



NEIGHBORHOOD ASSISTANCE CORPORATION OF AMERICA  
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**FANNIE & FREDDIE MUST ACT TO MAKE EXISTING MORTGAGES AFFORDABLE**

Boston, MA: As American taxpayers officially takeover the nation’s two mortgage giants, Fannie Mae and Freddie Mac, the Neighborhood Assistance Corporation of America (“NACA”), says the government has the opportunity, authority and responsibility to prevent millions of homeowners from losing the American Dream.

With the Government Sponsored Enterprises (GSE’s) forced into conservatorship, NACA is calling on the Bush administration and Congress to require them to restructure the loans for all at-risk borrowers by permanently reducing the interest rate and/or mortgage balance to an affordable payment. In addition, the GSEs must immediately stop all resets and their involvement of predatory lending activities, including the purchase of interest only and other defective loan products.

NACA has been in the forefront fighting abusive lending practices and the major role the GSEs have had in facilitating this lending. The focus was that the GSEs must not be allowed into subprime lending and must expand the criteria for conventional lending. The below statement is from the congressional testimony in 2000 by NACA’s CEO Bruce Marks predicting the current situation without strong regulatory oversight of the GSE’s (See <http://financialservices.house.gov/banking/91200mar.pdf> ).

“Without such controls Fannie Mae will continue to expand its reach into the subprime market and might itself become a predatory lender. The committee would also be in a position to control the GSE’s participation in potentially profitable but also potentially risky investments schemes. Participation in these schemes by GSEs pose potential risks for the housing and banking industry and for the economy in general.”

Fannie Mae used its lobbying muscle to prevent any significant oversight or limitations on its activities. “Fannie and Freddie were allowed to take risks, because a lack of federal oversight permitted them to engage in all sorts of high risk speculative investments that they had no business being involved in,” states Bruce Marks.

NACA has been the most effective organization in keeping homeowners in their homes by restructuring or re-underwriting loans to what borrowers can afford based on a documented and verifiable budget. NACA’s Save the Dream event in Washington D.C. drew over 20,000 at-risk borrowers demonstrating the level of need and desire for real solutions. The government takeover of Fannie and Freddie provides a unique opportunity to set a similar loss mitigation standard for the rest of the nation. This is an opportunity to address what lies at the base of the mortgage crisis -- massive foreclosures and in turn achieving the desired market stability. It is not possible to provide long-term market stability when millions of homeowners are at risk of foreclosure. The government can now require Fannie and Freddie to get back to their true purpose of affordable long-term homeownership for working people.

“Since we are using tens of billions of dollars to bail out entities engaged in these lending practices, it’s time for the nation to demand those same entities fix it by restructuring loans and avoiding the further demise of the housing market,” said Bruce Marks.

### **About the Neighborhood Assistance Corporation of America**

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 and exploitive lending practices. NACA was the first to expose Fleet Bank's lending abuses in 1991, and followed with numerous other campaigns against companies that victimize low and moderate income people pursuing the dream of homeownership. NACA provides the best purchase mortgage product to those who the industry considers "subprime borrowers."

Such loans require no down payment, have no closing costs, no points, no fees, do not need perfect credit, and are at below market interest rates - currently 5.75% 30 year fixed (as of 9/8/08). NACA homeowners have excellent payment records and are now considered prime borrowers. NACA has \$10 Billion committed to this mortgage program. With almost 40 offices across the country, NACA is providing working people with an unmatched program and a national model for doing mortgage lending the right way.

NACA has established the national model for providing homeowners at risk of foreclosure with long-term solutions through its **Home Save Program**. NACA has One Billion dollars committed to refinance homeowners on the best terms available and is working with some of the nation's largest lenders to rewrite unaffordable loans based to what the borrower can afford. NACA has negotiated a legal, binding agreement with the country's largest mortgage servicers/lenders including Countrywide Financial and Citigroup, Inc., enabling NACA to restructure many of their loans into long-term, affordable mortgage products. Many homeowners have been able to restructure their mortgages with fixed interest rates of 5% or less.

Other major lenders/servicers are following the NACA pattern, establishing the NACA solution as the national standard. News of NACA's program and advocacy has been featured in national and local media. The Boston Globe has chosen Bruce Marks, founder and CEO of the Neighborhood Assistance Corporation of America (NACA), as its 2007 Bostonian of the Year. There is tremendous recognition for the effectiveness of NACA advocacy and for providing real, affordable homeownership solutions for working people. [Bostonian of the Year](#).