



PINKLINING

HOW WALL STREET'S PREDATORY
PRODUCTS PILLAGE WOMEN'S
WEALTH, OPPORTUNITIES,
& FUTURES

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In collaboration with:



Methodology

This project was carried out by three non-profit community-based organizations and the report author, Suparna Bhaskaran. The project involved conducting a short survey with 771 women, gathering stories of a smaller subset of 50 women, and conducting a literature review to contextualize the stories and survey results.

The three community organizations, ACCE, NJCU and ISAIAH (described below) collected surveys from individuals over the course of 7 months, from September 2015 - March 2016. A total of 771 surveys of women were collected and tabulated. A variety of collection methods were utilized, including door-to-door, at churches, and at community meetings. The intent was not to achieve a random or representative sample, but to reach and survey women in the communities where these organizations work, and identify women's experiences and overall trends.

Each organization then chose a subset of respondents to follow up with in order to conduct more in-depth interviews and document their stories. These longer interviews were conducted with 50 women. The survey, and story collection form with questions to guide these interviews are attached as Appendix B and C.

About the Author

Suparna Bhaskaran is an independent scholar and educator with a background in Public Policy, Cultural Anthropology and Gender Studies. She has taught and directed programs at Antioch College, Ohio Wesleyan University and Agnes Scott College; and has health policy experience in government and non-profits. She is currently working on a project about community health and health equity in the aftermath of Detroit's municipal bankruptcy, with the Haas Institute for a Fair and Inclusive Society (UC Berkeley).

About New Jersey Communities United (NJCU)

New Jersey Communities United is a progressive grassroots community organization committed to building power for low and moderate income people across the State of New Jersey. At NJCU, we work to amplify the voices of oppressed and marginalized communities, who have been excluded from the American Dream. Our members are low- and moderate-income communities, communities of color, students, parents, teachers, and immigrants who believe in the power of collective action. We develop the capacities essential to hold government and corporations accountable, improve the health of our families, economy and environment, and protect our public schools, our homes, our workplaces, our communities and our financial institutions.

About ISALAH

ISALAH is a multi-racial, interfaith and state-wide faith-based community organization made up of over 100 faith communities across the state of Minnesota. ISALAH works to be a vehicle for people of faith and faith communities to be a powerful force to co-create racial and economic justice in Minnesota. ISALAH is committed to building power through developing the leadership and capacity of everyday people to lead local and state-wide campaigns for systemic change. Currently, ISALAH is advancing a set of strategic campaigns to build community wealth, ensure good jobs for working families and dismantle the systems that criminalize people of color.

About ACCE Institute

The ACCE Institute works to improve the lives of low and moderate income families across the state of California by supporting community organizing, leadership development and strategic campaigns that advance the movement from economic, racial and social justice. The ACCE Institute conducts research on critical issues of concern to low- and moderate-income communities, educates the public and policy-makers about these issues, and provides capacity-building trainings to individuals and organizations.

Special Thanks

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EXECUTIVE SUMMARY

This report demonstrates how gendered and racialized economic vulnerability is increasingly exploited and exacerbated by Wall Street and the financial sector. Wall Street takes advantage of women's precarious economic position and marginalization to push them deeper into debt, in a practice we call "**pinklining**." This is having a profoundly negative impact on the economic, physical and emotional well-being of low to middle income women and women of color and their families in the 21st century.

There are two underlying factors that make low to middle income women, and women of color in particular, more susceptible to pinklining – structural sexism and structural racism.

Structural Sexism. It is well documented that most women who work full-time make less money than their male counterparts. In addition, because of the gendered nature of most American households, women are disproportionately responsible for household duties, like childcare and eldercare. This impacts their earning power. Gendered roles at

home and the gender pay gap at work make women more vulnerable to pinklining.

The Great Recession left women especially at-risk. Shrinking public sector employment led to disproportionate job losses for women. Women made up 57% of the public sector workforce in June 2009, but they accounted for 74% of all public sector job cuts between July 2009 and April 2011. Women were also left behind during the recovery following the official end of the recession. Between June 2009 and July 2013, the U.S. economy added a net of 5.5 million jobs. More than 3.5 million of those jobs went to men, and only around 2 million went to women.

Structural Racism. Structural racism makes women of color even more vulnerable to pinklining. Lenders have been shown to target women and people of color for high-cost products. At the workplace, women of color have an even larger gender pay gap than white women. At home, women of color are more likely to be single heads of household (for a variety of reasons, including mass

incarceration and employment discrimination against their partners).

The Debt Trap. After reviewing these two issues of structural sexism and structural racism, we look at three areas of lending that have each had periods of dramatic growth over the past two decades, have predatory aspects and have disproportionately harmed low to middle income women and women of color.

Subprime home mortgage lending:

- Grew from \$35 billion to \$600 billion between 1994 and 2006
- In 2006, 90% of subprime mortgages originated were Adjustable Rate Mortgages (ARMs)
- In 2005, during the peak of subprime lending, even after controlling for income and credit scores,
 - Women were 30 to 46% more likely to receive subprime mortgage loans than men
 - Black women were 256% more likely (than a white male counterpart) to receive subprime loans

Payday lending:

- Went from some 2,000 stores in 1996 to over 20,000 now, adding up to a \$46 billion industry by 2015
- 19 million families use payday loans each year
- Average annual interest rates (APR) of 400% or more
- Almost 60% of payday loan customers are women
- A 2009 study, which focused on California, found that payday lending centers are eight times more concentrated in majority African-American and Latino neighborhoods than in white neighborhoods.

Higher education lending:

- There was a 353% increase in student loan borrowing between 1990-2012
- 40 million families hold student loan debt
- 33% of women paid off their student loan debt in 3 years, compared to 44% for men, in a study of 2008-09 college graduates
- Only 9% of Black women and 3% of Latina women paid off student loan debt in 3 years, based on this same study
- Students at **for-profit colleges** only make up 13% of the total undergraduate population in the U.S., they account for nearly 40% of all student loan defaults
 - For-profit colleges, which are more expensive than community colleges and public universities, saw a 565% increase in undergraduate enrollment between 1990 – 2013
 - Women account for 65% of students in for-profit colleges
 - Over a quarter (28%) of African Americans and 15% of Latina/os attending four-year institutions enroll in for-profit colleges, compared to 10% of whites, (according to a 2014 study)

The Impact of Pinklining. Lastly, we share the stories of over a dozen women caught in the “debt trap” and look at the profound negative impact it has had on their financial, physical and emotional health.

Data was gathered from two sources: (1) Surveys of 771 women in the regions surrounding Los Angeles, Minneapolis and Newark, and (2) Short interviews of 50 women in the same regions. We have looked at these results in the context of a review of the broader literature on women’s unique economic exposure to the debt trap.

From the economic crisis triggered by the finance industry, to subprime mortgages to payday loans and student debt—again and again women and women of color are driven deeper and deeper into debt as a result of the practices of the financial sector.



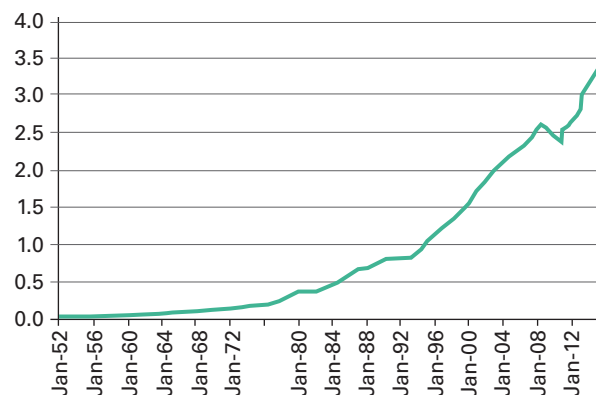
I. FINANCIALIZATION

Many researchers have pointed out that U.S. workers have experienced wage stagnation since the 1970s. This has been accompanied by steady declines in unionization rates and a fundamental shift in the economy toward low-wage work with few or no benefits. However, during this time, the cost of living for American households has continued to rise. Over this same time period, tax rates for major corporations and high earners have also declined, causing state and local governments to cut spending for public services like higher education and forcing working families to shoulder those costs as well.

