NCIF NATIONAL COMMUNITY INVESTMENT FUND

LEVERAGING CAPITAL FOR CHANGE

Foreclosure Prevention Financing Models

A Working Paper

Compiled by:

National Community Investment Fund

October 2008

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Executive Summary

Background

NCIF is a non profit private equity fund that invests capital in banks, thrifts and credit unions that have a community development mission and are reasonable financial performers – NCIF calls them Community Development Banking Institutions or CDBIs. Since 1996, it has invested in 37 CDBIs that have generated over $3 billion in developmental loans in distressed communities. NCIF hopes to catalyze the flow of deposits, debt and capital to this sector.

Objective

We are aware that major banks around the country and CDBIs are all working assiduously to provide alternative financing structures that can assist consumers who may either be in default on their home loans or may be precariously close to it. In this context, unique public-private and philanthropic partnerships are being nurtured so that many more at-risk consumers can be refinanced.

NCIF commenced an effort to compile a list of products and partnerships that are successful in supporting these consumers. Our goal is to make this knowledge available to other institutions so that the products can be replicated in their local environments thereby magnifying the net benefit to the end user.

In the course of writing this paper, we compiled information on products and strategies available including key economic elements such as the amount refinanced, interest rate and term of the mortgage. We researched what products were available if a borrower's property value had declined and there was now a 'gap' between the current market value and the current balance of the mortgage. We examined the strategic partnerships that were fostered between government entities, corporations, local and national foundations, mortgage servicers, title companies and counseling organizations. Finally, we looked into any other additional issues related to delivery of foreclosure products to homeowners in need.

This documents is a small step in helping implement the leadership taken by the Federal Deposit Insurance Corporation, the Federal Reserve, the Office of the Comptroller of Currency, the Office of Thrift Supervision and state regulators and the efforts being made by the HOPE NOW Alliance. In the final analysis we hope that this will help borrowers gain access to needed funds and support.

We are sure that there are many other financial institutions and non-profits that are providing innovative refinancing products to support vulnerable home owners. These are also challenging and highly fluid times with changes in the markets. As a result, we consider this document as a working paper on strategies known to NCIF and not an exhaustive compilation of strategies in the country. NCIF hopes to keep adding to this list as many more models become available. Please send us your comments or information on other institutions providing foreclosure prevention products.

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How to Read This Document

Foreclosure Prevention Key Stakeholders

- **Overall Chart –** gives a visual picture of major stakeholders in foreclosure prevention and a listing of the key stakeholders, if everyone contributed to the foreclosure prevention process.

Foreclosure Prevention Models

Here we provide the following:

- **Main Idea –** summarizes the key takeaways in the model that readers should consider replicating in their local markets.

- **How it Works –** gives a detailed description idea of the model and the key stakeholders that have participated in this product.

- **Shaded Chart –** the boxes representing the key stakeholders is highlighted to give a visual picture on how they are linked to each other.

- **Grid –** gives specific information on how each model was constructed with important data points such as interest rates, terms and type of counseling.

Definitions in Grid

- **Base Amount –** We defined this as being the primary refinanced amount, up to 100% of the current market value of the property.

- **Excess Amount-** We defined this as being (a) the amount above the normal loan-to-value that a lender funds over and above their normal LTV ratio and/or (a) the gap amount, if the amount owed by the borrower is more than the current market value of the property.

- **Conforming-Amount -** Currently $417,000.

