



NEW YORK STATE SENATOR

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## Don't Borrow Trouble<sup>®</sup>™ Campaign Comes To Westchester

JEFFREY D. KLEIN    October 3, 2007

WESTCHESTER COUNTY: Don't Borrow Trouble<sup>®</sup>™ – that's the name of a new public education campaign coming to Westchester, timed to deal with the growing number of foreclosures across the United States, including Westchester.

Westchester Residential Opportunities, a non-profit housing agency, has teamed up with Freddie Mac, one of the nation's largest investors in residential mortgages, and Westchester County to provide clear-cut information to homeowners on what they can do to prevent devastating credit problems and how to avoid becoming a victim of predatory lending.

"By combining advertising and face-to-face consumer education and housing counseling, this campaign helps consumers avoid abusive lending practices, such as exorbitant interest rates, excessive fees and pressuring tactics," said Geoffrey Anderson, executive director of WRO.

As well as providing the residents of Westchester County with the knowledge to identify and steer away from predatory lending practices, WRO has committed to helping those already in trouble by providing free advice and confidential assistance to help them avoid foreclosure. Homeowners in Westchester County can call 1-877-WRO-4-YOU for assistance 24 hours a day, 7 days a week.

Commented Westchester County Executive Andy Spano, “I am tremendously pleased that the Don’t Borrow Trouble™ campaign is coming to Westchester. With this extensive public education campaign, we can protect our residents by putting a stop to the deceptive and predatory lending practices that have plagued too many of them. An informed public is the best defense against predatory lending practices.”

At the federal level, Congresswoman Nita Lowey (D-Westchester/Rockland) noted, “Borrowers around the country are struggling under the weight of unreasonable mortgages and predatory lending tactics. The current crisis is resulting in mortgage defaults and foreclosures, and it is threatening American confidence in the economy. This [Don’t Borrow Trouble] is an important campaign so that borrowers have the tools they need to combat predatory lending and to ensure their financial security.”

Freddie Mac is the principal sponsor of Don’t Borrow Trouble’s expansion throughout the United States and has brought the campaign to more than 50 locations. The campaign uses brochures, posters, television public service announcements, print advertising and workshops to educate consumers who are most vulnerable to predatory lending practices, including the elderly, minorities and low- to moderate-income individuals.

Founded in 1968, WRO is a HUD-certified housing counseling agency that works to promote equal, affordable and accessible housing opportunities for all residents. In this troubled housing market, wherein countywide foreclosure judgments, through June 30, have climbed by 62 percent as compared to the same time period last year, WRO has redoubled its mortgage default counseling efforts and is increasing staff capacity to meet the challenge.

Craig Nickerson, vice president of Expanding Markets for Freddie Mac, said, “Predatory

lending practices attack the heart of our communities. These practices can strip away home equity and trap unwary borrowers in a dismal cycle that ultimately replaces homeownership with foreclosure. Don't Borrow Trouble is a proven method to help stop predatory lending, keep families in their homes, build wealth and strengthen communities. These organizations should be commended for banding together and combining their resources to educate consumers on the perils of predatory lending practices."

Members of the Don't Borrow Trouble™ Campaign in Westchester are:

Westchester Residential Opportunities, Inc. (WRO), Freddie Mac, The United Way of Westchester and Putnam, JP Morgan Chase, the Westchester Community Foundation, and the County of Westchester.

### Avoiding Borrowing Pitfalls

Source: Freddie Mac

1. Say NO to "easy money." Borrowers should beware if someone claims "credit problems won't affect the interest rate." If a solicitation for a loan sounds too good to be true, it probably is. If a solicitation is really interesting, get it in writing!
2. Shop around. Borrowers should talk to several lenders to find the best loan for which they qualify. A loan product or lending practice may not seem predatory until compared with a similar loan product offered by other lenders.
3. Understand the loan terms. Borrowers should compare loan terms from different lenders. Understand the best loan terms available in the marketplace

and compare the APR (annual percentage rate) of loans from different lenders. The APR takes into account both the interest rate and the points and fees of the loan. A nonprofit housing counselor or a lawyer can review the information with a borrower.

4. Find out about prepayment penalties. Borrowers should know if the loan offered to them has a prepayment penalty. Prepayment penalty should be a choice, not a requirement.
5. Make sure documents are correct. Be cautious of someone who offers to falsify a borrower's income information to qualify for a loan. Borrowers should never falsify information or sign documents that they know to be false.
6. Make sure documents are complete. A borrower should not sign documents that have incorrect dates or blank fields. Be wary of promises that a lender will "fix it later" or "fill it in later."
7. Ask about additional fees. Borrowers should question any items they didn't ask for. Borrowers should also beware if they are told that single premium credit insurance is required get a loan, or that purchasing it will help loan approval. Review every fee and compare different lenders' fees to ensure the most competitive loan terms.
8. Understand the total package. Ask for written estimates that include all points and fees. The situation may not seem abusive until when everyone gets to the

closing table. If any fees or charges differ from what was previously disclosed, delay the closing until all terms of the loan are clearly understood.

9. Work with credit counselors. A borrower should get all the facts before deciding to combine credit card or other debts into a home loan. Beware of scam credit counseling/ credit consolidation agencies – unfortunately, not all credit counseling agencies are acting in your best interests. Talk to a community-based consumer credit counseling agency or housing counselor before signing the loan documents.
10. Protect home equity. If borrowers are taking equity out of their property, they should take out the minimum amount needed. The equity in a home is a source of wealth, which builds up slowly over time.
11. If you're not sure, don't sign! Get advice first! Talk to a community-based consumer credit counseling agency or housing counselor.

Don't Borrow Trouble™ was pioneered in Boston by Mayor Thomas M. Menino and the Massachusetts Community and Banking Council.

Freddie Mac is a stockholder-owned company established by Congress in 1970 to support homeownership and rental housing. Freddie Mac fulfills its mission by purchasing residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-related securities and debt instruments in the capital markets. Over the years, Freddie Mac has made home possible for one in six homebuyers and more than four million renters in America