Because household expenses continued to rise even though incomes remained flat, American families were forced to take out record levels of debt. Consumer debt in the U.S. has exploded over the last 40 years, climbing from less than half a trillion dollars in 1975 to \$3.5 trillion in February 2016.¹ Rising student debt has contributed significantly to this growth. This is in addition to \$8 trillion

in mortgage debt.² NerdWallet's 2015 American Household Credit Card Survey found that the average American household pays \$6,658 in interest each year—nearly 9% of average household income.³ As American workers have been forced to substitute wage increases with growing debt, it

Consumer Credit (Trillions of Dollars)



Produced by money-zine.com based on data from the Federal Reserve

has resulted in a dramatic transfer of wealth from households to the financial sector.

As Americans have become more dependent on debt, banks have fundamentally shifted their business model to allow them to maximize their profits. In the past, banks derived most of their profits by making loans and charging interest. Now, they derive most of their profits by charging fees for each transaction, and they sell off the loans to investors in the secondary market. This fee-based business model allows them to make a profit even if the borrowers are unable to pay back the loan. Moreover, because banks service the loans even after selling them to investors, they are able to charge even more fees if a borrower is late on a bill or misses a payment. Low-income customers who frequently miss payments and regularly need to refinance or take out more loans can actually be more profitable for banks than customers who pay on time every month. The shift toward fee-based banking incentivized banks to sell more loans regardless of the quality of those loans.⁴ As a result, they developed more complex and expensive products, like the subprime mortgages that helped cause the foreclosure crisis.

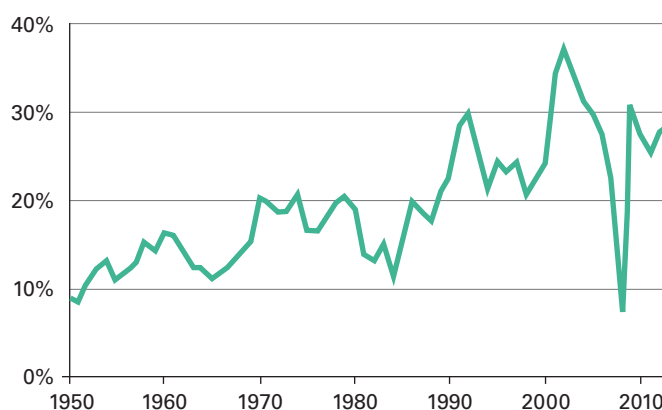
The explosion of debt has helped fuel rising Wall Street profits. The financial sector now accounts for nearly a third of all corporate profits in the U.S., up from just 9% in 1950.⁵ The increase of the size and power of the financial sector relative to the broader economy has been dubbed “financialization.”⁶ The financialization of the American economy has had adverse consequences for all working families, but because of the gendered economic vulnerability that

women—especially low to middle income women and women of color—in America face, it makes them particularly susceptible to pinklining.

When our survey respondents were asked if they had experienced any particular hardship that caused them to borrow more, respondents named their top 3 reasons:

- 30% had been laid off, had hours cut, or had someone in their household laid off
- 16% experienced increased health care related expenses
- 17% experienced increased costs of taking care of dependents

Percent of Total U.S. Corporate Profits Derived from the Financial Sector



Source: Bureau of Economic Analysis⁷



II. THE ROLE OF GENDER & RACIAL INEQUALITY

A. Women in the Workplace

Many studies have shown that structural inequality and discrimination on the basis of gender and race has meant that women, and women of color in particular, have faced various barriers in the labor market and workplace. These barriers include being underpaid, undervalued, and occupationally segregated.

For instance, women as a group are underpaid for their work. This phenomenon has been characterized by researchers as the “gender pay gap” – where U.S. women still earn only 79 cents for every dollar earned by men.⁸

The gap is higher for women of color. In 2014, women’s earnings as a percentage of white men’s earnings were 54% for Latinas, 59% for Native women and 63% for Black women. Asian-American women earn 90% of what white men do and White women earn 78%.⁹

While the formal barriers to the paid labor force participation for women since the mid-20th century have lessened, occupational gender segregation and imbalance still persist in marked ways.¹⁰

For example, while women are 47% of the overall workforce, they make up 76% of the *low-wage* work force. About half (48%) of low-wage workers are women of color. Close to one-third of low-wage workers are mothers, and 40 percent have family incomes below \$25,000.¹¹

The percentage of women in the 10 lowest paid fields:

- childcare worker (95%)
- home health aide (89%)
- housekeepers (88%)
- personal care aides (84%)
- cashiers (72%)
- waiters (70%)
- food prep and servers (65%)
- bartenders (58%)
- food prep worker (56%)
- hand packagers (49%)

Source: "The Simple Truth About the Gender Pay Gap," American Association of University Women, Fall 2015.

Only 38% of women workers have sick leave and only 12% have paid family leave. Low-wage workers often have few or no benefits, and often face abusive scheduling practices.

This lack of paid sick days and paid family leave time exposes women to possible job loss, wage-penalties, additional child-care costs and medical costs. Unreliable, inflexible and unstable work hours make it very difficult to manage life outside of work, especially when it comes to caring for children or another family member.

Research indicates that the Great Recession was experienced differently by women workers in the U.S. Although job cuts were initially concentrated in sectors more heavily dominated by men, like manufacturing, construction, and finance, women experienced greater job loss during later years in the downturn and have fared worse during the recovery than men. For example, even though women made up 57% of the public sector workforce in June 2009,

they accounted for 74% of all public sector job cuts between July 2009 and April 2011.

Between June 2009 and July 2013, the U.S. economy added a net of 5.5 million jobs. More than 3.5 million of those jobs went to men, and only around 2 million went to women.¹² This led economist Heidi Hartmann to note, "*It is almost as if women and men have had two different recessions and are now having two different recoveries.*"¹³

A 2011 survey conducted by the Institute for Women's Policy Research also showed that women experienced greater economic insecurity and hardship in the aftermath of the Great Recession than men.¹⁴ According to the survey:

- 10 million women (18 and older) said that they had not been able to afford food and had gone hungry over the previous 12 months, compared to 6 million men (67% higher for women);
- 41 million women had difficulty paying utility bills over the previous 12 months, compared to 27 million men (52% higher for women); and
- 12 million women had received food stamps over the previous 12 months, compared to 8 million men (50% higher for women).

B. Women in the Household - The Second Shift

In addition to gendered and racialized occupational segregation at work, women are functionally segregated at home to perform care, emotional and intimate labor. While feminist social movements have challenged and resisted the ideology that the home or household is their natural place, it continues to be the case that women tend to take on more of the ongoing unpaid "household" work than men. The unpaid labor after coming home from paid work or school – that entails taking

care of kids, including doctor visits and school work, cooking, grocery shopping, cleaning, paying utility bills, laundry and taking care of other members of the household – has been referred to as “the second shift.” This form of labor is simultaneously undervalued and glorified, and it places women at an additional disadvantage in the formal labor and financial markets.

The second shift significantly impairs women’s earning potential. For example, women are more likely to work part-time jobs, which typically have lower wages and lower access to employer benefits. In fact, two thirds of part-time workers in the U.S. are women. Women workers are part-timers either involuntarily, because they can’t find full-time positions, or voluntarily because they are more likely to need to take breaks from formal work in order to meet obligations in care work, like taking children or relatives for doctor visits. Women of color are significantly more likely to be forced to work part-time jobs involuntarily. In 2014, 29% of African American women, 28% of Latinas, and 20% of Asian American women worked part-time involuntarily, compared with only 16% of white women.¹⁵ Furthermore, even though women spend a significant amount of time and energy working the second shift, prospective employers typically do not consider that labor as legitimate work experience.

The second shift also makes women more likely to have to go into debt. Their higher participation in care work uniquely exposes women to related

financial stress. For example, because women tend to coordinate most of the healthcare decisions for their households, have distinct healthcare needs, and a higher share of their income is consumed by out of pocket expenses, they are more likely to incur medical debt.¹⁶ Women, particularly those with kids and dependents, tend to handle expenses and work related to childcare, food and clothing, making them more likely to incur credit card and payday loan debt.¹⁷

This is even more pronounced for women who head single-parent households. Single-parent households are more likely to incur debt than dual-income households because they tend to have less income. Women are more likely than men to head single-parent households, and those households are more likely to have more debt. Currently, some 10 million women are single-parent heads of household.¹⁸ Nearly half of these families (45%) live below the official poverty level.¹⁹ Nearly one third of Black households are “headed” by single women parents.

Within an economy experiencing growing inequality and wealth gaps, household costs – such as the costs of housing, education, healthcare, everyday living expenses (food, electricity, heat and other utilities) and expenses for care-related labor (childcare, elder care, and care for the sick) – are often being met by the debt financial industry. Women are more likely to have to bear these costs and incur this debt.