Partnerships

- **Guarantee Partnerships –** organizations that secure a portion of the total loan amount in order to lessen the overall risk to the lender

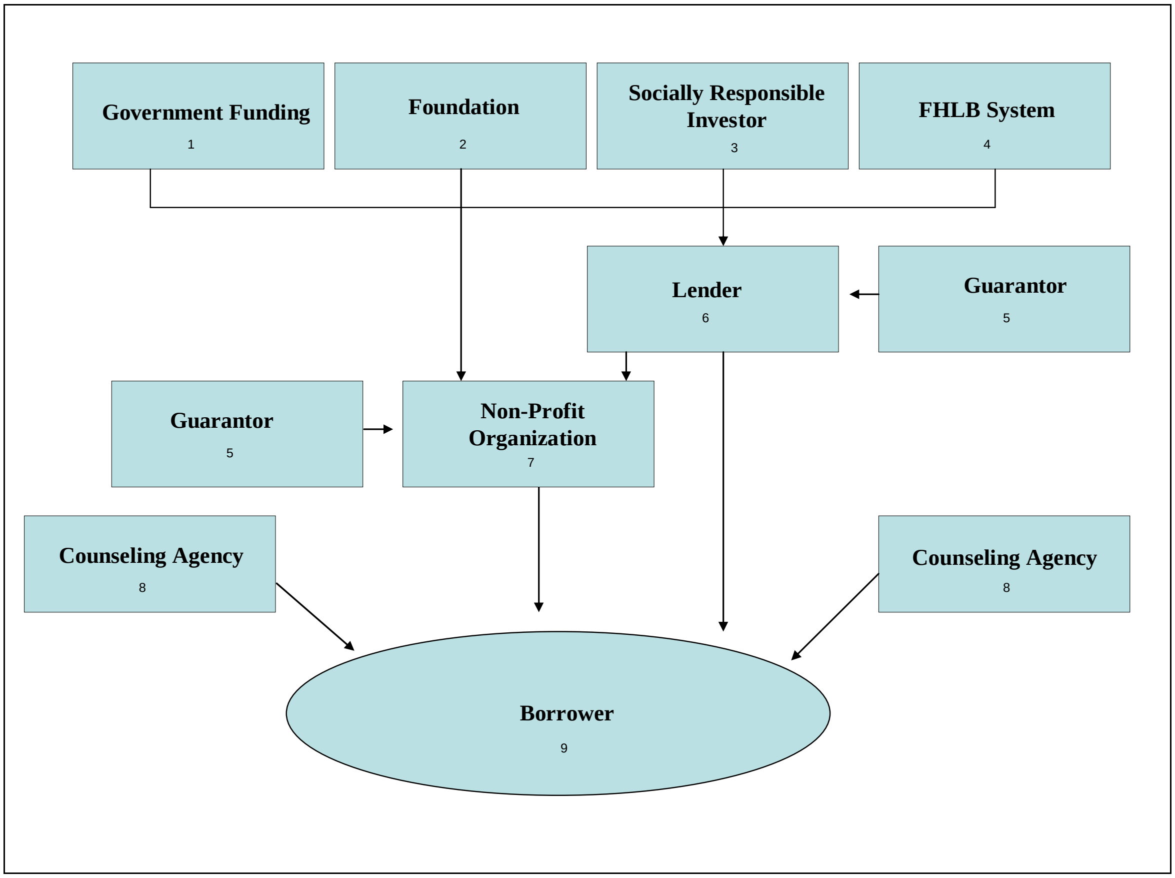
- **Funding Partnerships –** individuals or organizations that provide funding for refinancing.

- **Counseling Partnerships –** organizations that are providing one-on-one or group counseling for borrowers either pre or post refinance.

Comparative Grid of Key Product Information

This grid explains the key features in an easy to read table so that interested parties can compare the features across models.

Foreclosure Prevention Key Stakeholders



Roles of Key Stakeholders

A number of stakeholders need to work together to achieve success in preventing foreclosures. NCIF identified the following stakeholders for this analysis.

1. **Government Funding-** Support comes from various government entities or departments such as the Department of the Treasury, the Congress, state and city funds and/or the CDFI Fund. The regulators can also provide first loss guarantees for unplanned losses or provide authority to raise tax exempt bonds to support such efforts. Public-private partnerships are key in this humungous task of supporting at-risk customers and will require real time creative thinking,

2. **Foundations –** participate by giving **additional and/or low rate funding** to help organizations that are making a difference. Foundations can provide **guarantees** for unplanned losses as lenders step up to support foreclosure prevention efforts.

