

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

IN RE AMERICAN BUSINESS FINANCIAL SERVICES, INC.  
NOTEHOLDERS LITIGATION

Master File No. 05-CV-232

**NOTICE OF PENDENCY OF CLASS ACTION**

A class action lawsuit has been certified and is now pending in the United States District Court for the Eastern District of Pennsylvania entitled *In re American Business Financial Services, Inc. Noteholders Litigation*, Master file No. 05-CV-232 (the "Action").

This notice affects you if you purchased Notes of American Business Financial Services between January 18, 2002 and January 20, 2005, and still owned those Notes as of January 20, 2005. The Class certified by the court is defined as follows:

All persons who suffered damage as a result of their purchase of Notes from American Business Financial Services, Inc. ("ABFS") between January 18, 2002 and January 20, 2005 (the "Class Period") pursuant to Registration Statements, including prospectuses included as exhibits and all supplements thereto, that became effective on or about October 16, 2001, October 3, 2002, and November 7, 2003.

Excluded from the Class are Defendants (Anthony J. Santilli, Leonard Becker, Michael DeLuca, Harold Sussman, Albert Mandia, Jerome Miller, Warren E. Palitz, and Jeffrey S. Steinberg); the officers and directors of ABFS; members of the immediate families of such Defendants, officers and directors; and subsidiaries and affiliates of ABFS.

1. This notice is required by Rule 23 of the Federal Rules of Civil Procedure and by an Order of the United States District Court for the Eastern District of Pennsylvania (the "Court"). The purpose of this notice is to inform you of (i) the pendency of the Action; (ii) the certification of the Class described above, of which you may be a member ("Class Member"); and (iii) your right to be excluded from the Class.

2. Plaintiffs allege in the Second Amended Complaint (the "Complaint") that the Registration Statements were materially misleading and omitted material facts concerning ABFS' ability to repay the securities that Plaintiffs and the Class Members bought - subordinated debt securities, subordinated money market notes, unsecured investment notes or subordinated debentures (the "Notes"). Plaintiffs further allege that ABFS ceased making payments on the Notes, causing damage to Plaintiffs and the Class. Plaintiffs assert that they and the Class, as purchasers of the Notes during the Class Period, are entitled to money damages.

3. The Defendants deny these claims and deny any liability, wrongdoing or damages arising out of the conduct alleged in the Complaint, and assert certain defenses to the claims made in the Complaint. The Defendants specifically deny that the Registration Statements contained untrue statements or omissions of material fact.

4. This Notice is given to you in the belief that you may be a member of the Class. Your rights may be affected by this Action. This Notice should not be understood as an expression of any opinion by the Court concerning the merits of the Action. There is no assurance that a judgment in favor of the Class will be entered. This Notice is intended merely to advise you of the pendency of the Action and of your rights with respect to the Action, including the right to exclude yourself from the Class.

**TO BE EXCLUDED FROM THE CLASS**

5. To exclude yourself from the Class, you must make a request in writing, title your request "Request for Exclusion," and clearly evidence your wish to be excluded from the Class. In your request for exclusion, you must include your name, address, telephone number, the principal amount of ABFS Notes you purchased (or rolled over) during the Class Period, January 18, 2002 through January 20, 2005 and the date of all such purchases. You must affix the necessary postage, and return your Request for Exclusion to:

*In re American Business Financial Services Inc. Noteholders Litigation*  
c/o Heffler, Radetich & Saitta, LLP  
P.O. Box 360  
Philadelphia, PA 19105-0360  
Telephone: (800) 768-8450  
[www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com)

To be valid and effective, your request for exclusion must be postmarked no later than June 16, 2008. **DO NOT REQUEST EXCLUSION IF YOU WISH TO PARTICIPATE IN THIS ACTION AGAINST DEFENDANTS AS A CLASS**

**MEMBER.** If you exclude yourself from the Class, you will not be bound by any judgment in this action, nor will you be entitled to share in any recovery in this action against Defendants, should any recovery be obtained.

6. If you do not request exclusion from the Class by June 16, 2008, you will be considered a Class Member, and you will be bound by any final judgment in this Action.

**IF YOU REMAIN A CLASS MEMBER**

7. If you wish to remain a Class Member, you are not required to do anything at this time. If you remain a Class Member, you will be bound by any judgment in this Action, whether it is favorable or unfavorable. If there is a recovery, you may be entitled to share in the proceeds, less such Plaintiffs' costs, expenses, and attorney's fees as the Court may allow out of any such recovery. If the Defendants prevail, you may not pursue a lawsuit on your own with regard to any of the issues decided in this Action.

8. In the event of a recovery, you will be required to prove your membership in the Class, your purchases of ABFS Notes during the Class Period, and your individual damages, if any.

9. If you do not exclude yourself from the Class in the manner set forth above, you may, but do not need to, enter an appearance in the Action personally or through your own counsel at your own expense. If not, you will be represented by Plaintiffs' lead counsel:

**BERGER & MONTAGUE, PC**  
Todd S. Collins, Esquire  
Elizabeth Fox, Esquire  
Neil Mara, Esquire  
Shauna Itri, Esquire  
1622 Locust Street  
Philadelphia, PA 19103  
(215) 875-3000

10. If you remain a Class Member, you will not be personally responsible for Plaintiffs' attorney's fees or costs, except to the extent that the Court may award such fees and costs to the attorneys, which would be paid out of the recovery in this Action, if any.

**AVAILABILITY OF FILED PAPERS**

11. This Notice does not fully describe all of the claims and contentions of the parties. The pleadings and other papers filed in this Action are available for inspection, during business hours, at the Office of the Clerk of the Court, United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Philadelphia, PA 19106. In addition, you may obtain a copy of the Complaint by contacting the above-listed Plaintiffs' lead counsel.

12. Please do not call the Court or the Office of the Clerk of the Court for information or advice. If you have any questions about this Notice, you may consult an attorney of your own choosing, or Plaintiffs' lead counsel, whose name, address, and telephone number are listed in paragraph 9 above.

Dated: Philadelphia, Pennsylvania  
May 2, 2008

CLERK OF THE COURT  
United States District Court  
Eastern District of Pennsylvania

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American Business Financial Services Inc. Noteholders Litigation  
Settlement Administrator  
c/o Heffler, Radetich & Saitta, LLP  
P.O. Box 360  
Philadelphia, PA 19105-0360

**FIRST CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**