BANK

III. THE FINANCE INDUSTRY'S ROLE IN PREVENTING WEALTH-BUILDING FOR WOMEN

The wage, resource and opportunity chasm creates the conditions where women earn less income. Subsequently, the financial industry has developed new and predatory debt products to fill this gap, which in turn generates further hardships for women. Another long-term impact of this pinklining is that it prevents women, and particularly women of color, from building wealth.

Research and policy initiatives on the gender/race wage gap tend to focus on women's earnings or pay at any given time in their lives. The gender/race pay gap is an important consequence of structural sexism and racism that occupationally segregates, undervalues, and underpays women's work. However a woman's pay or earnings capture only a slice of the social, economic and political inequality

she experiences. According to Mariko Chang, "women of all races experience a gender wealth gap that is greater than the gender income gap, but the disparities are greatest for women of color."²⁰

Wealth refers to an individual's net worth, which is equal to their total assets minus debts.

Women of color and lower income women have had a longer history of participation in the U.S. labor force, but structural conditions have historically limited their opportunities, resources and ability to build assets.

The experience of high-cost loans in the areas of housing, education and basic living expenses (payday loans and credit card debt) undermines the building of assets for women and continuously transfers women's wealth to creditors.

This wealth transfer to the financial sector occurs in a few different ways.

First, women face barriers to fair credit and are often steered toward subprime or predatory credit, which undermines their ability to build wealth through their home and college education. Reduced home values and foreclosures have had a dramatic impact on individual and community wealth. Homeownership, home equity and college education are for many mid to low-income women key pathways to economic opportunity and financial security.

Second, debt (including penalties, interest and fees) incurred for basic living expenses via payday

and car title loans or credit cards continues to strip women of already compromised wages, benefits, job possibilities and savings.

And, finally, defaults on loans continue to lower women's "creditworthiness" for future borrowing needs.

The long history of wealth transfer from marginalized groups to dominant powerful economic players is rife in U.S history. Today, the financial sector is one of the largest beneficiaries of wealth, asset, and opportunity transfer from women, particularly women of color and lower income women.



MORTGAGE APPLICATION

IV. PINKLINKING:

HOW WOMEN, AND PARTICULARLY WOMEN OF COLOR, HAVE BEEN DISPROPORTIONATELY HARMED BY THE EXPLOSION OF CERTAIN LOAN PRODUCTS

While individual life circumstances and decisions certainly play a role in how women have ended up in the “debt trap”, it would be an incomplete picture to not examine the role of the debt industry in peddling predatory products that have had a disproportionately negative impact on women generally, and women of color and lower income women in particular.

This phenomenon, which we call pinklining, co-exists with workplace discrimination and segregation, and household functional segregation, experienced by women. These factors, reviewed in the previous section, put women – and especially women of color – at particular risk of financial exploitation by the debt industry. As discussed below, in some cases lenders have deliberately targeted women and/or women of color in particular. In other cases, women have been disproportionately harmed because of their

vulnerable financial position and household obligations.

From our survey we discovered that 33% of the respondents had 2 or more types of loans and the top four worrisome debts were the following: credit cards (33%), student loan debt (32%), mortgage debt (28%) and medical debt (16%).

In this section, we take a look at three kinds of lending, **subprime home mortgage lending**, **payday lending** and **higher education lending**. Each of these areas of lending:

- have experienced a period of dramatic growth;
- follows a business model that extracts unfair amount of wealth from the borrower; and
- have a disproportionately negative impact on women in general, and women of color and/or low to middle income women in particular.

A. Subprime and Predatory Home Mortgage Loans

Barbara S. got trapped between two loan servicers after she received a subprime loan for home remodeling. According to Barbara, subprime loans have replaced loan sharks, and instead of breaking your legs when you can't pay back what was borrowed they take your home, and throw your family on the street. Barbara has witnessed widespread foreclosures in her neighborhood. Barbara feels that her neighborhood was targeted, because there were moderate-income families of color who had owned their properties for many years.

The Explosion of Subprime Lending, Predatory Lending & Foreclosures

The value of annual subprime mortgage origination shot up from \$35 billion (or 5% of total originations) in 1994 to \$600 billion (or 20% of originations) in 2006.²¹

Subprime loans are characterized by higher interest rates, fees and penalties. In addition to being high-cost, the growth of subprime lending came with an explosion of risky loan products, such as adjustable-rate mortgages (ARMs), interest-only mortgages and mortgages with large balloon payments. Lenders made these loans without due consideration of borrowers' ability to repay.

Subprime loans are ostensibly a product for borrowers with lower credit scores who are considered to be at higher risk of defaulting. However, numerous studies have shown that many borrowers with strong credit – especially African Americans and Latina/os – were steered toward subprime loans even when they could have qualified for prime loans. Loan officers are known to have systematically targeted specific neighborhoods and certain segments of the population (e.g., single



Barbara

Barbara's parents bought their home in South Central Los Angeles in 1975. In 1988, Barbara's father passed away and Barbara took over the mortgage. She had a good job working for Hughes Aircraft, until she was injured on the job in 1999 and took an early retirement. Adding another bathroom was important to the care of her aging mother, so she refinanced and took money out. Within 2 years, Barbara's payment began to go up and, since her income had not changed, Barbara began to struggle with maintaining the payment amount.

Barbara was able to refinance in 2008 back to a fixed rate, but at an interest rate of 7%. The monthly payments were more than she could afford. To make matters worse, \$60,000 in Barbara's retirement account was wiped out by the crash! Her monthly social security payment was not enough to make ends meet. She had to ask her brother to move in, to help cover the mortgage, and her grown son pays rent as well, to keep things afloat. Barbara found a part-time job at a pre-school. Throughout the years of struggling to maintain the payments and take care of household expenses, Barbara had to use credit cards in order to replace her cash reserves when she was short on her monthly cash flow for basic necessities.



Arline

Arline is a widowed mother of three. Her husband died in 2006, and she lost her job in 2007. At that time, she had three kids at home with her. After the severance pay ran out, there wasn't enough money to keep up the bills and the mortgage. She applied to Wells Fargo for a mortgage modification, but was rejected. In an effort to save the home that she and her three children lived in, she took out a line of credit, which grew to \$80,000. She kept taking money out of her IRA to pay for bills. Finally she decided she had to sell the house. The equity in the house did allow her to get rid of all the major debt. The whole experience made her feel ashamed, alone and often scared. Wells Fargo treated her like she was sub-human.



Cathy

Cathy runs an in-home child care program, so her home is also her business - her main source of income. She makes about \$3,500 a month. At the center of her troubles is a \$55,000 principal owed to mortgage servicer Cenlar. Cathy is several months delinquent on this loan, and this causes her considerable stress. She worries about losing the home that she has invested so much time and care in, which represents the stability that her family can claim. Cathy also owes \$3,000 to Fed Loan for an online degree in Counseling, and has an auto loan with Chase Bank. At this point she is delinquent in all of them. Cathy now works overtime when she can, and at multiple jobs, to stay afloat, and has to contend with aggressive collectors calling her home.

women, low to middle income women, women of color, women 65 years and above) for these loans.

The dramatic rise in risky, predatory, lending was followed by the epidemic of foreclosures.

Between 2007 and 2009, 2.5 million foreclosures were completed. Of these foreclosures, African-Americans and Latina/os were disproportionately impacted relative to their share of mortgages. An estimated 44% of families who lost homes were people of color.²² Among recent borrowers, the Center for Responsible Lending estimated that nearly 8% of both African Americans and Latina/os lost their homes to foreclosures in this period, compared to 4.5% of whites.²³

Wall Street Profits from the Crisis

The Big Bank Bailout: The federal government's \$700 billion TARP program – a taxpayer bailout of the banks – was widely publicized. Less known was the news in 2011 that, in addition, the Federal Reserve provided \$7.7 Trillion in loans and guarantees, with no strings attached.²⁴ In a 2014 report to Congress, the Special Inspector General for TARP said that the total commitment of government to the banks was **\$16.8 trillion** dollars with the \$4.6 trillion already paid out.²⁵

Wall Street Profits: It is estimated that the six largest banks – **JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs**

Group, and Morgan Stanley –saw **\$13 billion in profits**, thanks to those loans and the Federal Reserve’s below-market rates.

After receiving the taxpayer bailout, Bank of America earned \$2.56 billion in 2008 and paid \$3.3 billion in bonuses, with 172 employees receiving at least \$1 million.

