

Don't Borrow Trouble Minnesota Campaign: 2003–2005

Homeownership represents the fulfillment of a dream for many families and individuals. Predatory lending often shatters this dream and places families at risk for homelessness, prevents the accumulation of wealth, and affects the stability of entire neighborhoods. Don't Borrow Trouble Minnesota aims to keep these dreams secure for Twin Cities homeowners and future home buyers.



Background

Don't Borrow Trouble Minnesota (DBT) is a public education and community outreach campaign that seeks to prevent predatory lending in the Twin Cities metropolitan area. Launched in March 2003, the campaign combines education and counseling to help individuals and families become and remain successful long-term homeowners. Don't Borrow Trouble aims to empower consumers through multi-media advertising efforts, targeted community outreach, a consumer information line and website, and a strong referral network of housing counselors and others.

At its core, Don't Borrow Trouble Minnesota is about protecting our community's homeowners by preserving their home equity and fostering a stable, safe environment for themselves and their children. Predatory lenders often target the most vulnerable populations—robbing families of their homes, and taking away their right to successful, long-term homeownership and the accumulation of wealth. Predatory lending practices also tarnish the image of the lending industry as a whole. The campaign recognizes that there are many good lenders. With the right information, consumers can discern the credible from the disreputable and identify the best loan product.

A strong, diverse coalition of over 60 private and public organizations has joined together to create this campaign, including nonprofit housing organizations, government agencies, housing counselors, mortgage lenders, and attorneys. It is the only such broad-based collaborative effort in the state aimed at preventing predatory lending. The Don't Borrow Trouble campaign was pioneered in the city of Boston and expanded with Freddie Mac start-up support to more than 40 communities nationwide. Don't Borrow Trouble Minnesota is administered locally by the Family Housing Fund, a nonprofit organization with a 25-year history of preserving and producing affordable housing for low- and moderate-income families. The campaign is supported financially by more than 50 individuals and private and public entities. (View a complete list of partners and funders at www.dontborrowtroublemn.org).

The Campaign's Reach

In the campaign's first two years, tens of thousands of individuals were reached through the campaign's public education and outreach efforts. More than 1,100 consumers received one-on-one assistance through the information and referral help line (612-312-2020) and more than 4,500 people visited the website (www.dontborrowtroublemn.org). Nearly 125,000 brochures, door hangers, and posters have been distributed throughout the metropolitan area.

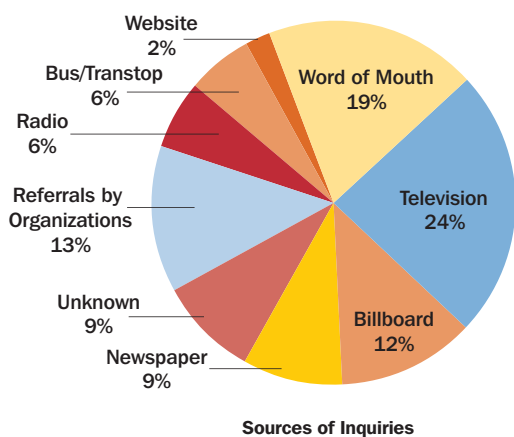
Additionally, the campaign's counseling partners report that the Don't Borrow Trouble message has been clearly heard in the community beyond the extent shown by the calls to the info line. Numerous homeowners report to housing counselors that they now shred unsolicited loan offers and can better spot red flags when searching for a loan. They often attribute this to the bold and direct message of the campaign's print materials and television commercials, all of which were developed with extensive involvement and input by consumers and housing counselors.

"The first time I saw a Don't Borrow Trouble television ad, I remember thinking, 'Wow, that's powerful'. I was especially struck by the sight of the house being erased as the woman/mother listened to the sales pitch on the phone. Great image."

—DBT caller

Marketing and Outreach

Don't Borrow Trouble Minnesota has used its broad partner network, as well as media/marketing experts, to ensure that the campaign's message reaches everyone who needs to hear it. Numerous avenues have been used, including: television and radio ads, billboards, bus ads, newspaper ads, posters, brochures, door hangers, media coverage, and a website.



The television ads are directed to address specific predatory lending tactics, including direct mail, phone solicitation, and in person pressuring tactics. Four separate print messages using the attention-grabbing words, **Caution**, **Danger**, **Warning**, and **Beware**, are used throughout the campaign's printed materials. Word of mouth and referral by community agencies have also been extremely effective in helping to spread the campaign's messages. The source of caller inquiries is detailed on the chart below at left.

