



PRESS RELEASE

Federal Deposit Insurance Corporation

February 8, 1994

FDIC ANNOUNCES AFFORDABLE HOUSING FINANCING PILOT PROGRAM WITH FANNIE MAE

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation announced today a pilot effort with Fannie Mae (Federal National Mortgage Association) that will allow mortgage lenders to offer favorable financing to buyers of FDIC Affordable Housing properties. This pilot program, focusing on properties in Massachusetts, furthers the FDIC's goal to make residential properties retained from failed financial institutions available to low- and moderate-income purchasers.

As an initial step, the FDIC, Fannie Mae and the Massachusetts Bankers association have initiated programs to encourage lending institutions to participate in this joint effort. In accordance with the FDIC's Affordable Housing Program, eligible purchasers can receive a 10 percent credit or grant toward the purchase of FDIC properties.

Ken Gorham, Deputy Regional Director of the FDIC's Northeast Service Center in Hartford, Connecticut, said "This agreement between Fannie Mae and the FDIC is an important first step in cooperation between a government agency and a housing finance provider which will directly benefit those most in need of housing." Kenneth Bacon, Fannie Mae regional senior vice president, stated: "We are proud to be a part of this effort to return these properties to the private sector and make more house available to those who might otherwise be unable to afford it." Fannie Mae is a congressionally chartered, shareholder-owned company and is the nation's largest source of home mortgage funds.

Participating lenders and Fannie Mae have agreed to use these funds to buy FDIC properties in the following ways:



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, 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). PR-6-94

Option 1: Loan-to-value ratio of 90 percent (Down payment and closing cost assistance)

- Down payment of 3 percent from borrower's own funds.
- Down payment of 7 percent from FDIC.
- Three percent of closing costs paid by FDIC (borrower pays any closing costs above three percent).

Option 2: Loan-to-value ratio of 95 percent (Down payment and closing cost assistance)

- Down payment of 5 percent from borrower's own funds.
- Three percent of the down payment must be from borrowers' funds (the remaining two percent is paid by the FDIC.)
- FDIC pays all closing costs including prepaid items.
- Apply balance of FDIC affordable housing assistance (up to 10 percent) for a permanent interest rate buydown.

Option 3: Loan-to-value ratio of 85 percent (Down payment assistance)

- Down payment of 5 percent from borrower's own funds.
- Down payment of 10 percent from FDIC.
- Borrower pays closing costs.

Buyers interested in purchasing these properties in New England should contact the FDIC for a list of properties in the Affordable Housing Program. Interested individuals can contact the FDIC's Hartford Consolidated Office at 1-800-723-0671.