3. **Socially Responsible Investors –** Can provide low cost funding for lending to refinance mortgages that are delinquent. Socially Responsible Investors can also cover portions of credit risk, guaranteeing the money lent out.

4. **Federal Home Loan Bank System (FHLB) –** The 12 Federal Home Loan Banks provide cost-effective funding to member banks for use in housing, community and economic development.

    a. **Community Investment Program (CIP) –** Some FHLBs are able to provide financing at cost to member banks that are providing refinancing loans for foreclosure prevention.

    b. **Affordable Housing Program (AHP) –** Some FHLBs are setting aside grants under their AHP programs to help member financial institutions cover portions of closing costs or up front cost associated with refinancing of loans that avoid foreclosures.

5. **Guarantor –**city or state governments, investors or foundations that would encourage lenders to refinance mortgages and write down values by promising gap or provide first-loss guarantees.

6. **Lender –** includes banks and servicers of loans that are willing to reach out to borrowers in need, even if the original mortgage is not from the lending institution.

7. **Non-Profit Organization –** assist with outreach to borrowers, in providing counseling services and/or access to financing.

8. **Counselors –**are usually the first to come in contact with a borrower whether through community outreach, a referral or a foreclosure hotline. Counselors provide pre- and post-purchase counseling to at-risk borrowers and prepare them for refinance products.

9. **Borrower –** For the purposes of this paper, we have categorized borrowers into 3 different stages of foreclosure.

    Category 1: Borrowers who have ARMs resetting in near future.
    Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
    Category 3: Borrowers with mortgages in foreclosure.

1. Lower East Side People's Federal Credit Union; New York, NY

NYC Foreclosure Prevention Gap Loan Fund

Main Idea: For many borrowers, there are barriers to refinancing their mortgage. These obstacles include; market declines have left the current home value below the current amount of the loan(s), or the borrower may have back taxes in arrears. Whatever the reason, through the NYC Foreclosure Prevention Gap Loan Fund, Lower East Side People's Federal Credit Union provides a financing product for this 'gap' amount.

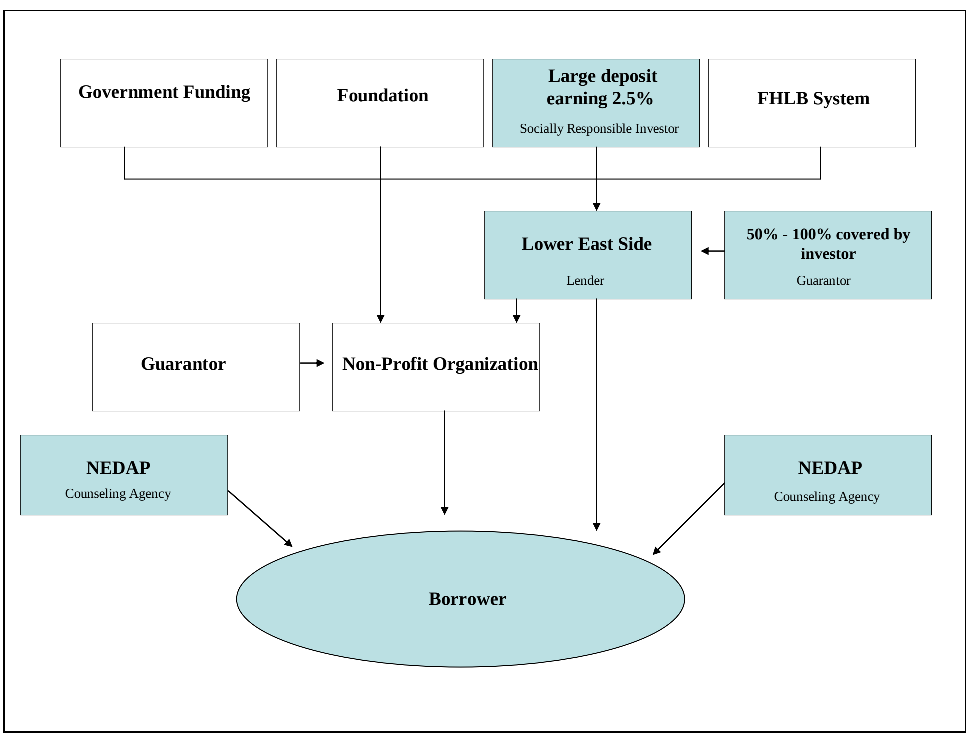
How it works: Lower East Side People's FCU, working with a local not-for-profit, received a low-rate deposit from an anonymous investor that is to be directed to assist homeowners facing foreclosure. The resulting product provides 'gap' loans for up to $25,000 at below market interest rates of 3.5%-5.5%. The loan term is for 15 years, but the payment schedule is based on a thirty year amortization. The borrower can refinance the loan at the end of the initial 15 year term or earlier.