Total 2008 compensation for big bank CEO’s was off-the charts:

- BofA’s CEO
Ken Lewis:
\$10 million



- Wells Fargo’s CEO,
John Stump: **\$13.8 million**



- JP Morgan Chase’s
CEO Jamie Dimon,
\$19.7 million



Women of Color and/or Lower to Middle Income Women Disproportionately Harmed

Studies have found that these high-cost loans disproportionately impacted women. Even after controlling for factors such as income and credit scores, women were 30 to 46% more likely to receive subprime mortgage loans.²⁶ Black women and Latinas received subprime loans during the 2005 peak subprime loan year at a much higher rate than whites.²⁷ Black women were 256% more likely (than a white male counterpart) to receive subprime loans.²⁸ This was particularly harmful to African American communities more broadly, because Black women are more likely than Black men to be holders of mortgage loans.²⁹

While foreclosures are down significantly from the peak of the epidemic, the foreclosure crisis is far from over. There are some 6.4 million mortgages

that are still underwater and at heightened risk for foreclosure.³⁰

And then there are the on-going impacts of the foreclosure crisis. Millions of American families have seen their credit scores plummet, as they fell behind on payments, borrowed to make mortgage payments, and in some case went into foreclosure.

Homeownership is down generally. A report released by online real estate database Zillow in 2015 shows a significant disparity in home ownership, property values and home loan approval rates between white and minority communities.

More than 25% of loan applications by Black applicants in the U.S. are denied, compared with 10% of their white counterparts;

Nearly three in four white Americans own their homes, compared to less than half of Black and Latino/as.³¹

The value of homes owned by minorities also tended to be less stable. While prices in white neighborhoods have largely recovered from the economic downturn of 2008, home prices in predominantly Black and Latino/a neighborhoods remain well below peak levels.³²

Housing related financial insecurity exposes women to other economic disasters, such as struggling to pay other debts (medical or educational), which in turn exposes one to deeper financial spirals where one is perpetually struggling to meet payments. This severely impacts low to middle income women homeowners whose primary asset is the house and this contributes to the decline of individual, neighborhood and community wealth and well-being.

B. Payday Loans Or “Survival Spending” Loans

“... the less money you have, the more you pay to use it.”³³

Historically, credit was often viewed as an avenue for many people in the United States to access new opportunities that allowed them to lead middle class lives. Small business loans allowed families to grow their own businesses. Home equity loans allowed them to invest in their children’s education or to pay to fix up their homes. However, for many families today, living paycheck to paycheck, credit—particularly high-cost credit—has become a way to survive. They take out loans to pay for food, buy school supplies for their kids, and even to pay back other debt. The payday lending industry, which charges predatory interest rates and traps families in cycles of debt, has come to epitomize high-cost credit.

The Dramatic Growth of Payday Lending

Payday lending has been around for several decades, but it exploded in the 1990’s. By 2015, it was a \$46 billion industry.³⁴ Over 12 million Americans take out \$7.4 billion in payday loans every year to cover routine expenses like paying for food, rent, car payments and utilities.³⁵ Women are more likely than men to pay for these types of household expenses.

Over 50% of Americans cannot access \$400 to cover financial shortfalls and over 60% do not have any savings to get by for 3 months. The rise of payday loans, made possible by deregulation, has emerged with falling incomes, job insecurity, and cuts to safety-net systems, all of which impact women in a disproportionate manner.

Payday loans are small, short-term and high-cost loans with triple digit annualized interest rates. Typically, individuals borrow a small amount (up to \$500) against an upcoming paycheck or government benefit (social security or welfare check) and the lender is given to a post-dated check from the borrower and/or gains direct access to her checking account (for direct withdrawal or with the post-dated check). No credit reports are needed to access payday loans. Payday lenders operate either as storefronts - mainly in low-income communities of color - or online.

Because the average annualized interest rate on payday loans is more than 300%, borrowers often get trapped in a “debt-treadmill” where they cannot repay the original loan, interest and fees and continue to take out new payday loans with snowballing fees to pay back the previous loan. This often leaves the borrower with a single final balloon payment. This repeat borrowing by borrowers who are unable to repay the original loan is referred to as “loan churn” and generates \$3.5 billion annually for the payday lending industry.³⁶ Only 14% of borrowers can meet the short-term payback deadline.³⁷ 50% of payday loans are extended and rolled over 10 times.³⁸ Nathalie Martin has pointed out that, “... the debt trap is the business plan” of the payday lending industry.³⁹

Auto title loans are in many ways similar to payday loans except instead of being secured by access to the borrower’s bank account the loan is secured by the borrower’s car title. For many families, their car is their most valuable resource and asset. In this case, interest is very high, with APRs up to 300%. This is another huge industry that emerged in the 1990s. The typical amount borrowed is \$1,000 – which tends to be two or three times higher than what families can borrow from payday lenders. Similar to payday loans, the average auto title loan borrower “... renews a loan 8 times, paying \$2,142 in interest for \$951 of credit.”⁴⁰

Sophie's story, in her own words:

When I was 18, I was approved for several credit cards, including one with a \$10,000 limit. I was making very little money, working minimum wage jobs, so I maxed out the credit cards. I had about \$15k in credit card debt. I started having to take out payday loans to pay my rent, and then using my wages to pay off my credit cards. The payday loans were a disaster. I went a solid two years taking them out to get by. I went through Money Tree. They kept saying I didn't pay them, and then I would pay them again. They sold my information. They threatened to sue. They threatened to take me to court. They harassed my boss. I almost got evicted paying them all off. I couldn't pay my rent, so I had to leave my apartment and move in with a coworker. I was really close to being homeless.

Another variation is the installment payday loan. Installment loans are available to borrowers who may need \$2,500 to \$5,000 and who are provided a longer time-period to pay the amount back in biweekly installments. Installment payday loans are one of the fastest growing products in the "alternative financial services" industry, witnessing a 659% increase between 2009 and 2014.⁴¹ The annualized interest rates range from 24% to 224%, or higher.

Wall Street's Financing of Payday Lending

An estimated 120 million payday loans worth \$42 billion are issued annually in the US.⁴²

Major banks with a record of underserving low income communities, provided the funding for

the payday lending industry during its period of dramatic growth, extending over \$1 billion in lines of credit to major payday lending companies. These banks included Wells Fargo, Bank of

The Wells Fargo logo, consisting of the words "WELLS FARGO" in yellow capital letters on a red rectangular background.

America, US Bank, JPMorgan Chase, and National City,

The JPMorgan Chase logo, featuring a blue square icon with a white geometric design followed by the text "JPMorganChase" in blue.

which is now owned by the PNC Financial Services Group.

Banks both make it possible for payday lenders to offer their high-cost products and make huge profits by investing in payday lending companies. From a 2010 analysis, these major banks indirectly funded approximately 450,000 payday loans per year totaling \$16.4 billion.

In 2011, Wells Fargo was the single largest financier of Cash America, one of the largest payday lenders in the country. The bank provided \$127 million in debt financing. JPMorgan Chase Bank was Cash America's second largest financier, providing \$102 million.

Some major financial institutions – notably Bank of America, Chase and Capital One – have announced that they will not continue financing payday lending. However, these banks continue to finance high-cost consumer installment loans. Many banks, including Wells Fargo, continue to finance payday lending.⁴³

Impact on Women of Color and/or Low to Middle Income Women

Studies report that almost 60% of payday loan customers are women.⁴⁴ Higher rates of usage are mostly among single mothers, women who are between 25- 44 years old, women who earn \$40,000 and below, renters, Latina and Black women, and/or women who are unable to work due to a disability.⁴⁵

Corri's story, in her own words:

When I was living in Detroit I had a nervous breakdown over my debt. My wife was sick and I took out loans to care for her. My brother needed help. I borrowed \$8000 from One Main Financial. I pay \$259 a month, and in three years I have only paid off \$1000 because the interest rate is so high. I am locked into it. My credit score got down to 560. I have to go to church and I needed new glasses so I could drive there. I took out a payday loan and that turned into loan after loan. I would still be stuck in it if I hadn't found the Payday refinance program (Exodus Lending). It's so stressful having all this debt. I am considering bankruptcy.

Low income women and/or women of color live in neighborhoods that lack access to fair credit and subsequently take on multiple forms of “survival spending” debt such as payday and car title loans, credit card loans and personal loans. A 2009 study, which focused on California, found that payday lending centers are eight times more concentrated in majority African-American and Latino neighborhoods than in white neighborhoods.⁴⁶

Payday loans are primarily used to pay for basic necessities rather than emergencies. These basic necessities include food and groceries, gas, utilities, childcare costs, health insurance, and helping relatives—household expenses that are more likely to be paid by women. If there is an unexpected emergency, like a job loss or a major car repair, this can create a domino effect for families already living paycheck to paycheck. A temporary setback can turn into a long-term financial catastrophe.

