus costs.
F	Check 21	4	The money is out of your checking account as soon as you write the check!
G	Default Judgment	14	Often a result of failure to file an answer to the complaint.
H	Deficiency	10	Amount you still owe on your debt, after your collateral is seized and sold.
I	Escrow	11	Money is set aside in an account for a specific purpose.
J	Innocent Spouse Relief	6	Uncle Sam asks you to pay taxes on income earned by your spouse and you believe it will be unfair for you to be held liable.
K	Live Check	8	By signing and cashing it, you have bought the loan, product, or service.
L	Negative Amortization	5	Your required monthly payments don't even cover the cost of the loan. You think, "One more payment and its mine!" Wrong. You still owe money.
M	RALs	7	A Refund Anticipation Loan is a very short-term and expensive loan against the anticipated tax refund.
N	Repossession	15	Either voluntarily or involuntarily, the collateral returns to the lender.
O	Reverse Mortgage	3	For 62 and older home owners who are cash rich and house poor, the bank pays you each month or in a lump sum against your home.

Match them?

How are you doing?

What is a balloon-payment loan?

- a. A loan where the required payments are such that you still owe the payment of almost the entire principal at the end of the loan term.

The "right to rescind" loans when using your home as collateral means

- a. You retain the right to cancel a loan within 3 business days after closing.

Loan Flipping is the practice of...

- b. Repeated and frequent refinancing of a loan, charging high points and fees each time.

What is Equity Stripping?

- b. When a lender bases a loan amount on the equity and not on the borrower's ability to repay.

Under HOEPA what must the lender of a home equity loan disclose to the borrower?

- a. The consumer could lose the home and any money put into it, if obligations are not met.

Prepayment penalty is...

- b. In the event you refinance or pay off the loan early, you are charged a fee.

#### Warning signs of a predatory lending deal?

- a. The lender tells you to falsify information on your loan application.
- b. The lender pressures you into applying for more money than you need.
- c. The lender does not provide loan disclosures, and/or tells you not to read them.
- d. The lender says you can't have copies of documents that you've signed.
- e. **All of the above.**

#### What does a predatory loan include?

- a. Aggressive marketing and high-pressure sales
- b. Equity-stripping and asset-based Lending
- c. Packing--the practice of adding "extras".
- d. Loan terms that make it impossible to go elsewhere for credit such as due to prepayment penalty.
- e. Flipping
- f. Issuing a balloon note.
- g. **All of the above.**

#### What is appraisal fraud?

- a. The appraisal deliberately misquotes an artificially low value of the home so you don't get enough of a loan to pay the seller or use the equity that has been built on the home.
- b. The appraisal deliberately misquotes an artificially high value of the home so that you get a huge loan but there is not enough equity in the home, and you may have trouble getting away from the loan shark.
- c. **All of the above.**

Predatory lenders often grant loans they know the borrower cannot repay so that they can repossess the property pledged as collateral.

**True**

A predatory lender will saddle the borrower with high interest rates, huge fees, and harassing collection tactics.

**True**