

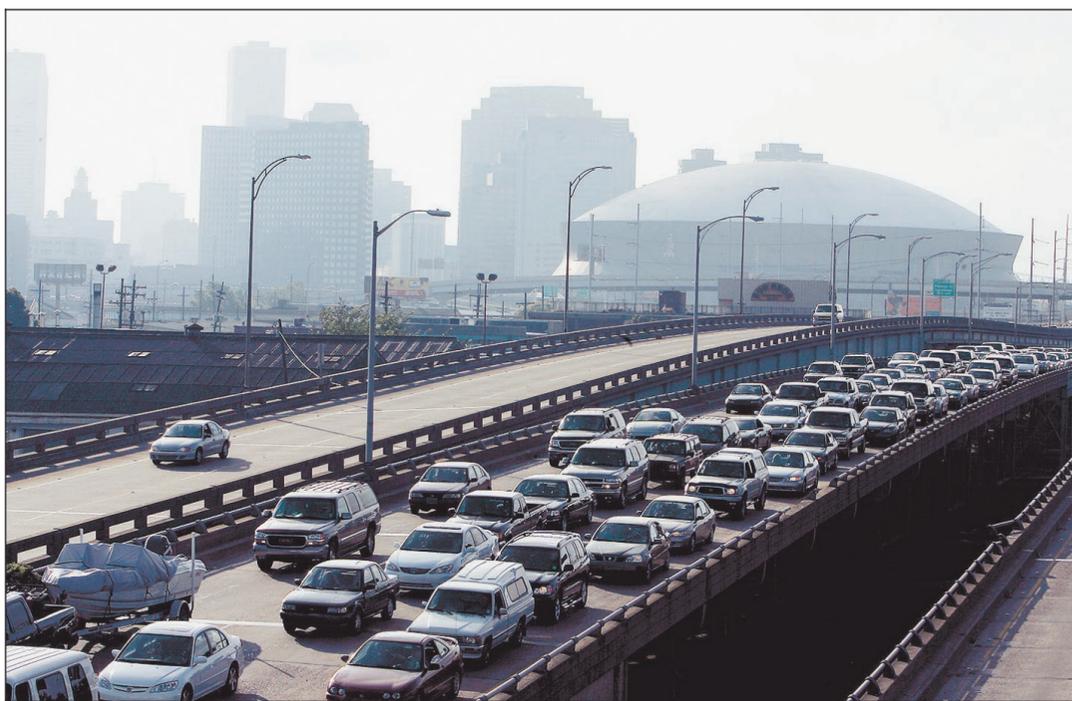
The Charlotte Observer

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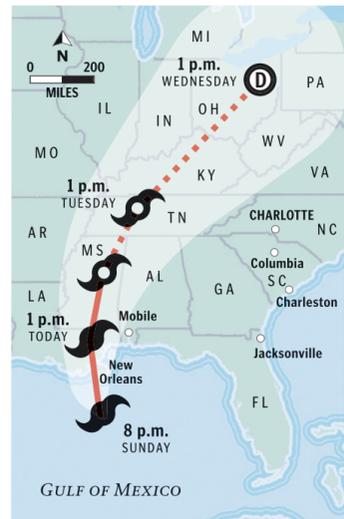
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NEW ORLEANS MAY NEVER BE THE SAME



BILL HABER - ASSOCIATED PRESS PHOTO

Vehicles leave New Orleans on Sunday. Hurricane Katrina, a Category 5 storm, is expected to make landfall today. "We could witness the total destruction of New Orleans as we know it," said the director of the Louisiana State University Hurricane Center.



Forecaster says Katrina could bring devastation on par with Asian tsunami

BY MARC CAPUTO, DAVID OVALLE AND ERIKA BOLSTAD
Knight Ridder

NEW ORLEANS — One of the most powerful hurricanes ever to menace the United States is expected to slam into the nation's most storm-vulnerable city today.

Panicked residents fled expected-to-be submerged homes Sunday — only to hit snarled traffic and face crammed, precarious shelters.

Nowhere else in the country would the sense of fear be more justified than in a city that's 8 feet below sea level and facing 20 feet of levee-breaking flood waters from Hurricane Katrina.

"This has the potential to be as disastrous as the Asian tsunami. Tens of thousands of people could lose their lives. We could witness the total destruction of New Orleans as we know it," Ivor van Heerden, director of the Louisiana State University Hurricane Center, said as he ticked off the threats New Orleans faces from the ground, ocean and sky.

SEE KATRINA | 4A



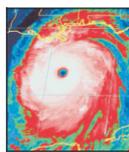
DAVE MARTIN - ASSOCIATED PRESS PHOTO

David Riley waits with hundreds of others outside New Orleans' Superdome, which opened Sunday as a last refuge for people with no way out of the city.

