

Mortgage Meltdown is *Déjà Vu* All Over Again

Errol Louis

May 8, 2008

Nearly five years ago, I covered a demonstration outside the offices of the Federal Deposit Insurance Corporation (FDIC) on Exchange Place in lower Manhattan. People from as far away as North Carolina joined New Yorkers organized by the Neighborhood Economic Development Advocacy Project (NEDAP) to protest the fact that New York City was being flooded with advertisements urging people to take out payday loans, small amounts of money - usually up to \$500 - to tide them over until the next paycheck.

The loans were the biggest rip-off imaginable. Banks were charging fees and rates that had an effective rate of more than 500% per year. If the borrower refinanced, the annualized rate could quickly exceed 700%.

The demonstrators fought the good fight but lost the battle to keep the loans out of New York. Thousands of New Yorkers have lost a lot of money, and more are falling into the trap every day.

As New York and the rest of the nation slowly recovers from the subprime mortgage mess, it's worth remembering that the trend toward abusive, predatory lending was something activists warned about years ago.

If only more people had listened.

(Publisher's Note: NEDAP's Consumer Law Project created a consumer web resource page that answers questions about creditor lawsuits, including frozen bank accounts and wage garnishment. This information can be found here at <http://www.nedap.org/resources/consumer.html#defending>

For frozen bank accounts specifically: <http://www.nedap.org/hotline/frozen.html>)

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