C. Student Loan Debt

“Student loans, for more than half those attending college, are the new paradigm of college funding. Consequently, student debt is, or will soon be, the new paradigm of early to middle adult life ... Now higher education is, like most social services, a largely privatized venture, and loans are the chief way that a majority of individuals pay for it.”

Jeffrey J. Williams, “Debt Education: Bad for the Young, Bad for America,” *Dissent*, Summer 2006.

Explosion of Student Debt

According to the Consumer Financial Protection Bureau, more than 40 million families collectively owe \$1.3 trillion in student debt.⁴⁷ The student loan market has exploded in recent years, doubling from under \$600 billion in 2006.⁴⁸ Student debt now exceeds all other kinds of non-mortgage debt in the U.S., including auto loans, credit card debt and home equity loans.

Even though the vast majority of student loans are now made by the federal government directly, private sector banks, like Wells Fargo and JPMorgan Chase, still originate 15% of all student loans in the U.S.⁴⁹ In a lot of cases, students who have government loans supplement them with private student loans to meet cost of living needs (rent, healthcare, utilities). Private student loans carry higher interest rates and fees compared to relatively safer federal loans and have fewer consumer and repayment protections. Private loans typically have variable interest rates and those rates are higher for students who are considered to be “high-risk.”⁵⁰ Furthermore, private loans do not allow borrowers to enjoy some of the benefits of government loans, like income-based repayment programs and loan forgiveness for



Fareeda

Fareeda went to the University of Pennsylvania. As a woman of color, she felt the necessity of attending a prestigious school in order to increase the value of her degree and establish her career. She felt she had little choice but to take on a burdensome loan. She owes \$90,000 in principle on a student loan consolidated under FedLoan. This is a major cause of stress in her life. The lender has refused to grant an income-based deferral, resulting in a nearly \$700 monthly bill. Fareeda has continually sought better paying jobs, and second jobs, to handle the onerous debt. She is currently making \$64,000 a year.

She has found herself in the position of having to negotiate with creditors and collectors, and even research personal bankruptcy. She has found it very difficult to save up for regular expenses like car repair, medical bills, veterinary needs, and other extras on top of the necessities, which have contributed to her acquiring additional credit card debt. She has even had to take out small loans just to handle the smaller debts. Fareeda feels trapped in a cycle of debt.

graduates with careers in public service or loan deferment for graduates pursuing further education.

Like subprime mortgage loans, the student-loan industry has packaged and bundled together loans (“student loan asset backed securitization” or SLABS) and sold them to investors such as pension funds and hedge funds. Like other subprime and predatory debt both private and governmental

actors are part of the overlapping infrastructure and industry.⁵¹ After July 2010, this was no longer the case – all loans are Direct Loans held by the government and not securitized.

Overall, student loan default rates have been climbing since 2003. By 2012 the delinquency rates were higher than for mortgage and credit card debt. The U.S. Federal Reserve estimates that 4.8 million Americans are in default (2015). In addition, the Consumer Financial Protection Bureau reported in September 2015 that more than 1-in-4 student loan borrowers are now delinquent or in default on a student loan.⁵² They cannot easily get out from under this debt because the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 prevents borrowers from discharging student loan debt through bankruptcy. Instead, it allows the government to garnish a borrower’s wages, tax refunds, and government benefits—like Social Security—to collect payment.⁵³

Women, especially women of color, are more likely than men to be saddled with student debt for longer periods of time. According to an American Association of University Women study of 2008-09 college graduates who found full time jobs after graduation, 44% (of men) and 33% (of women) paid off their student loan debt in 3 years. Only 9% of Black women and 3% of Latinas did the same.⁵⁴

For-Profit Colleges

For-profit colleges are the fastest growing segment of U.S. higher education. From Fall 1990 to Fall 2013 undergraduate enrollment went up by 565% at for-profit institutions (compared to 37% at public institutions and 35% at private nonprofit ones). The bulk of this growth occurred between 2000 and 2013.⁵⁵ While enrollment has decreased over the last few years, there are still today some 1.2 million students enrolled at for-profit colleges.

Low-income students enroll in for-profit schools at four times the rate of other students.⁵⁶ Students of color are also overrepresented at for-profit colleges. Over a



Maribel

Maribel is 24 years old, but already feels the burden of debt that is impacting her life decisions. Needing to make money to help her family out, as well as survive herself, she got a massage therapy degree. Not making enough money to pay for living expenses and her student loans, she decided to go back to school. Maribel worked hard and received a B.S. in healthcare management from Fremont, a private for-profit college. Maribel started applying to healthcare providers in her area, medical billing, but without luck. She is working at a salon doing massage therapy, making \$2,400 a month.

Maribel owes \$40,000 in student loans, to Navient, with a monthly payment of \$435. She also has \$1,200 in credit card debt, which has interest of 27%. She is often only able to pay the minimum, even though she knows that the principal is not getting paid off. Maribel's credit score has gone way down.

quarter (28%) of African Americans and 15% of Latina/os attending four-year institutions enroll in for-profit colleges, compared to 10% of whites. This disparity is present for two-year and less-than-two-year programs as well.⁵⁷

These colleges, which cost more than community colleges and public schools, aggressively target low income individuals and military veterans. A high percentage of students attending for-profit colleges qualify for federal grants and loans. The majority of for-profit schools' profits come from taxpayer dollars – some \$30 billion a year. By many accounts, this sector of higher education has the greatest parallels with the subprime lending industry.

"Susan"

"Susan" works full-time making \$43,200 annually. She owes approximately \$140,000 in student loans to Navient and Nelnet, for both undergraduate and graduate programs. She has put off having children in large part because her debt does not leave her with enough money to raise a child. "Susan"'s grandmother is a co-signer on one of her loans and has been subjected to aggressive, threatening and demeaning calls from debt collectors, causing stress and tension.

For-profit institutions have garnered significant negative attention and regulatory scrutiny in recent years. A two-year investigation of for-profit colleges by the Senate Health, Education, Labor, and Pensions Committee, together with an audit by the federal Government Accountability Office, have raised a number of concerns about the for-profit college industry, from excessively high tuitions and low graduation rates to aggressive, predatory recruitment practices. The investigation found that a majority of students at for-profit institutions were unable to complete their programs and that the schools often misled students about their ability to secure a job in their field after graduation or to transfer to another institution to continue their studies.⁵⁸

As a result, students at for-profit colleges are significantly more likely to default on their loans. Even though students at for-profit institutions only make up 13% of the total undergraduate population in the U.S., they account for nearly 40% of all student loan defaults.⁵⁹

Women account for 65% of students in for-profit colleges. About 65% are 25 years and older and many are mothers with dependent children.⁶⁰

The Corporate Actors Driving Student Debt

THE LENDERS

Until 2010, government funding for student loans was passed onto banks to lend – allowing banks to make billions off of this government program. In 2010, the Obama administration put an end to private lenders providing federal student loans. The federal government is projected to make a \$127 billion profit on student loans over the next 10 years.

However, major banks still hold billions in federal student loans. As of 2014, the four largest federal student loan holders outside of the federal government were:

- Navient (used to be Sallie Mae), with \$96.8 billion
- Nelnet, with \$25.5 billion
- Citibank, with \$11.8 billion
- Wells Fargo with \$10.9 billion



PRIVATE LOANS

Navient, Wells Fargo and others provide private students loans. In 2012, private loans made up more than \$150 billion of the total \$1.1 trillion student debt load, according to the CFPB.⁶¹

THE SERVICERS & DEBT COLLECTORS

Both the federal government and the private lenders contract with private servicing and debt collection agencies to manage the loans. In 2012, the Department of Education issued \$2.76 billion worth of contracts to debt collectors. Loan servicers received \$2 billion worth of contracts since 2009.



Kathleen

Kathleen is a single mother who works a full time job. When she was married she went back to school to be a teacher – her husband at the time made a lot of money so they weren't worried about the loans. They got divorced in 2007. She wasn't able to get any child support. She couldn't do the teacher training, because they didn't pay you for the three month internship. She took a job in collections at Target.

After her divorce, her bills increased and she had to start using credit cards to cover her expenses. She now has a mountain of debt, including a \$25,000 student loan, \$25,000 in credit card debt, and \$3,000 in healthcare related debt. She has been able to pay back what rolled over and became a \$7,000 payday loan, but the current bills seem impossible to pay.

