

## **MEDIA ANNOUNCEMENT**

# **COUNTY CORP Launches Safe Alternative to Questionable Lending**

### ***For Immediate Release***

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Today, COUNTY CORP (the non-profit development arm of Montgomery County ) announced the creation of COUNTY CORP Mortgage. COUNTY CORP is the first non-profit in the State of Ohio to enter into an affiliated business arrangement with a for-profit mortgage company and may be the first in the nation. This unique partnership between COUNTY CORP and National City Mortgage will focus on education and lending programs geared specifically to low and moderate-income homeowners and homebuyers. National City Mortgage is headquartered in Miamisburg and is the seventh largest mortgage company in the United States

The lending environment has changed radically in recent years. Money is easy to obtain; and, as a result, the foreclosure rate in Montgomery County has increased 400% since 1997. In the first quarter of 2004 there were more foreclosures filed than in all of 1997. More families unknowingly are obtaining sub-prime loans with excessive interest rates when they could have qualified for a market interest rate or conventional loan. Homeowners are encouraged by unscrupulous lenders to use their homes like an ATM machine and strip all of the equity that they have accumulated over the years.

Marlene Flagel, President of COUNTY CORP said, “At COUNTY CORP, we are seeing a dangerous trend. More and more applicants for our home rehabilitation loans have interest rates in excess of 14%, some with balloon payments, and all have prepayment penalties. These are lower-income households who are least able to afford the cost. In addition, many of our past borrowers are obtaining new mortgages and in the process they are paying off 0% home improvement loans at high interest rates. It’s devastating to our families and on our neighborhoods. The new mortgage company gives us the opportunity to better meet the changing needs of the residents in Montgomery County”.

Rick Smalldon, President and Chief Operating Officer of National City Mortgage believes this dynamic partnership is a giant step in providing an alternative to predatory lending. COUNTY CORP Mortgage is focusing on offering a menu of affordable community lending products. Both homebuyers and homeowners who apply for loans will be reviewed to determine the best loan product available to meet their needs. With COUNTY CORP’S focus for the last 24 years on providing affordable housing opportunities to low and moderate-income families and National City Mortgage’s vast lending resources and support this new venture has tremendous potential. We are looking at this new venture as a pilot that can be duplicated throughout the country with other nonprofits.”

COUNTY CORP Mortgage hired two experienced loan officers, Dee Severs and Sean Kelley. Dee Severs, counseled and positioned more than 6000 first-time homebuyers when she developed and managed the City of Dayton’s Mortgage Credit Counseling Program. She has prior lending experience as a loan officer specializing in affordable community homebuyer products. Sean Kelley has 13 years of experience as a loan officer and Vice President of a mortgage company. He is knowledgeable with all aspects of lending and marketing of loan products.

The loan products range from 0% down payment to FHA to purchase rehabilitation. The choices allow COUNTY CORP Mortgage to offer a safe alternative to questionable lending.

Homebuyers and homeowners looking to refinance, should call COUNTY CORP Mortgage at 222-8690 for more information.

Foreclosures filed in Montgomery County. The information listed below is from the Montgomery County Clerk of Courts, Dan Foley, website at <http://www.clerk.co.montgomery.oh.us/>

|   |                                       |
|---|---------------------------------------|
| 2004<br>from January 1<br>through May 1 | Number of Foreclosures Filed.<br>1331 |
| 2003                                    | 4,280                                 |
| 2002                                    | 3,881                                 |
| 2001                                    | 3,152                                 |
| 2000                                    | 2,457                                 |
| 1999                                    | 2,092                                 |
| 1998                                    | 1,570                                 |
| 1997                                    | 1,319                                 |
| 1996                                    | 1,147                                 |
| 1995                                    | 949                                   |

According to a study performed by the University School of Business, Center for Business and Economic Research in October 2001 there was a 47% growth rate in loans that were foreclosed that had Predatory characteristics and 40% growth rate in loans that were foreclosed that were sub-prime between 1994 and 2000. Of the 1,198 mortgages that were scrutinized, 871 had interest rates 5% or more above the market rate. Of 866 foreclosed loans that were subprime loans, 14% had balloon payments.

The Study also interviewed loan applicants. 45% of mortgage foreclosure respondents and 24% of mortgage respondents said the terms were different than had been discussed during the application process.

Since home improvement projects has been involved in some predatory loan situations, respondents who had refinanced or gotten a home equity loan were asked whether a home improvement project had been involved. 39% of the foreclosure cases, a home improvement loan was involved.

Another important finding. 58% of the mortgage foreclosure respondents indicated their credit had been fine when they took out the loan. The study suggests that households are misplaced in sub prime loans.