This financing will allow borrowers to refinance and keep their property even though it may be worth less than their current mortgage. The conforming mortgage amount can be refinanced through Lower East Side or through a mortgage lender of the borrower's choosing. The Neighborhood Economic Development Advocacy Project (NEDAP) identifies borrowers, provides initial counseling services and refers potential candidates to Lower East Side People's FCU. Additionally, NEDAP is able to assist with post refinancing counseling that is available for the duration of the loan.

Key Partnerships: Socially Responsible Deposit, Guarantor, Lender, Borrower and Counseling Agency

Additional Resources: **www.lespeoples.org , www.nedap.org**

Partnerships in the NYC Foreclosure Prevention Gap Fund*



* Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1,2 and 3
Terms of restructured loans	
Maximum amount refinanced	Conforming amount only
Base amount	
Term	15 or 30 years
Interest rate	Variable depending upon institution; must be at or below market interest rate for conforming loans.
Debt to income ratio	Up to 45%
Loan to value ratio	Up of 90%
Credit score	No set credit score
Excess amount	Lower East Side and Donor
Refinanced by	Lower East Side, up to $25,000
Term	15 year term, based on 30 year amortization
Interest rate	4.0%-5.5%
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	Applicable for excess amount
Provider of guarantee	Socially responsible investor
Nature of guarantee	50% to 100% of excess amount, based on underwriting
Funding partnerships	
Nature of deposits	Below market rate deposit
Term of deposits	Not specified
Interest rate	2.50%
Credit coverage	Provides guarantee on excess amount
Counseling partnerships	Various community non-profits who refer
Type of counseling (pre, post, etc.)	Pre and depending on future grant funding, post as well

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
Category 3: Borrowers with mortgages in foreclosure