FOR-PROFIT COLLEGES

The University of Phoenix is the largest for-profit college in the U.S. While their enrollment is declining, they still had 190,000 students enrolled in 2015 and made a profit of over \$29 million. The school received 80% of its funds from the federal government through its student loan program. Owned by the Apollo Education Group, the company is being bought by Apollo Global Management, one of the largest private equity firms in the world.



V. THE DEBT TRAP & THE TOLL IT TAKES ON WOMEN'S EMOTIONAL & PHYSICAL WELL-BEING

The women interviewed for this report, from the Los Angeles, Minneapolis and Newark areas, typically shoulder the burden of multiple kinds of debt. Their loans and financial products are interconnected, although addressing different needs. For instance, credit card loans were often used to pay for tuition, fees, textbooks and/or medical expenses. At other times, student loans were used to pay for rent, utilities and other cost of living expenses.

An unfortunate consequence that is readily apparent from so many of these stories is the way that “debt begets debt” when the debt is high-cost, with high interest rates and high late-payment fees. Most of the women interviewed had seen their credit scores go way down, further limiting their financial options. This financial trap is having a profound negative impact on their physical and emotional wellbeing and their family relationships. Many of them see no way out.

Common characteristics of the “debt trap” come across clearly:

- the amount of monthly loan payments leave too little income to pay for basic necessities, leading people to take out additional loans to be able to make ends meet;
- late payments on loans have led to credit card interest rates around 27%
- credit scores have taken huge hits

For many women, it is their entanglement with the debt industry itself that is now preventing them from improving their financial situation. Many women said that they see no way to get out of the debt trap they are in.

A. Emotional Toll: Stress, Shame & Impact on Relationships

When asked about the ways that debt is impacting them and/or their family, women responded in the surveys by saying that:

- 47% cannot afford to save money
- 20% cannot afford health care costs
- 19% have delayed buying a car
- 18% cannot afford to go to school
- 18% have difficulty affording adequate food
- 17% have trouble paying rent on time

One word that appears repeatedly in these women's stories is "stress". Not surprisingly, the high level of stress caused by indebtedness, often exacerbated by aggressive debt collection tactics, has an impact on families and relationships. A number of women interviewed spoke to this issue. **Catherine K. from New Jersey** feels trapped in debt and says that it is a major cause of stress in her life. She is suffering from depression. Her children, in turn, often seem depressed or detached. The financial situation has meant that the family is not as close as before, because financial stress leads to arguments and other unpleasant experiences.

Many women spoke about the sense of shame, stigma and isolation they felt from being in the situation they are in. For instance, **Donna from Minnesota** describes, "I felt that I had to keep my debt and my situation a secret from everybody else. I didn't tell anyone at church I was living in my car. I would drive around all day and look for safe places to park and sleep at night. I know I didn't get

recommended for one clergy position specifically because I have gone through bankruptcy. The stigma is horrible." Another woman, **Mary V. from Minnesota** said that she and her partner no longer felt that they were "part of the middle-class" and that their "long-time relationships suffered." "I was too ashamed and embarrassed to get in touch with old friends. I also avoided them because I felt they were still in the middle class with enough income to travel and go to the latest restaurants, concerts, and plays ... my partner and I became more and more socially isolated."

In addition to this internalized sense of failure and shame women also talked about aggressive demeaning calls they received at home from debt collectors. Some talked about collectors showing up at work. Others talked about how some lenders set up various barriers for them so that they would default, regardless of ability, risk

Angela D. CALIFORNIA

Angela D. is a mother of three and a caretaker to her mother. Their home had been in the family since 1985 and they had always been able to pay the mortgage. In 2008, she received a loan modification offer from Countrywide that triggered a nightmare experience.

Weeks of waiting for a permanent modification turned into months, and months turned into years, when all that Angela wanted to do was pay her mortgage. Depression became a constant battle for Angela, and during the years of waiting on a solution to preserving her home, Angela lost 40 pounds, and then – to make matters worse – developed cancer in 2012.

or creditworthiness. Some loan servicers sold the borrower's loans to new loan servicers and caused more penalties, barriers and confusion.

When asked in the survey which of the following they have experienced due to their debts/loans:

- 28% of women said that have paid late and been charged late fees
- 25% of women said that they have seen their credit score go way down
- 23% of women said that they have had past due bills sent to collection agencies
- 22% of the women said that they have loans that they are unable to pay
- 19% of the women said that they are only paying the interest on their loans

B. Physical Toll – Debt is the Double Edged Sword

We saw over and over again in the women's stories that medical care has been a major cause of debt, and that debt has been a major contributor to health problems – thereby leading to further debt.

Sickness or injury can suddenly and unexpectedly affect any individual or member of the household. For many women and their families, such emergencies push them into personal loans and credit card debt. A report by Families USA stated that on average "... credit card debt was 46% higher for medically indebted families." Those with jobs may need to miss work and are at risk of reductions in pay or job loss. Some have to deal with inadequately covered paid sick and family leave. Job insecurity and loss then increases one's debt burden and ability to pay.

Women encounter medical debt as individuals and primary caretakers of the household. Women are also more likely to work part-time or take leave from paid labor to take care of children, family members and elders. This contributes to women's gender wage gap, wealth gap and indebtedness.

In 2007, medical debt accounted for 62.1% of individual bankruptcies in the US.⁶² Bankruptcies linked to medical debt increased by 50% between 2001 and 2007. Individuals with and without health insurance have healthcare related debt that they are unable to repay.

While the passage of the Affordable Care Act has reduced the number of uninsured individuals, there are still 30-33 million uninsured and 25 million underinsured people. While those without health coverage are more vulnerable to medical bills than individuals with health coverage, those with coverage face growing out of pocket costs. These costs include: co-pays, co-insurance, high deductibles, and unexpected claims denials – associated with hospital and doctor visits and prescriptions.

These kinds of sentiments were repeated over and over again in the interviews that were conducted. Debt has become like a dark cloud looming over their lives. A common theme to all the stories of the debt trap is the compromised ability of the borrowers to negotiate the terms of the loan, being deliberately targeted by lenders, the limited resources and opportunities that lead to a high probability a default and the swift domino effect of a qualifying event (such as car repairs, illness, job loss or death of a partner). Over and over again, women interviewed talked of the damage to their credit, which limits their financial options, making it that much harder to get out of the trap. All too often, this sends them back into a vicious cycle of non-traditional, high-cost loans.



VI. CONCLUSION

The systemic gaps in resources, opportunities and wages preserved and replaced by pinklining has generated an extraordinary transfer of wealth from women to the financial sector. Pinklining via the financialization of the American economy and household has had adverse consequences for low to middle income women and women of color and reproduced deeper and newer forms of gender and racial inequality.

The surveys and interviews conducted by the three community-based groups showcase how in recent years debt has become an entrenched and debilitating part of everyday life for many women. While not all debt has the same effect or is predatory – this report points out that low to middle income women and/or women of color have few choices and rely on unfair loan products and debt loads for their daily survival and economic security.

Rachel L. MINNESOTA

"I live on disability. I have active leukemia and was diagnosed with multiple sclerosis. I wasn't diagnosed for a long time because I didn't have healthcare – even after the ACA I haven't been fully covered. I used the house and credit cards to cover medical expenses. In 2013-2014, I separated from my husband and my out of pocket costs went up to \$12,500. That's when I started paying for medical expenses on my credit card. *Over half my debt is due to medical expenses.* I can't find work because my kids require a flexible schedule and so I haven't been able to bring in additional income."

APPENDIX A:

SAMPLING OF FULL STORIES



Alexandra C. from California

Alexandra is a former Military affiliated woman, who served her country with honor. Alexandra's battle was not against a foreign enemy, it was against

crushing debt. Despite qualifying for a GI loan on her property Alexandra was pushed into a subprime home loan in 2006 with a 7% interest rate that eventually adjusted to 10% along with a balloon payment of \$75,000. The stress of making mortgage payments after the economy began to fail in 2008 caused havoc in her life. Alexandra's partner and father to her daughter refused to continue the fight to keep the home, and eventually severed the relationship after Alexandra fought to stay in her dream home.

Credit card debt was mounting, as a measure to keep all cash available dedicated to monthly mortgage payments. The monthly credit card payments on a \$35,000 balance would only cover the interest rate at 15%, and the balance would never decrease from month to month.