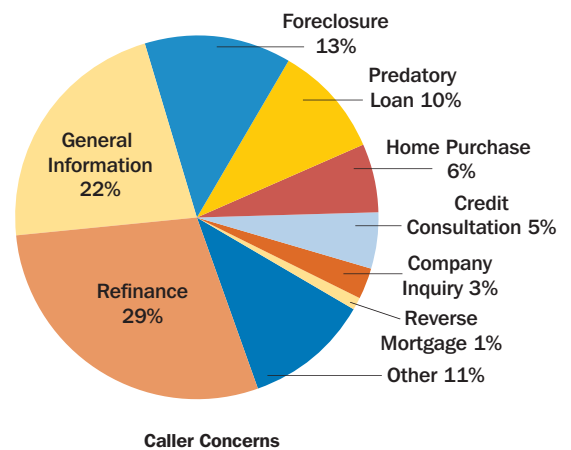
Information and Referral Line

For many people, the lending process can be intimidating. The campaign aims to make this process more understandable by providing consumers with free and confidential assistance. The help line provides information and referrals to individuals seeking help on purchasing a home, refinancing, loan offer reviews, debt consolidation, home equity loans, foreclosure prevention, or other homeownership related questions or problems. Consumers can call the info line or send questions via e-mail (info@dontborrowtroublemn.org). Staff are able to respond quickly to a consumer's questions or distress. Hosted by the Greater Twin Cities United Way, the DBT help line has a large referral network and translation services available.

In the first two years, the majority of callers wanted information about specific loans, mortgage offers, credit issues, or refinancing a loan. However, 23 percent of callers were facing foreclosure or felt they were in a predatory loan situation. The chart below shows the breakdown of caller issues.

"Callers are often amazed that this free information line exists and are extremely happy to learn that they do have options and help available to them."

—Dawn Williams, Information and Referral Line Specialist



DANGER

Debt consolidation could cost you your home.

612-312-2020

Call for free advice.

DON'T BORROW TROUBLE MINNESOTA

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Billboard from the DON'T BORROW TROUBLE ad campaign

WARNING

Don't sign anything that puts your home at risk.

Call **612-312-2020** for free advice.

DON'T BORROW TROUBLE MINNESOTA

©2004 Family Housing Fund

Bus king (bus side ad) from the DON'T BORROW TROUBLE ad campaign

Network of Assistance

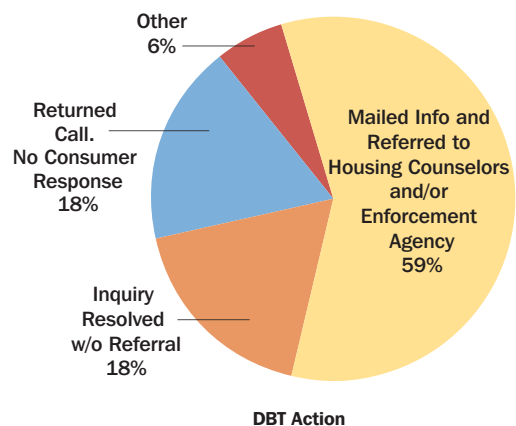
Due to the complex nature of lending transactions, many situations, especially those suspected to be abusive, require further assistance beyond the initial call. Nearly 60 percent of callers are referred to one of a dozen housing counseling agencies partnering with Don't Borrow Trouble Minnesota for further assistance. If a consumer appears to be caught in a predatory lending situation, the housing counselor may refer the case for legal review or possible refinancing through the referral network. This referral network includes Legal Aid, volunteer attorneys, and lenders who have made concessions on loan qualifications or limited fees. Cases with suspected abuse are also referred to the Minnesota Department of Commerce and the Attorney General's Office. The chart to the right shows the action taken by DBT for info line callers.

Don't Borrow Trouble Minnesota has provided trainings and developed data collection and loan analysis software to assist the counseling agencies. The number and variety of agencies and organizations to which callers can be referred

demonstrate the collaborative nature of the campaign and the strength of the campaign partners.

"I believe I have borrowed trouble, am in trouble, and I am looking for some real help to get out of trouble."

—DBT Caller



Targeted Audiences

It was determined at the onset of the campaign that marketing and outreach would focus primarily on neighborhoods and communities that were most suspected as targets of predatory lenders. In the first two years of the campaign, these populations included communities of color and seniors.

Communities of Color

In order to best reach communities of color, public education and community outreach efforts were primarily targeted to the central cities of Minneapolis and St. Paul. Community billboards were placed at key intersections, and newspaper ads ran in minority papers such as Insight News and La Prensa. Materials were translated into Spanish to reach Latino populations. Television and radio advertising were purchased on stations with a high percentage of minority viewers or listeners. This targeted marketing effort significantly increased calls to the info line. However, with the high levels of predatory lending suspected in these communities, the campaign seeks to generate increased calls and opportunities for prevention going forward.

