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**MAYOR STREET, SECRETARY SCHENK, FREDDIE MAC, CITIZENS BANK UNVEIL
OCTOBER AD BLITZ AT NATIONAL SUMMIT TO COMBAT PREDATORY LENDING**

Philadelphia Steps Up Anti-Predatory Effort, Decrees October "Don't Borrow Trouble" Month

PHILADELPHIA, PA . . . Philadelphia Mayor John F. Street and Pennsylvania Secretary of Banking A. William Schenck joined officials from Citizens Bank and Freddie Mac today to unveil an intensive new advertising blitz to alert borrowers in North Philadelphia and other target neighborhoods about the dangers of predatory lending and to encourage them to call the city's *Don't Borrow Trouble* anti-predatory lending hotline at 215-523-9520.

Mayor Street and Secretary Schenck unveiled the new campaign at Freddie Mac's second national *Don't Borrow Trouble* summit for anti-predatory lending leaders and activists from around the nation being held in Philadelphia today. Predatory lending practices include charging excessive interest rates and up-front fees and knowingly submitting incorrect financial information.

In addition, Mayor Street and City Councilwoman Marian Tasco presented Freddie Mac with a resolution decreeing October as "Don't Borrow Trouble" month to focus more attention on the dangers of predatory lending and the success of Philadelphia's *Don't Borrow Trouble* program. The *Don't Borrow Trouble* program includes financial literacy, credit counseling and consumer education workshops to reach individuals before they become victims.

Since its launch in June 2002, Philadelphia's *Don't Borrow Trouble* program has helped nearly 4,000 households resolve predatory lending issues.

Philadelphia's October *Don't Borrow Trouble* will feature a major advertising campaign, dubbed "Protected by Knowledge," which will include billboards on SEPTA buses, subways, and elevated cars, new print advertising in community newspapers, and start an intensive door-to-door campaign in targeted areas hit hard by predatory lenders. The new outreach effort will also place hotline posters in 125 public facilities, including libraries, senior citizens centers, and housing counseling agencies. Mayor Street's Neighborhood Transformation Initiative (NTI) administers *Don't Borrow Trouble* with support from Freddie Mac and Citizens Bank.

"We're in a battle to protect the well-being of our families and the quality of life in our neighborhoods. More than any thing else, we want to end predatory lending in all its forms, and help homeowners make wise financial decisions and live free of excessive debt," said Philadelphia Mayor John F. Street. "And, now, with the solid support of great corporate partners, such as Citizens Bank and Freddie Mac, I am confident we will succeed. We will continue to fight predatory lending and we will win."

"Philadelphia's *Don't Borrow Trouble* program is an important effort to provide consumer information and protection and a model for other communities in the Commonwealth" said Pennsylvania Department of Banking Secretary Bill Schenck. "It's message is concise and valuable: If a loan comes looking for you, don't do it. If you have questions, don't sign it. Take an extra day to review the terms, and call the *Don't Borrow Trouble* hotline at 215-523-9520 for advice."

"Thanks to Mayor Street and Councilwoman Tasco's leadership, Philadelphia has one of the nation's outstanding *Don't Borrow Trouble* campaigns," said Craig Nickerson, vice president of Expanding Markets at Freddie Mac. "By working together, Philadelphia's *Don't Borrow Trouble* network is helping an estimated seven Philadelphia families a day recognize and avoid predatory lending practices. We chose Philadelphia for the second national *Don't Borrow Trouble* summit because it would give us the opportunity to learn from their leadership in the fight against predatory lending."

Citizens Bank presented the city's *Don't Borrow Trouble* program with a \$30,000 check. This is the second installment of a \$150,000 five-year grant designed to help with anti-predatory lending. Last year in addition to the grant Citizens Bank also provided technical assistance to help develop the "Protected by Knowledge" advertising campaign.

"Citizens Bank is proud to pledge its financial and creative support in the fight against predatory lending," said Stephen D. Steinour, Chairman & CEO of Citizens Bank of Pennsylvania. "We have a firm commitment to being a neighborhood bank dedicated to the people and the communities we serve."

Freddie Mac Honors Philadelphia Leadership in Fight Against Predatory Lending

Freddie Mac selected Philadelphia to host this year's summit in recognition of the city's leadership in combating predatory lending practices, according to company officials.

About 100 community activists, attorneys, and local leaders from 35 cities are expected to participate in this year's summit to share experiences with their local campaigns and hear about the latest predatory lending scams. Some of the nation's leading community lending experts are expected to tell the attendees that in addition to relying on familiar tactics – including inflated appraisals and closing costs – a growing number of predatory lenders are focusing on purchase mortgage and foreclosure scams now that the refinance boom is winding down.

Don't Borrow Trouble was created in Boston by Mayor Thomas M. Menino and the Massachusetts Community & Banking Council and launched by Freddie Mac in 35 major cities and states, including Washington, DC and Philadelphia.

"I am gratified to see so many communities using Boston's *Don't Borrow Trouble* model to protect families from the predatory lenders who would steal away the hard won equity and security of their homes," Boston Mayor Thomas M. Menino told the summit. "I am impressed by the commitment shown by Mayor Street and all of the local officials who have come here today to learn better ways to combat predatory lending."

Don't Borrow Trouble is a key component of Freddie Mac's effort to expand responsible homeownership opportunities in the Philadelphia area. Over the past five years, Freddie Mac has

invested more than \$35.2 billion in mortgages, making affordable homeownership possible for nearly 258,000 Philadelphia metro area families.

In addition to *Don't Borrow Trouble*, Freddie Mac has taken several actions to help protect borrowers from predatory-lending practices. These actions include a ban on the purchase of mortgages that require mandatory arbitration, mortgages with prepayment penalties in excess of three years and single-premium credit insurance policies, and requiring subprime lenders to accurately and fully report monthly borrower credit files to credit repositories so families can benefit from their good payment histories.

The Neighborhood Transformation Initiative is Mayor Street's unprecedented commitment of resources to Philadelphia neighborhoods. Under NTI, the City is investing more than \$275 million in bond funds, \$250 million in federal Community Development Block Grant funds and \$50 million in general operating dollars in hundreds of projects and programs designed to revitalize Philadelphia neighborhoods. NTI accomplishments include: 5,000 new units of market-rate housing; and 5,000 new units of affordable housing. Another 4,000 units are planned or underway. In addition, as part of NTI, the City has cleaned 31,000 vacant lots; removed more than 200,000 abandoned cars from city streets; eliminated graffiti from more than 200,000 buildings; cut down 15,000 dead street trees; and demolished more than 5,000 dangerous properties.

Freddie Mac is a stockholder-owned corporation established by Congress in 1970 to create a continuous flow of funds to mortgage lenders in support of homeownership and rental housing. Freddie Mac purchases mortgages from lenders and packages them into securities that are sold to investors. Over the years, Freddie Mac has made home possible for one in six homebuyers in America. (For more information about Freddie Mac, visit <http://www.freddiemac.com>.)

Citizens Bank of Pennsylvania is a \$28.4 billion state-chartered bank with dual headquarters in Pittsburgh and Philadelphia. It has more than 390 branches, more than 640 ATMs and a convenient network of commercial banking offices throughout Pennsylvania. It also operates eight retail branches and eight ATMs in southern New Jersey. It has approximately 5,300 employees.

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