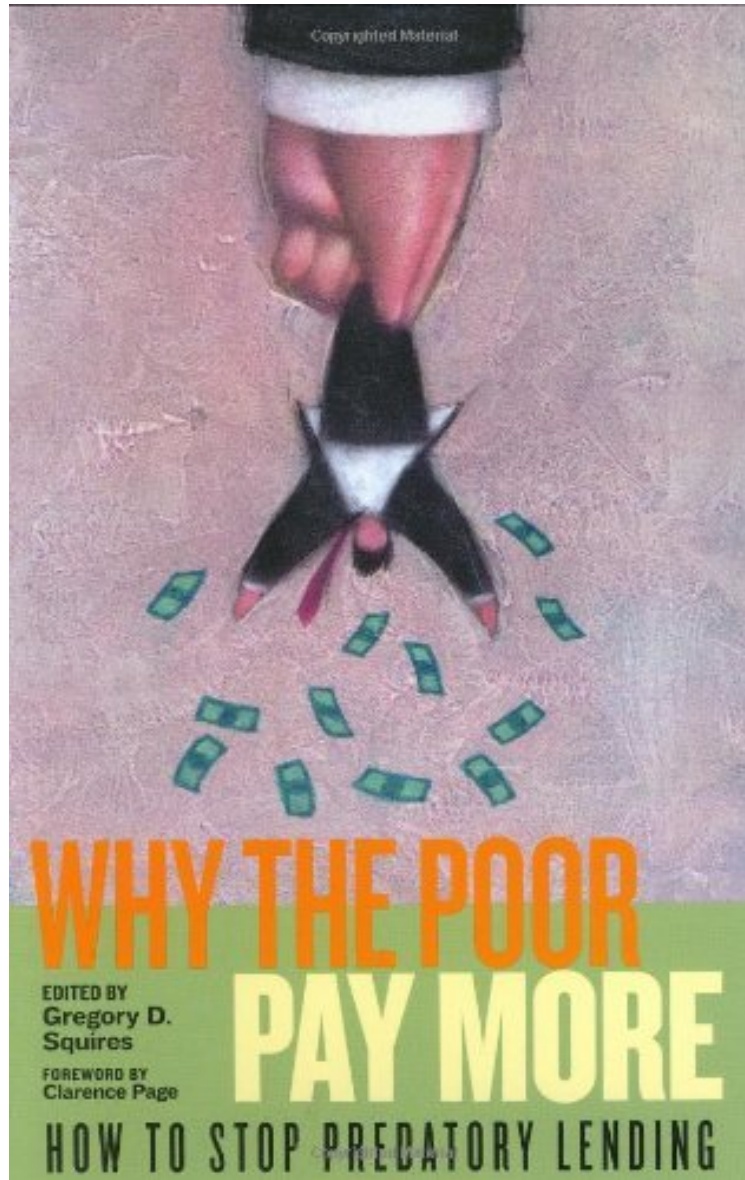


(Mobile book) Why the Poor Pay More: How to Stop Predatory Lending

# Why the Poor Pay More: How to Stop Predatory Lending

*Gregory D. Squires*

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**Gregory D. Squires : Why the Poor Pay More: How to Stop Predatory Lending** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Why the Poor Pay More: How to Stop Predatory Lending:

The proverbial American dream of owning a home has become an all-too-real nightmare for a growing number of

families. The most vulnerable segments of our society—including minorities, the elderly, and working families—are being victimized by financiers who lure them into commitments they cannot fulfill. Collectively known as predatory lending, these practices include offering higher interest rates than can be justified by the risk, high pre-payment penalties that lock families into exploitative loans, and monstrous balloon payments that often result in default and the loss of the home. The net result can be disastrous: damage to one's credit rating, bankruptcy, and even the loss of lifelong savings. Why the Poor Pay More is an incisive exposure of these practices: how they have evolved, why they have become so prevalent in recent years, and how their negative effects can be quantified. It features in-depth analysis from prominent scholars, legal experts, and community leaders, who shed new light on the social, political, and economic consequences of predatory lending. Why the Poor Pay More is much more than an indictment of these insidious discriminatory practices. It is a call to arms for anyone concerned about how the financial-political system can be corrupted to serve the needs of the wealthy. Highlighting community initiatives already underway to combat predatory lending and an extensive listing of practical resources, Why the Poor Pay More outlines active roles that individuals, advocacy groups, financial and legal service providers, and policymakers can play in reversing this destructive trend.

