Americans for Fairness in Lending
Guide to Discussing the Film: *MAXED OUT*

General Questions for the Audience

1. The director, James Scurlock, originally set out to make a movie about the crazy spending habits of Americans. It was only after he started researching the issue and interviewing borrowers that he changed his focus to the lending industry and the effects of deregulation.
   - Did the movie make you look at the consumer debt crisis in America differently?
   - Do you think lenders are partially responsible for America's debt crisis? How so?

2. Before seeing the movie, did you think there were government regulations to protect consumers – such as maximum charges for interest rates, fees and penalties?
   - Do you think our government is partially responsible for America's debt crisis?

3. While Scurlock acknowledges consumer responsibility, he also concludes that aggressive marketing and other tactics are employed by the lending industry to get us into debt and keep us there. He believes that consumers should be protected against these practices.
   - Do you think consumers should be better protected?
   - Or, do you think it is solely the responsibility of individuals to protect themselves against lending traps?
   - Do you think average Americans have the information they need to sufficiently protect themselves against abusive loan products?

Topics for Audience or Panel Discussion

4. What is "predatory lending"?

5. What is "loan sharking"? Do you think some lending practices that are legal today would have been considered "loan sharking" 20 years ago?

6. Media coverage of the mortgage industry includes many stories of people receiving and defaulting on mortgages that they can't afford.
   - Why would a lender make a loan to someone without verifying their ability to repay?
   - Should lenders be allowed to make loans to people who do not have the ability to repay?

   In the film, Lynn Stavert (the widow holding garage sales) accepted credit because she believed that the bank would only lend her money that she had the ability to repay.
   - Why would Lynn or anyone else believe this to be true?
   - How does the industry reinforce this belief?
   - Based on the stories in *Maxed Out*, what is the current lending industry's policy regarding ability to repay?

7. Do you think it is right that lenders aggressively market credit lines to:
   - college students on their campuses?

- retirees on fixed incomes?
- people who have recently filed bankruptcy?
- people already having difficulty paying off current debt?
- people who might not understand the credit terms due to limitations of language, education and/or health?

8. Foreclosures, bankruptcies, defaults *and* banking profits are all increasing. What does this mean for consumers?

9. How have changes in expectations, attitudes and practices on the part of lenders and consumers changed over the last two generations?

10. At the end of *Maxed Out*, the director shows the national debt clock, already well past eight trillion dollars. Do you think the national debt and individual consumer debt are related? Why or why not? If they are related, how so?

11. The government regulates many consumer products in order to protect people from danger – for example: cars, food, drugs, toys and appliances. Should the government regulate lenders and provide safeguards that protect consumers from dangerous, predatory and abusive loans? What should or could the government do to protect consumers from dangerous loans?

Additional Questions for Consideration

12. John Ballew appears in *Maxed Out* as both a former bank manager and as the son-in-law of a debt-burdened woman who is missing and feared dead. John believes the banking industry has become less about service and more about selling products. Do you think banks encourage people to save or spend?

13. The credit card industry took in $43 billion in fee income from fees and penalties in 2004 and $11 billion in late fee income alone in 2005.
    - How have bank fees changed in the last 20 years?
    - What is the purpose of fees and penalties: to cover administrative costs, to encourage timely payments, to increase profits, and/or to increase a significant additional revenue stream?

14. The credit card industry mailed over six billion credit card offers in 2005, averaging six offers per household per month. Why would banks engage in such aggressive solicitation?

15. As the film opens, Beth Naef, a Las Vegas realtor, explains “loan to value,” or the practice of making a loan based on the anticipated value of the home rather than the actual value. She is using this “ingenious way to keep people building expensive homes” to finance her own dream home. Later, she admits that she will not be able to afford her mortgage if the interest rates go up or if the house’s value goes down. Why are lenders willing to (or eager to) make “loans to value”?

16. The filmmaker tells us that “loan to value” financing is the same type of accounting that Enron used. What conclusions did you draw from that correlation?

17. Harvard Law Professor Elizabeth Warren tells us that she wrote to Alan Greenspan, former Chair of the Federal Reserve, and asked him what the “end plan” was, given the rising debt levels of individuals and the American government. He didn’t reply, but … what *might* he have replied?

Final Thoughts

18. What are the best and worst possibilities for the future of debt in America? What needs to happen, what needs to change, for our society to overcome its debt?

We hope this Discussion Guide inspires both conversation and activism. We welcome your comments and suggestions. Please write to us at info@affil.org.