Seniors

Another population that is highly vulnerable to predatory lending is seniors. To reach this audience, the campaign partnered with the Minnesota Senior Federation to provide outreach to older populations. More than 75,000 seniors in Minnesota received information about Don't Borrow Trouble through the Federation's monthly newsletters, direct mailings, presentations, and informational fairs.

“Many seniors are facing life struggles such as trying to pay high property taxes on rapidly appreciating properties, high medical and prescription costs, or family issues such as unexpectedly raising grandchildren. Such financial stresses make seniors especially vulnerable to the ‘helping hands’ of predatory lenders. Don't Borrow Trouble offers real advice and help.”

—Angela Ritter, Minnesota Senior Federation

BEWARE

Scam artists are looking to take your home.

Call **612-312-2020** or visit **www.dontborrowtroublemn.org** before you sign anything.

DON'T BORROW TROUBLE
A PUBLIC EDUCATION CAMPAIGN MINNESOTA

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CUIDADO

Refinanciar su casa puede ser peligroso.

Hay algunos prestamistas sin escrúpulos que pretenden que lo están ayudando. Sin embargo ellos pueden estar agregándole costos a su préstamo o tasas de interés más altas de lo que usted se merece. Costos que no se los explican y que no están a su alcance, pero que usted tiene que pagar. Usted tiene otras opciones antes de poner su casa en riesgo. Llámenos para asesorarle gratuitamente.

Llame al **612-312-2020** o visite **www.dontborrowtroublemn.org** antes de firmar cualquier préstamo.

NO BUSQUE PROBLEMAS
UNA CAMPAÑA DE EDUCACIÓN PÚBLICA DE MINNESOTA

NO BUSQUE PROBLEMAS Minnesota es una campaña de más de 50 organizaciones que se han unido para prevenir la práctica de préstamos con riesgo para el consumidor en el Área Metropolitana de Minneapolis-Saint Paul. NO BUSQUE PROBLEMAS es un servicio de asesoría para el cliente. Gracias a la Ministry of Transportation, Community Services Center y a los socios voluntarios patrocinados por Family Home.

©2005 Family Housing Fund

A transtop (bus shelter ad) and a Spanish poster from the DON'T BORROW TROUBLE ad campaign

Emerging Trends

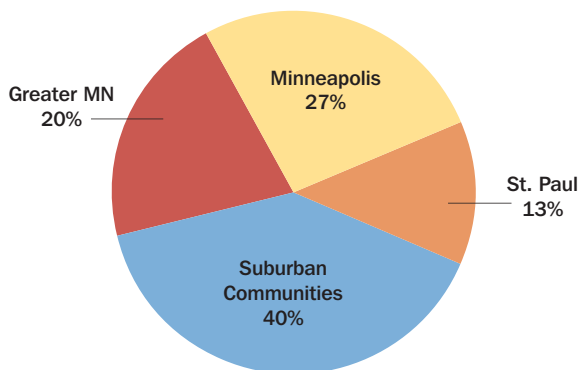
Predatory lenders are continuously changing their tactics in order to best take advantage of market conditions and the vulnerabilities of housing consumers. One of the primary goals of the campaign is to create a good data collection system in order to better and more quickly identify predatory lending practices and trends in the Twin Cities. Several interesting trends have emerged during the first two years that are outlined below.

Callers from Suburban Communities and Greater Minnesota

While 40 percent of calls to the resource line came from Minneapolis and St. Paul, calls from suburban communities equaled this percentage at 40 percent. Additionally, 20 percent of the calls came from communities in Greater Minnesota. (See chart below.) The campaign did not anticipate such a high percentage of calls from communities outside Minneapolis and St. Paul given the targeted media efforts and indications of high predatory lending activity in the two central cities. Calls from these communities were generated primarily from television ads, freeway billboards, bus ads, radio interviews, referrals, and word of mouth. These initial findings, along with feedback from campaign partners, indicate that predatory lending is by no means restricted by location, race, age, or income.

“The predatory lenders are tracking layoff notices and other distress signals in suburban communities. They also target homeowners who are unfamiliar with existing community resources or believe that their income is too high to qualify for any type of assistance. Because people are often too embarrassed to ask anyone for help dealing with their financial crisis, the only information they receive is from the predatory lender. DBT offers a place for them to access the help they need.”