The stress and the constant reminder from daily calls from creditors was causing physical complications ranging from hair loss, head-aches, neck pain and sleep deprivation. Alexandra continues to see a doctor monthly for pain medication.

Seeing no other way out, Alexandra eventually did

a short-sale on her home, and filed bankruptcy for the credit card debt.



Meghan B. from Minnesota

Meghan and her husband both work full time jobs. They have one child, a daughter. Both are college graduates. They are finally home

owners. Together they have student loan debts totaling \$90,000 and as well as nearly \$15,000 in credit card debt. After working hard to get through college they started working the careers they'd set out for, but the cost of living and debt is a constant stress on their life. They can't afford to start saving for their child's college education and don't think they'll be able to. Although living a frugal lifestyle, there seems to never be a chance to save. Meghan and her husband feel lost when it comes to finding a solution to a debt free future & wish there were some type of relief for individuals that have paid for their education.

Mary V. from Minnesota

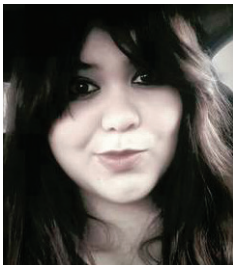
Mary is a 58 year old married who has worked hard for what she has. Mary worked with a company for 19 plus years and had lost her job in 2007 due

to corporate downsizing. She had been making \$6,000 a month in the medical field.

At that time she was too young to retire. After being let go she tried doing some freelance work, but she was unable to make it work. A year later, they solely relied on a line of credit and credit cards to pay her mortgage, separate health insurance plans for she and her husband and his prescription drug costs.

By 2011 they had exhausted their financial options, had to file for bankruptcy and had to “walk away” from her home, leaving it in foreclosure. This crisis caused anxiety and panic attacks. From shame she avoided old friends that assumed that they were still financially able to partake in activities when they once were of the “middle-class”.

In 2012 she finally acquired a full time position in her field. Although she’s getting back on track financially she still has a fear of having money problems.



Maribel R. from California

Maribel is 24 years old, but already feels the burden of debt that is impacting her life decisions. Maribel excelled in high school – had a 4.0 GPA.

When Maribel was young her parents divorced. Her role in the family was clear – get a good education and go to work. Her mother was renting a space, but it was not big enough for Maribel and her three brothers and two older sisters. Living with her father was the best way to pay off her debt, and continue to go to school to establish a career.

Maribel was able to finish her massage therapy degree within a year and was working in as a massage therapist part-time at a salon. Once Maribel

graduated, the positions available would not offer full-time work, only sub-contracted positions which did not offer insurance, and Maribel was responsible for her own work supplies.

Maribel wasn’t making enough money to pay for living expenses and her student loans, so she decided to go back to school to continue her education. This created more student loans for her to pay back, but was necessary in order to switch her career. She hoped that she could make enough money to help her family, and pay her student loans. Maribel worked hard and received her B.S. in health-care management. When she completed her B.S. Maribel started applying to healthcare providers in her area, but so far has only found work at a salon doing massage therapy. She is making \$3,200 a month.

Maribel’s debt includes a \$24,000 student loan, at 6.1% interest rate. She has 10 years to pay it off, and the monthly payment is currently \$435. She also has \$1,200 in credit card debt, which has interest of 27%. She is often only able to pay the minimum, even though she knows that the principal is not getting paid off. Maribel’s credit score has gone way down.

She shares a house with other family members and pays \$700 a month in rent. She is unable to save for emergencies. This also means that Maribel must rely on her Bank of America and American Express credit card when her car breaks down, or when her household needs food and expenses paid.

There are many things that Maribel had planned after acquiring her degree. She planned to buy a new car, find a new place to live, and of course continue her education. None of those goals are possible now because she is unable to find a job that pays enough to cover living expenses and her student loans.

Lorian S. from New Jersey

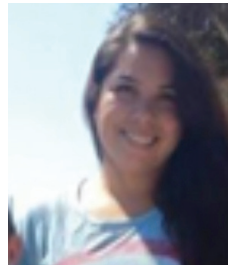
Lorian worked a total of 40 years in the health care field, 17 of those as an Operating Room Technologist at a hospital. She managed to avoid indebtedness for most of her life – that is until she ended up in a high-interest, high fee mortgage loan on her over-assessed property, serviced by Ocwen.

Lorian receives a monthly pension of \$2,100. Between 2007 and 2013, much of her monthly income went to trying to save her home - paying the mortgage, taxes, associated fees, plus retaining legal counsel. After a protracted public battle, getting the help of the community group NJCU, she procured a loan modification that brought significant, but temporary, relief. In 2019, her interest rate will increase once again.

Her partial victory came at a cost: she suffered from migraines, insomnia, stress, and the burden of increased medical bills. Ocwen was not kind in their dealings. Their tactics included aggressive phone calls at all hours filled with barrages of questions in loud, judgmental tones.

Lorian sought second and third jobs to keep up with payments, worked overtime hours, negotiated with debt collectors and considered filing for bankruptcy.

She feels that the damage done to her credit rating, which does not go away even after a modification, has affected her ability to live autonomously and freely. Her homeowner's insurance has increased. She feels that she would have been treated less aggressively and judgmentally if she was a man, and has in fact witnessed collectors change their tone if she passes the phone to a male relative.



Andrea R. from California

Andrea married a former active military man and became the mother of four. Her husband could not find work after leaving military service.

Andrea eventually found work at Target making \$8.00/hour, working less than 30 hours per week. After 4 years she was only making \$9 an hour. Andrea refused to go on public assistance. The whole family was living with relatives because there was no income to rent a place of their own.

By this time, credit cards were being used to cover necessities that the kids needed. Several credit cards had interest rates of 27% and the Visa card had a 30% interest rate. Andrea's debt accumulated.

Andrea's husband eventually found work as a driver. Having another child was not a part of the plan, but when Andrea found out she was pregnant again, she was torn between saving the marriage, and keeping the baby. She knew this was not the right time, but was happy that she had been blessed with another baby. Unfortunately, her husband was not supporting her financially or emotionally and Andrea eventually moved back in with her family and now has four beautiful happy children and is raising them with the help of her mother and grandmother.

Her debt continues to be a source of stress, even though she has found a new job, making better money. The debt from the hospital bills from her last childbirth is over \$800.00 and is last on the list of priority bills being paid monthly.

APPENDIX B:

SURVEY

A snapshot of the women surveyed:

- Race & Ethnicity: 61% were women of color, and of these the majority were African-American (30%) or Latino (26%). 17% did not respond.
- Marital Status: 43% were married or had a domestic partner, 32% single, 10% divorced, 6 % were widows/ widowers and 2% separated. 7% did not respond
- Employment: 43% worked full-time, 19% part-time, 10% retired, and the rest were either self-employed, homemakers, full-time students, unemployed, or permanently disabled and unable to work.
- Household's Approximate Net Monthly Income: \$4,000 or less for 57% (12% did not respond)
- Children Who Are Financial Dependents: 49% had children who were still financially dependent (13% did not respond)
- Other Financial Dependents: 23% had other people financially dependent upon them

Survey tool

Yes! I have more debt than I would like! I feel burdened by debt.

Yes! I'd like to be involved in an effort to stop lenders & debt collectors from unfair practices.

Name _____ Phone _____

Address _____

City _____ Zip _____

Email _____

Which of the following do you have or use?

- ☐ Credit card
- ☐ Checking account
- ☐ Savings account
- ☐ Check Cashing store
- ☐ Debit card
- ☐ Pay Day Lender

During the past 12 months, have you had any of the following kinds of debt/loans?

- ☐ Mortgage Debt
- ☐ Credit Card Debt
- ☐ Healthcare-related Debt
- ☐ Car Loan
- ☐ Student Loan
- ☐ Court Debt
- ☐ Payday or car title loans
- ☐ Personal Loan
- ☐ Rent to own loan
- ☐ Other _____
- ☐ None

If you currently have a student loan, it is/was to attend what school? _____

Have you experienced any particular hardship that caused you to borrow more?

- ☐ Laid off
- ☐ Hours at work cut
- ☐ Someone else in household laid off
- ☐ Healthcare-related expenses
- ☐ Increased costs taking care of dependents
- ☐ Divorce/separation
- ☐ Other: _____
- ☐ None

Was there any particular expense that you needed to pay? Yes No

If yes, what was it? _____

Which of the following best describes your current employment or work status?

