



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC JOINS RURAL HOME LOAN PARTNERSHIP

### FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) today announced it has joined the Rural Home Loan Partnership (RHLP), a national partnership dedicated to providing eligible lower- income borrowers in rural areas greater access to private credit.

This move furthers the FDIC's goal of facilitating participation by banks and community based organizations in community reinvestment efforts.

FDIC Chairman Donna Tanoue noted: "This partnership presents a great opportunity for the FDIC to leverage our resources, while partnering with several well-known national organizations. It is a natural fit since so many of the institutions supervised by the FDIC are small community banks located in rural areas."

The RHLP is an initiative of the U.S. Department of Agriculture's Rural Housing Services (RHS), the rural Local Initiatives Support Corporation (LISC) and the Federal Home Loan Bank (FHLB) System. The Neighborhood Reinvestment Corporation and Rural Alliance affiliates, and the Office of Thrift Supervision also recently joined the partnership.

The RHLP works to bring local financial institutions, community based organizations (CBOs), and local RHS officials and resources together as a means of providing greater credit access for those who typically lack access to conventional long-term mortgage financing.



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.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-87-98

Using money from a national set-aside of funds under the leveraged loan program, the RHS will provide a low-cost, fixed-rate second mortgage to cover up to 60 percent of the cost of the home. The local financial institution will provide a long-term, fixed-rate first mortgage loan of generally no more than 40 percent of the home's value, using its funds or funds obtained through the FHLB System's Community Investment Program. A CBO typically assists with home buyer education and counseling, and loan packaging. It also frequently contributes monetary resources through grants from the FHLB System's affordable housing program, or the Department of Housing and Urban Development's Community Development Block Grant or HOME Program.

In 1999, the FDIC will be working with the Rural Home Loan Partnership to train rural financial institutions and community-based organizations about the partnership, the Rural Housing Services' leverage loan and loan guarantee programs, and ways to set up a successful collaborative funding arrangement.

"We want to assist the institutions we supervise in participating in this type of program," said Chairman Tanoue. "This training will show small institutions how they can better leverage their resources through partnerships such as those promoted by the RHLP."

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