—DBT Housing Counselor, Carver County



Geographic Location of Callers

“Predatory lenders have become more creative and aggressive in their approach. As a result, it has become increasingly difficult for consumers to discern the credible lender from the predatory lender. The predators are taking advantage of an economy that is ripe with layoffs and overextensions of credit. In Minnesota, few families are safe from predatory lending practices. Don’t Borrow Trouble Minnesota is working to empower consumers so they can make the best choices for themselves and their families.”

—Autumn Lubin, DBT Program Manager

Predatory Practices

During the past several years, property values have increased dramatically in the Twin Cities and across the nation. Such increases have helped many low- and moderate-income families gain significant equity in their homes. However, this rise has also created a strong market for predatory lending practices. Common predatory lending practices include: not disclosing all of the costs and fees associated with a loan, charging high interest rates and excessive fees, and pressuring borrowers into loans they can’t afford or don’t understand. The DBT info line has seen two new trends evolve since 2003, namely equity stripping and two-year fixed-rate loans.

Equity stripping occurs when an unscrupulous investor convinces or deceives homeowners in financial crisis to sign over the deed to their home. The investor pays off the current loan and then sells the home back to the homeowner at current market value—often \$20,000 to \$50,000 higher than the loan balance. Many such cases have come through the DBT help line and have been referred on for counseling and legal assistance. Another trend involves the abuse of mortgage loans with a two-year fixed rate that becomes adjustable at the end of the second year. When used as designed, these loans can be a useful tool for consumers to rehabilitate their credit and qualify later for a loan with better terms. The exploitation occurs when the predatory lender convinces the homeowner to repeatedly refinance, typically before the expiration of the prepayment penalty. The high fees and worsening loan terms often result in the loss of additional equity with each transaction and ultimately a greater risk of default.

Freeway billboard from the DON'T BORROW TROUBLE ad campaign

Next Steps and New Directions

The Strength of the Campaign

Don't Borrow Trouble Minnesota has proved itself to be a convener of a vast array of partners with similar and diverse missions that can all come together and succeed based on their common interest in preventing predatory lending and promoting successful homeownership. The campaign has successfully reached into communities with a complex message and been understood and trusted by persons within those communities. DBT received the "2004 Excellence in Affordable Housing Initiative for Emerging Markets Award" from the Minnesota Housing Finance Agency and helped bring the topic of predatory lending to the forefront of many conversations in the housing industry. DBT has proved itself to be a good steward of resources, leveraging its media buys with matching public service announcements and free ad space, and using the strength and resources of its partners to reach families it otherwise couldn't reach. The campaign has created and provided quality training to its provider network and others locally and nationally that look to Don't Borrow Trouble Minnesota for its expertise. Additionally, several communities have purchased Don't Borrow Trouble Minnesota's creative materials for use in their own campaigns, including the state of Rhode Island; cities of St. Louis, Missouri and Oakland, California; and suburban Philadelphia, Pennsylvania.

Supporting Current Partnerships

As Don't Borrow Trouble Minnesota heads into its third year, the campaign will continue to partner with the 60 plus organizations involved in DBT and seek new opportunities for collaboration. Don't Borrow Trouble Minnesota will also continue to seek additional resources to support its anti-predatory lending education and outreach efforts. In 2005–06, the campaign's media and advertising efforts will include television and radio

ads, community and freeway billboards, and bus ads—proven methods for getting the message out to consumers. Additionally, the campaign will further expand its community outreach efforts throughout the metropolitan area, with a focus on communities of color and immigrant communities.

"The success of the campaign rests in the strength of its many partners. Together we are working to safeguard and support long-term homeownership opportunities and promote stability in families and neighborhoods."

—Pam Zagaria, Vice President, Family Housing Fund

Forging New Connections

Don't Borrow Trouble Minnesota will put particular emphasis on providing outreach and education for two key initiatives in the metro area this year, including: The Northside Home Fund, an initiative to stabilize neighborhoods and expand homeownership rates in North Minneapolis; and the Payne Lake Community Partnership, an effort to expand homeownership rates among minorities and immigrants on the East Side of St. Paul. In support of these efforts, the campaign is in the process of translating and printing some of its print materials into Lao, Somali, and Hmong, in addition to Spanish and English. The campaign will also partner closely with the Home Ownership Center in support of the counselor network and with the recently launched Emerging Markets Homeownership Initiative (EMHI) aimed at increasing homeownership rates among emerging markets and communities of color throughout Minnesota.

Contact Us

For more information about Don't Borrow Trouble Minnesota and/or to order free campaign materials, please visit www.dontborrowtroublemn.org or call **612-312-2020**.