

System rewards predators

What sort of person preys on the working poor?

What sort of person charges 267 percent interest for a \$300 loan?

What sort of person charges \$21,890 for \$5,000 worth of home repairs?

What sort of person charges \$7,000 to refinance a zero-interest Habitat for Humanity home loan?

"You will always have the poor among you," Jesus told His disciples in the Gospel of John.

No need to explain why.

Just read "Habitat: Borrowed Dreams," reporter Marc Perrusquia's three-part series on the financial nightmares of dozens of local Habitat homeowners.

The series, which was published Sunday-Tuesday, can be found on our Web site, www.commercialappeal.com.

Perrusquia reported on one Habitat homeowner after another being victimized by financial predators, including:

- AAA Cash Fast, which loaned Bessie Harwell \$300 at 267 percent interest, money she used to make a refinanced house note. Fast-cash, sky-high-interest loan business is booming, thanks to our state legislature.

"The Mafia made those kind of loans. You didn't pay you got hurt. Now we're legitimizing this," Chapter 13 bankruptcy Trustee George Stevenson told Perrusquia.

- Home Tech Services Co., which loaned Jessie Mae Rodgers \$21,890 at 11.99 percent for about \$5,000 worth of questionable home improvements.

"I'll be paying all my life," Rodgers said.

- Beneficial Tennessee Inc., which charged Teresa Brooks \$7,000 to refinance her \$220-a-month Habitat house note. The lender threw in another \$5,000 personal loan. Now, Brooks is paying a note of \$900 a month.

"They mail a check with your name on it. All you got to do is cash it," Brooks told Perrusquia.

Poverty pimps are everywhere. They're not just hitting on Habitat homeowners. They're hitting on the working poor, young and old, all over town.

"These are people who don't have access to regular credit and who are always close to the edge," said Beth Dixon, president of the RISE Foundation and a founder of the Memphis Debt Collaborative, which is trying to raise



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awareness, educate consumers, and change laws.

"A divorce, a lost job, a major medical bill, it just takes one big event like that to push them over and make them desperate and vulnerable to these predatory lenders."

Of course, the working poor aren't the only victims here. The predators are victims, too.

They are victims of a system that not only allows but also encourages predatory lending.

It's a system that rewards greed, that puts ultimate value on profit, and that would collapse without consumer credit, especially this time of year.

It's a system that offers the working poor few if any alternatives, such as community-based credit unions, or faith-based low-interest revolving loan funds.

It's a system we can change.

What sorts of people allow people to prey on the working poor?

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