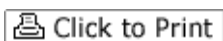




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Book review: 'Scary stuff' of debt, credit cards resonates in 'Maxed Out'

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By Kerry Hannon, Special for USA TODAY

When Wesley Wannemacher, an Ohio resident, testified at a congressional hearing earlier this month, his story of debt and hopelessness was a familiar one.

Wannemacher had maxed out his \$3,000 Chase bank card to pay for his wedding and fell behind in his payments. Over six years, Wannemacher ended up owing \$7,500 in interest fees, late-payment fees and over-the-limit fees on an original debt of \$3,200. Even after making payments totaling \$6,300, he still owed \$4,400 in fees.

James Scurlock, author of *Maxed Out: Hard Times, Easy Credit, and the Era of Predatory Lenders*, knows that sad tale by heart.

In his cross-country road trip from rural Mississippi to Las Vegas and Los Angeles, the victims of easy credit, doled out by banks and credit card companies, come to life in sickening fashion.

He interviews parents whose college-age children committed suicide because of credit card debt and the family of a woman who drove her car into the Ohio River, near New Albany, Ind., presumably unable to confront her soaring bills and the harassment of debt collectors. In all, there are a dozen or more compelling vignettes, but you sense there are hundreds he could have told.

This book emerged from the reporting for Scurlock's captivating documentary, *Maxed Out*. It's hard not to walk out of that 87-minute film without knowing in your heart that every high school student should be required to watch the all-too-real take on our debt culture and the horror of where it can lead.

Debt is most certainly a taboo subject in our culture, which makes Scurlock's movie and book that much harder to eyeball.

Do. Both, if possible. It's scary stuff, and oh, so real.

Putting a human face on debt isn't pretty. Scurlock has seen the fear and desperation in debtors' eyes and heard the glee in collectors' voices as they push another deadbeat to cough up a payment. He quotes a debt collector: "The trick is knowing how far you can push them. You've got to push them just far enough to the edge where they get really freaked, and then pull them back to get what you want."

He has listened while Harvard professor Elizabeth Warren and radio host Dave Ramsey, who also appear in the film, discuss a financial world where something is clearly wrong and just getting worse. He struggles to comprehend the arrogance and indifference of the financial industry honchos and congressional leaders.

"How did we allow this to happen?" he asks. "How could banks keep lending to people who can't afford to pay them back?" His answer: "The big banks realized more than a generation ago that they make far more money teaching us how to spend than to save."

He is appalled when his mortgage broker friend in Los Angeles regales him with tales of the "liar's loan" where the income listed on the application is a fictional number that neither the bank nor broker will verify. All that's really needed is a decent credit score and a signature.

But even more egregious is that his friend says that nearly all his clients are getting interest-only loans and estimates that 85% of them "have to" misrepresent their income. "He assures me that the banks know this is happening," Scurlock writes. He ponders: What happens should housing prices fall? "Does he understand these amateurs are surfing a tsunami?"

Scurlock tells the history of credit cards, visits Las Vegas gated communities and even meets Sarah Ferguson, the Duchess of York, at the Four Seasons Hotel in Beverly Hills. "I was minutes from bankruptcy, James," she tells him.

But it's the scams pulled on poor Americans, usually minorities or immigrants, who are offered a loan or a mortgage or refinancing on terms

they can barely afford, that make you sick to your stomach.


Scurlock gives a new meaning to the term "preferred customer":

"The best definition I have heard yet — and this is from a vice president of MasterCard — is an individual who has a 'taste for credit,' i.e., someone 'willing to make minimum monthly payments — forever.' Now I know why, if I fail to pay off my balance in full, my credit limit is increased."

One suggestion: "Every time a president brags about the increases in homeownership and college attendance, we should balance those statistics with the corresponding increases in foreclosures and student loan defaults."

Find this article at:

http://www.usatoday.com/money/books/2007-03-25-maxed-out_N.htm?csp=34

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