



NEIGHBORHOOD ASSISTANCE CORPORATION OF AMERICA  
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**NACA CALLS PRESIDENT BUSH’S MORTGAGE RESCUE PLAN  
UNPRECEDENTED BUT WITH VERY LIMITED IMPACT**

Jamaica Plain, MA (December , 2007) – The Neighborhood Assistance Corporation of America, (NACA) recognizes the extraordinary precedent that President Bush is taking to address the mortgage crisis, but it critical of its limited impact on homeowners at risk of foreclosure. This new standard for government intervention in the mortgage crisis is recognition of that the overall mortgage industry is being impacted and that if immediate and dramatic action is not taken, that it will push the economy into recession. This is the first time during the seven years of the Bush administration, which is anti-regulation and pro-business, that they have taken across the board action to limit damage by an industry.

The mortgage industry has been pushing defective products since 2000. These mortgage products were never about long-term homeownership, but about massive profits for the lenders, investment bankers, brokers and rating agencies. NACA has been in the forefront of combating the mortgage crisis and has provided the most significant solution to date with its agreement with Countrywide that permanently reduces the interest rate for homeowners to what they can afford – often to five or six percent. “The limited scope of the announcement will be disappointing for the millions of homeowners at risk of foreclosure,” states Bruce Marks, NACA CEO. “.President Bush is abandoning the over one million homeowners already on the brink of foreclosure, and for the eligible homeowners this is only a temporary delay of foreclosure.”

What the administration is providing for a limited number of homeowners, is analogous to having a defective automobile that has no brakes, and rather than fixing the brakes, you are able to park it for three years while making the payments and then drive it down the hill full speed. The inevitable result will be a crash or in mortgage terms – foreclosure. This new standard for government intervention will provide the opportunity to further limit the interest rate increases and roll back many others as the mortgage crisis deepens during the next three, six and twelve months.

The only real solution is to go back to responsible lending. Variable rate loans should both increase or decrease depending on interest rate changes rather than strangulation ARMs that often double in rate regardless of market changes. These are defective mortgage products whose interest rate increases must be permanently stopped and rolled back to what the homeowner can afford.

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**About the Neighborhood Assistance Corporation of America ([www.naca.com](http://www.naca.com))**

NACA, a national non-profit community advocacy and homeownership organization established in 1988, has been the lead organization in the fight to identify, expose, and oppose predatory lending and exploitive lending practices. NACA first exposed Fleet Bank's lending abuses in 1991, followed by numerous other campaigns against companies that victimize low- and moderate-income people pursuing the dream of homeownership.

NACA provides one mortgage which is the best in the country requiring no downpayment, no closing costs, no points, no fees, no perfect credit at a below interest rate currently 5.00% 30 year fixed. NACA has \$10 Billion committed to this mortgage with more than 35 offices across the country providing working people with an unmatched program and national model for doing mortgage lending the right way.

NACA continues to lead the fight in advocating and assisting homeowners at risk of foreclosure in the current mortgage crisis. In April 2007 NACA committed One Billion dollars to refinance homeowners out of their unaffordable loans, constituting the largest commitment to homeowners to date. In October, NACA entered into a national agreement with Countrywide to restructure mortgages to what the homeowners can afford. NACA's program and advocacy have been featured in the national and local media nationwide.

According to published reports, the Bush administration is pushing lenders to temporarily freeze interest rates on subprime borrowers who took out mortgages with low teaser rates due to reset sharply higher.

The White House fears as many as 500, 000 could lose their homes because they can't meet the higher payments. "Anything but a permanent freeze on interest rates is only putting off the inevitable foreclosure," said NACA CEO Bruce Marks. "Millions could end up in foreclosure."

A rescue strategy must go further if we hope to avoid a recession in this country. Mr. Marks is floating a plan that would save hundreds of thousands of more homes. The longtime housing activist suggests freezing the interest rates of all borrowers with adjustable rate mortgages and negative amortization loans back to the initial rate borrowers qualified for, "...this will include homeowners who have already been penalized with an interest rate reset," said Marks. NACA has been critical of the Bush administration's use of the lending industry to come up with a solution.

The plan should not rely on the very people that got us into this mess. Lenders, brokers, investment bankers and rating agencies were behind these mortgages that were structured to fail. It then sold and repackaged the damaged goods as securities and sold them around the globe. "This amounts to the fox guarding the hen house. A blue ribbon panel made up of representatives from the banking industry, federal regulators and citizen groups and non-profits should structure the deal to ease the housing crisis," Marks said.

According to Marks, a diverse panel will be empowered to fix the problem and extend relief to prime borrowers affected by the mortgage meltdown. Any mortgage rescue attempt should include other options in addition to the freezing of interest rates. Payment plans, modifications, re-financing and restructuring of the original home loans need to be part of the equation to truly add up to a rescue plan.