- | | |
|--|--|
| <input type="checkbox"/> Work full-time for an employer or military | <input type="checkbox"/> Self employed |
| <input type="checkbox"/> Work part-time for an employer or military | <input type="checkbox"/> Homemaker |
| <input type="checkbox"/> Unemployed or temporarily laid off | <input type="checkbox"/> Full-time student |
| <input type="checkbox"/> Permanently sick, disabled, or unable to work | <input type="checkbox"/> Retired |

If working: Employer _____ Occupation _____
Union _____

Does your employer offer paid sick days? Yes No If yes, how many? _____

Does your employer offer paid family leave? Yes No If yes, how much time? _____

Does your work schedule change regularly? Yes No If yes, how far in advance do you get your schedule?

In addition to paid work, can you check all the other work you do regularly?

- ☐ Housework (laundry, preparing meals, cleaning, groceries)
- ☐ Childcare (including helping child with homework, doctor visits)
- ☐ Taking care of parents or other dependents (including doctor visits)
- ☐ Your own schoolwork
- ☐ Other: _____

How much of your time everyday do you spend on this work? _____(hours)

Which of the following loans/debts have you been most worried about or have had the most trouble with?

(choose the one that is the biggest problem or worry for you)

- | | |
|--|--|
| <input type="checkbox"/> Mortgage Debt | <input type="checkbox"/> Court Debt |
| <input type="checkbox"/> Credit Card Debt | <input type="checkbox"/> Payday or car title loans |
| <input type="checkbox"/> Healthcare-related Debt | <input type="checkbox"/> Personal Loan |
| <input type="checkbox"/> Car Loans | <input type="checkbox"/> Rent to own loan |
| <input type="checkbox"/> Student Loans | <input type="checkbox"/> Other: _____ |

What was the reason that you experienced the most trouble and/or worry with this debt/loan? (check all that applies)

- | | |
|--|---|
| <input type="checkbox"/> Large balance owed | <input type="checkbox"/> Fees I wasn't told about |
| <input type="checkbox"/> High interest Rates | <input type="checkbox"/> Balloon payment |
| <input type="checkbox"/> High Fees | <input type="checkbox"/> Other: _____ |

Have you experienced any of the following from creditors or collection agencies?

- | | |
|--|---|
| <input type="checkbox"/> Called my home at inappropriate times | <input type="checkbox"/> Threatened to take my wages |
| <input type="checkbox"/> Harassed or threatened me or family members | <input type="checkbox"/> Took – garnished – my wages |
| <input type="checkbox"/> Called me at work | <input type="checkbox"/> Threatened my immigration status |
| <input type="checkbox"/> Hung up on me | <input type="checkbox"/> Threatened to put a Lien on your house |
| <input type="checkbox"/> Used abusive language | <input type="checkbox"/> Other |
| <input type="checkbox"/> Threatened me with jail | <input type="checkbox"/> None |

Is there one lender/company/collector you have had the most trouble or frustration with? Yes No

Who? _____

Which of the following have you experienced due to your debts/loans?
(check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> I am only paying the interest on my loans or debt | <input type="checkbox"/> I am at risk of losing my home to foreclosure |
| <input type="checkbox"/> I have paid late & been charged late fees | <input type="checkbox"/> I have had a car seized for non-payment of auto / title loan |
| <input type="checkbox"/> The interest rate on my credit cards has gone up because of late payments | <input type="checkbox"/> My credit score has gone way down |
| <input type="checkbox"/> There are loans or debt that I am unable to pay | <input type="checkbox"/> I have been denied credit |
| <input type="checkbox"/> I have used credit cards for cash advances | <input type="checkbox"/> I have exceeded my credit card credit limits |
| <input type="checkbox"/> I've had past due bills sent to collection agencies | <input type="checkbox"/> None |
| <input type="checkbox"/> I have lost a home to foreclosure | |

What are some of the way(s) debts/loans impacting you and/or your family? (check all that applies):

- | | |
|---|---|
| <input type="checkbox"/> Difficulty affording adequate food | <input type="checkbox"/> Delaying paying into my 401k |
| <input type="checkbox"/> Having trouble paying rent on time | <input type="checkbox"/> Delaying buying a car |
| <input type="checkbox"/> Can't afford healthcare costs | <input type="checkbox"/> Delaying buying a home |
| <input type="checkbox"/> Can't afford to go to school myself | <input type="checkbox"/> Delaying getting married |
| <input type="checkbox"/> Can't afford to save | <input type="checkbox"/> Delaying having children |
| <input type="checkbox"/> Increased my work from _____ to _____ hrs/week | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Borrowed from my 401k/retirement | <input type="checkbox"/> None |

How much is your approximate household net monthly income?

- ☐ Less than \$500
- ☐ \$500 - \$1,000
- ☐ \$1,000 - \$2,000
- ☐ \$2,000 - \$3,000
- ☐ \$3,000 - \$4,000
- ☐ \$4,000 - \$5,000
- ☐ \$5,000 - \$6,000
- ☐ Over \$6,000

Sources of Income Other than Wages

- ☐ Social Security
- ☐ SSI
- ☐ TANF or GA
- ☐ Food Stamps
- ☐ Child Support
- ☐ Other

What is your marital status?

- ☐ Single
- ☐ Married or Domestic Partnership
- ☐ Separated
- ☐ Divorced
- ☐ Widowed/widower

Which of the following describes your current living arrangements?

- ☐ I am the only adult in the household
- ☐ I live with my spouse/partner/significant other
- ☐ I live in my parents' home
- ☐ I live with other family, friends, or roommates
- ☐ Other

How many children do you have who are financially dependent on you or you and your spouse/partner?

Circle: 1 2 3 4+ No financially dependent children No children

How many other people are financially dependent on you or you and your spouse/partner?

Circle: None 1 2 3 4+

What was the last year of education that you completed?

- | | |
|---|--|
| <input type="checkbox"/> Did not complete high school | <input type="checkbox"/> Some college |
| <input type="checkbox"/> High school graduate – regular high school diploma | <input type="checkbox"/> College graduate |
| <input type="checkbox"/> High school graduate – GED or alternative credential | <input type="checkbox"/> Post graduate education |

My race/ethnicity is: _____

My gender is: _____

My age or date of birth is: _____

Name _____

City _____

APPENDIX C

STORY COLLECTION FORM

Street Address _____ Zip _____

Cell Phone _____ Home Phone _____

By giving your cell # you are signing up for occasional updates on the campaign (texting rates may apply based on your cellular plan)

E-mail _____

1. How is this debt affecting you (and/or your family)? (stress, relationships, health, et...)
2. In your view, why do you think you have had to deal with all this debt?
3. In your view, to what extent have work, school or home related responsibilities (or emergencies) contributed to your financial situation? Please explain/describe.
4. If you could go back and do it all over again, what would you do differently with your loans? Please explain/describe.

5. Given your experience, what do you think the US government should do to help people in similar situations?

It would help to get a sense of the types of debt/loans you have, approximate balances, monthly payments, etc...

Type of Debt/ Loans	Amount Owed (monthly)	From Whom	Duration	Interest/Fees	Other conditions	Things you were not told
Mortgage Debt						
Credit Card						
Healthcare related						
Car Loan						
Student Loan (a) Private (b) Public						
Court Debt						
Personal Loans						
Car Title						
Rent to own						
Other						

What type of loans/debts have you put on your credit cards? And, can you tell me a few more details such as ...?

Type of Debt/Loans	Amount (monthly)	Credit Card Company	Duration	Interest/ Fees	Other conditions	Things you were not told
Housing related						
Healthcare related						
Car Loan						
Student Loan						
Court Debt						
Personal Loans						
Car Title						
Rent to own						
Other						

Do you feel that as a woman you have faced any particular hardship caused by the debt you have? Yes No

Please explain/describe:

Are there any ways in which you feel that you were targeted by a lender because you are female?

Please explain/describe

Anything additional we haven't asked that you would like to share?

IMPORTANT: Testimony Release Authorization

____ Yes, I grant permission for _____ to share my name, details from the story I have provided, my photograph and/or video of my story in materials that are prepared for the media, for elected officials, as well as for the general public.

____ I confirm that all the information I have provided is accurate to the best of my knowledge. I would be willing to talk with the _____ staff, the press, and others in order to clarify details, respond to questions and update my story as needed.

Signature _____ Date _____

FOR STAFF USE:

Is this person a member? ☐ YES ☐ NO

Do we have a digital photo? YES ☐ NO Do we have a video of this testimony? ☐ YES ☐ NO

Is the release on the back signed? ☐ YES ☐ NO *Scan this form and send to* _____

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