"Authors whose backgrounds range from law and business to sociology and economics examine predatory lending practices that target vulnerable groups. They document and offer a clear perspective of subprime lending in predominantly lower-income neighborhoods, drawing from work conducted by housing organizations on predatory lending practices. Profit incentives from subprime lending are strong, with evidence of price discrimination targeting minorities and the elderly. On a positive note, subprime lenders are making credit available where previously unavailable, but unethical practices such as fraud and deception create predatory loans. Loan marketing clearly preys on the fears and misunderstandings of unsophisticated borrowers. Among the predatory practices discussed are fraud, deception, low chance of repayment loans, and equity stripping. In addition, credit costs are often driven up by mandatory credit life insurance. Even with disclosures required by the Real Estate Settlement Procedure Act, adequate education of consumers is problematical. Deregulation has increased credit availability but has encouraged high-fee mortgages that easily become predatory. This work also covers the new trend of subprime lending overseas. An excellent appendix provides detailed information on resources and agencies working on predatory lending.

Recommended. Public, academic, lower-division undergraduate and up, and professional collections."-Choice "Squires should be praised for bringing together such a wide variety of authors....The book is accessible to a wider public than has an interest in predatory lending, and politicians, bureaucrats, and community organizers and academics alike will find at least some of the book's chapters interesting reading."-Housing Studies

"In this volume, nine contributors from scholars and activists expose the practices of predatory lenders and identify their social, political, and economic consequences. They also outline active roles that individuals, advocacy groups, financial and legal service providers, and policymakers can play in reversing this trend."-Reference Research Book News "Squires should be praised for bringing together such a wide variety of authors....The book is accessible to a wider public than has an interest in predatory lending, and politicians, bureaucrats, and community organizers and academics alike will find at least some of the book's chapters interesting reading."-Housing Studies

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"While predatory lending has deep roots, today's practices have found new ways to target vulnerable populations. Greg Squires has organized a set of papers that will impress advocates and analysts alike. The papers place predatory lending in a larger market context and illuminate the industry incentives that can overpower even an informed consumer."-Nicolas P. Retsinas Director, Joint Center for Housing Studies Harvard University "Vividly demonstrates how predatory lending undermines the well-being of our nation's cities and particularly those communities with large African-American and Latino populations. Once again,

Squires has produced a book that advances our understanding of a critical urban problem and offers valuable guidance to policy makers, advocacy groups, and others who are pursuing fair lending along with a more equitable distribution of privilege and opportunity generally in the nation's metropolitan areas."-Shana Smith President and CEO, National Fair Housing Alliance"A successful and creative mix of research, personal stories, policy prescriptions, and an agenda for change about people who are caught in the merciless trap of predatory mortgage loans. These loans, characterized by exorbitant interest rates and fees and grossly dishonest marketing are robbing average citizens of the key American asset building tool, homeownership, and exposing some of them to financial ruin. Editor Greg Squires has assembled a stellar cast of national researchers and activists to probe the problem. The book is a must read for anyone interested in understanding the dimensions of this crippling practice and how to stop the predatory financial companies that rob honest, hard-working homeowners."-Malcolm Bush President, the Woodstock Institute

About the Author  
GREGORY D. SQUIRES is Professor of Sociology and Chair of the Department of Sociology at The George Washington University. Currently on the Board of Directors of the Woodstock Institute and the Advisory Board of the John Marshall Law School Fair Housing Legal Support Center in Chicago, he has served as a consultant and expert witness for fair housing groups and civil rights organizations around the country and as a member of the Consumer Advisory Council of the Federal Reserve Board. He has written for several academic journals and general interest publications, including *Social Science Quarterly*, *Urban Affairs*, the *New York Times*, and the *Washington Post*. His recent books include *Insurance Redlining*, *Color and Money*, *Urban Sprawl*, and *Organizing Access to Capital*.