

FOR IMMEDIATE RELEASE

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**FDIC, Neighborworks® America Form National Partnership To
Help Consumers at Risk of Foreclosure**

The FDIC – working through its new Alliance for Economic Inclusion (AEI) initiative – and the NeighborWorks® Center for Foreclosure Solutions have partnered to promote foreclosure-prevention strategies for consumers at risk of foreclosure from subprime and nontraditional mortgage lending. The partnership will focus its efforts in nine markets around the country that are served by both organizations.

"More and more consumers with subprime and so-called 'hybrid' mortgage products are facing the very real prospect of losing their homes through foreclosure as their payments begin to rise and become unaffordable," said Sheila C. Bair, FDIC Chairman. "We need to find workable solutions to keep these good-faith borrowers in their homes, which is the goal of the partnership announced today. No one gains from foreclosure – not the lender nor, least of all, the homeowner."

"I'd like to acknowledge FDIC Director Tom Curry, who also serves as Chairman of NeighborWorks® America, for his tireless efforts in helping to create this important partnership," added Chairman Bair.

"The NeighborWorks® Center for Foreclosure Solutions is at the forefront of developing and implementing strategies to address the current foreclosure crisis," said Ken Wade, NeighborWorks® America CEO. "NeighborWorks® is pleased to partner with the FDIC to leverage the expertise of both organizations to maximize impact and ensure that struggling homeowners have options."

The partnership announced today will focus its efforts in the Greater Boston area; Wilmington, DE; Baltimore, MD; South Texas (Houston/Austin); Chicago; the Louisiana and Mississippi Gulf Coast; Alabama's Black Belt; Kansas City; and Los Angeles.

The FDIC's Alliance for Economic Inclusion in each of these markets is a broad-based local coalition of banks and thrifts, community leaders, public officials and others seeking to improve access to banking products and services for underserved populations. The partnership between the FDIC's AEI and NeighborWorks® aims to build capacity at the local level to reach out to at-risk homeowners, identify successful foreclosure intervention strategies and deliver homeownership education counseling.

Within each of the AEI coalitions serving these markets, a foreclosure solution and prevention working committee will be established. Each committee will comprise local financial institutions, the local NeighborWorks® of America-Neighborhood Housing Services affiliate and other partners working on foreclosure issues.

The partnership's initial action plans include:

- Conducting outreach to identify and help at-risk homeowners;

- Increasing lenders' support for foreclosure intervention;
- Promoting awareness of abusive foreclosure-rescue schemes and deceptive marketing and advertising practices;
- Encouraging loan workouts as an alternative to foreclosure or counseling if this is not feasible;
- Promoting best intervention practices in mortgage lending and servicing programs for consumers at risk of foreclosure who could still qualify for financing with flexible terms and credit enhancements; and
- Expanding support of the NeighborWorks® Center for Foreclosure Solutions National Partnership between leading members of the financial, mortgage, insurance and nonprofit sectors.

Through this broad-based collaboration, regulators, government officials, financial institutions, community and nonprofit groups, as well as consumers will have a role in identifying, developing and tailoring foreclosure intervention strategies that will be responsive to the local needs of their market.

"This partnership is a giant step in the right direction," said Thomas J. Curry, FDIC Director and Chairman of NeighborWorks® America. "It provides a unique opportunity to ease the tremendous financial and social impact of foreclosures on borrowers, lenders and communities."

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About FDIC

Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's 8,650 banks and savings associations and 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, by subscription electronically (go to 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).

About NeighborWorks® America

NeighborWorks® America creates opportunities for people to improve their lives and strengthen their communities by providing access to homeownership and to safe and affordable rental housing. To date, we have assisted nearly 850,000 low- to moderate-income families with their housing needs. Much of our success is achieved through our support of the NeighborWorks® network – more than 235 community development organizations working in 4,400 urban, suburban and rural communities in all 50 states, the District of Columbia and Puerto Rico. In the last five years, NeighborWorks® organizations have generated more than \$12.4 billion in reinvestment in these communities. NeighborWorks® America is the nation's leading trainer of community development and affordable housing professionals. www.nw.org.

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