MORE KATRINA COVERAGE

4A | Conditions were perfect for storm to grow.

4A | Hurricane's impact on the Carolinas.



ON WWW.CHARLOTTE.COM/news Track the storm, view pictures and read stories about Hurricane Katrina.

Observer Investigation | PART TWO OF THREE

Critics say borrowers turn to high-rate lenders because bank loans too often not available

New industry fills void in minority lending



T.ORTEGA GAINES - STAFF PHOTO

Kwanza Smalls and her husband bought their Charlotte home in 2000. They agreed to a high interest rate and other expensive provisions, and are fighting to avoid foreclosure. Story, 9A.

BY BINYAMIN APPELBAUM, RICK ROTHACKER AND TED MELLNIK
Staff Writers

There are two mortgage lending industries. Traditional lenders, including Charlotte's Bank of America Corp. and Wachovia Corp., still make 9 in 10 home purchase loans in America.

But over the last decade, several million people bought homes with loans from a new industry. These lenders charge higher interest rates that cost on average tens of thousands of dollars more than a bank loan.

That can be the best option for people who don't qualify for a traditional loan. But community advocates and federal agencies say some borrowers got high rates because the traditional industry failed to make market-rate loans available — particularly in minority neighborhoods.

An Observer study found blacks across America were four times more likely than whites last year to receive a high rate on a home purchase loan. Hispanics were twice as likely. Income does not explain the difference.

The growth of these lenders shows the demand for credit in minority communities, said Diane Thompson, a fair housing attorney from East St. Louis who sits on the Federal Reserve Board's consumer advisory council.

"We've got to hold mainstream lenders accountable for making those loans instead," she said.

SEE LENDING | 8A

More than 1,500 people in the Charlotte area got high-rate loans to buy homes last year.

Fatal crash follows Belmont police chief's chase

Woman says driver kidnapped, raped her

BY KYTJA WEIR
Staff Writer

A man died early Sunday after crashing his car into a tree following a police chase in Gaston County.

It was the second deadly

wreck after a chase in the Charlotte region this month and at least the fourth this year.

This time the Belmont police chief was the official behind the wheel.

The cases highlight a tension for law enforcement agencies: Chase suspects to prevent the next crime? Even if it could risk the safety of the officer, the suspect and possibly others on the road by speeding down streets?

Belmont police say they aren't investigating whether Chief David James should have chased the Toyota Corolla at speeds reaching up to 80 mph through Belmont, a town about 13 miles west of Charlotte. They said he stopped trailing the man shortly before the crash.

They also said Brad Benfield, 28, fled to avoid a drunken driving checkpoint on U.S. 74 near Mecklenburg County. Then,



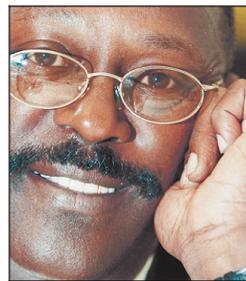
James

they said, his car nearly hit the chief's car.

The N.C. Highway Patrol suspects Benfield had consumed alcohol.

Belmont police said they also are investigating whether Benfield kidnapped and raped a woman several

SEE CHIEF | 12A



T.ORTEGA GAINES - STAFF PHOTO

Fred Warren: "2005 is better than 1975 because you've got more people like me" selling loans. Story, Page 9A.

THE HARD TRUTH IN LENDING

A GUIDE TO MORTGAGE BROKERS 9A | How to make sure you're paying the right price and getting the best loan.

CHARLOTTE'S BIG BANKS

9A | BofA, Wachovia grow ties to high-rate lending.

ON WWW.CHARLOTTE.COM/business Read the first day of this series. Also, home mortgage patterns for all 25 lenders in this report.

People | 2A

MTV Music Video Awards

MTV's awards Sunday featured flashy performances, over-the-top bling and Diddy (right) as host.



Local & State | 1B

Family grows after loss of quint

Leila Ely was pregnant with quintuplets three years ago, but she and her husband Jeff lost the babies. Find out about the joy in their lives now.



Ely

Local & State | 1B

Outpouring follows lawn complaint

A Charlotte couple got more than 100 offers of help since the Observer reported that a neighbor turned them in for not mowing their grass.



Coming Tuesday

Watch out for 'Danger'

Could Sully the Safety Seal be the next Barney? "The Danger Rangers," created by a Charlotte man, debut Saturday on WTVI (Channel 42).



STORMS BEGIN: High: 85. Low: 71. Foggy morning, showers and thunderstorms this afternoon, continuing overnight. Heavy rain Tuesday. Full forecast, 8B

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