



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC'S *MONEY SMART* FINANCIAL EDUCATION PROGRAM TO AID VICTIMS OF PREDATORY LENDING IN EAST PALO ALTO AND MENLO PARK

Victims of abusive predatory lending practices in East Palo Alto and Menlo Park may qualify for mortgage payment relief, thanks to an innovative \$5 million anti-predatory lending initiative in which the FDIC *Money Smart* curriculum serves as the financial education component. The announcement was made August 28 by U.S. Representative Anna Eshoo (D-CA), who was joined by East Palo Alto Mayor Duane Bay and Menlo Park Mayor Stephen Schmidt, in launching the "Community Homeownership Program's (CHoP)" anti-predatory lending initiative.

"The FDIC is pleased that *Money Smart* was selected as the curriculum for the adult financial education component of the initiative," said Don Powell, Chairman of the FDIC. "*Money Smart* provides invaluable tools in handling personal finances, not just for people who have suffered personally and financially as a result of predatory lending practices, but for the community in general."

The anti-predatory lending refinance initiative is designed to provide payment relief to borrowers who have been victims of abusive mortgage lending practices, which can include equity stripping, loans that carry inordinately high interest rates, excessive points or fees, required purchase of single-premium credit life insurance, mishandling of the borrower's payment to intentionally delay the posting of the payment, and prepayment penalties on loans that provide no economic benefit to the borrower.

The ChoP initiative is the result of a partnership among several Bay Area public and private housing organizations, concerned non-profit organizations, and government agencies. CHoP partners include: the East Palo Alto Community and Neighborhood Development Organization (EPA CAN DO); East Palo Alto Community Law Project (EPACL P); Chase Manhattan Mortgage Corporation, a subsidiary of JP Morgan Chase; Consumer Credit Counseling Service of Palo Alto; County of San Mateo; Project Sentinel; Family Support Center; California Reinvestment Committee (CRC); PMI



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Mortgage Insurance Co. (PMI); the Federal Deposit Insurance Corporation (FDIC); the U.S. Department of Housing and Urban Development (HUD); Mid-peninsula Citizens for Fair Housing (MCFH); and Fannie Mae, the nation's largest source of financing for home mortgages.

"Abusive lending practices that target our neighborhoods by charging excessive costs to unknowing borrowers must be stopped," said Representative Eshoo. "I applaud EPA CAN DO, EPACLP, Fannie Mae and all of the partners involved for developing this innovative response to help homeowners in East Palo Alto and Menlo Park remain in their homes."