



Dangers of Debt: How the mortgage crisis impacts paying for college

In recent years, more and more families achieved the American Dream of homeownership—something that many college-age and young working adults hope to reach in the future. But due to hidden costs and predatory lending practices by mortgage companies and banks, these dreams are turning into the American Nightmare. And the fallout from the mortgage crisis likely will impact students' ability to afford college.

Abusive mortgage loans and their spillover impact on housing prices are now pushing millions of homeowners into foreclosure. People aren't just losing their homes, whole neighborhoods and cities are being devastated. The practice of predatory mortgage lending—intentionally targeting families with expensive and tricky subprime loans—is at the heart of our nation's bursting economic bubble. While everyone is affected, African-American and Latino borrowers are much more likely to get higher-rate subprime loans than white borrowers with the same qualifications.

This mortgage collapse also impacts college students. As college costs continue to soar, students and their families are being asked to pay more. If a family faces foreclosure, they may have use up the "college fund" to stay afloat, and students may turn to more loans to pay for their education. More college debt can restrict a graduate's choices—charitable work, additional schooling, marriage or a child—all may be delayed because of that debt load.

It will likely be more difficult now for students to get a loan or sign as a guarantor for a student loan. Most college-age people have little or no credit record, and may have to ask their parents to co-sign a student loan. If a family's credit has been ruined by predatory lending, a student may have to wait or reassess what kind of post-secondary education they can afford.

Find out what the [7 deadly signs of predatory mortgage lending](#) are.

Interested in the Racial Justice side of the subprime mortgage crisis? Here is a great report to check out: [Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages](#)

[Check out AFFIL's website to learn more.](#)