2. Park National Bank; Chicago, IL

Home Retention Mortgage Loan Program

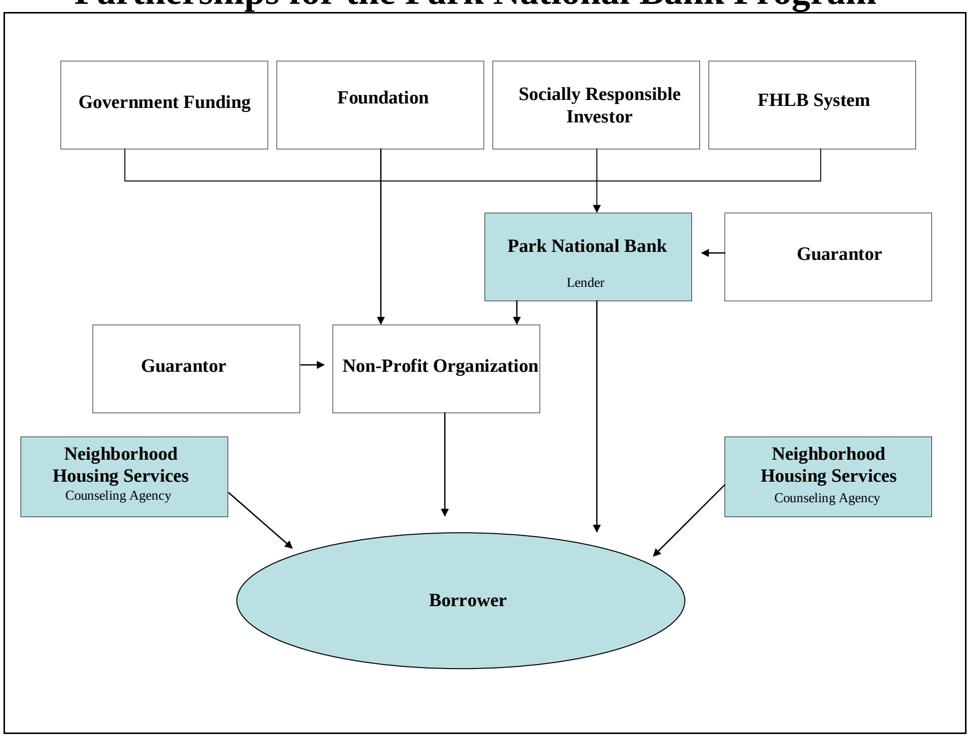
Main Idea: The Home Retention Mortgage Loan Program is designed to provide a refinance option that gives credit-worthy homeowners, who were making timely mortgage payments before their loans had a rate reset and/or other "single event" credit-related issues, but are now in default. Borrowers are able to refinance current mortgages into a 5 year adjustable rate mortgage with a 6.00% interest rate and margin of 2.75% (with caps on total).

How it works: Park National Bank will extend refinancing to borrowers that are in default due to the following factors alone or in combination (1) payment delinquency as a result of an adjustable rate reset that caused monthly payments to increase beyond the borrowers ability to pay; (2) increase in Real Estate Tax of more than $1000 annually and/or (3) a catastrophic 'single' event (job loss, divorce, death or medical causes). During the 5 years, the borrower will work closely with the Neighborhood Housing Service to make sure they are prepared to refinance when the loan comes due.

Key Partnerships: Lender, Counseling Agency and Borrower

Additional Resources: www.parknatl.com/personal-banking/

Partnerships for the Park National Bank Program*



*Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Up to $250,000
Base amount	
Term	5 year adjustable rate mortgage
Interest rate	6% initial rate
Debt to income ratio	Up to 50%
Loan to value ratio	Up to 100%
Credit score	Minimum FICO score of 525
Excess amount	
Refinanced by	not applicable
Term	not applicable
Interest rate	not applicable
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	Working with Neighborhood Housing Services to provide counseling for the duration of the loan

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent
Category 3: Borrowers with mortgages in foreclosure.

3. ShoreBank; Chicago, IL

Rescue Loan Program

Main Idea: Extending existing ShoreBank mortgage financing products to 'rescue' customers who may not have otherwise been eligible for financing and refinancing. SBK makes exceptions including evaluating weaknesses in credit files due to existing delinquencies, higher than normal debt-to-income ratios, and/or high loan-to-value ratios. For eligible 'vulnerable' customers, ShoreBank effectively uses the Illinois Department of Treasury's 'Finally Home' guarantee program to facilitate financing.

How it works: ShoreBank's Rescue Loan Program helps refinance adjustable rate mortgages that have recently reset or that are going to reset in the near future. While the bank normally does not refinance loans for customers that are delinquent, under this program it will accept customers who inadvertently or for unforeseen reasons became delinquent, by up to a maximum of 90 days. Additionally, the bank will also consider extending the debt to income (DTI) ratio from 38% to 45% while examining the repayment ability of the borrowers. Product affordability to the borrower is paramount and takes into account the borrower's entire credit and repayment history (unlike other bankers who have mainly relied only on credit scores). If eligible, the homeowner receives a refinanced, affordable, fixed-rate mortgage for a 30 year term.

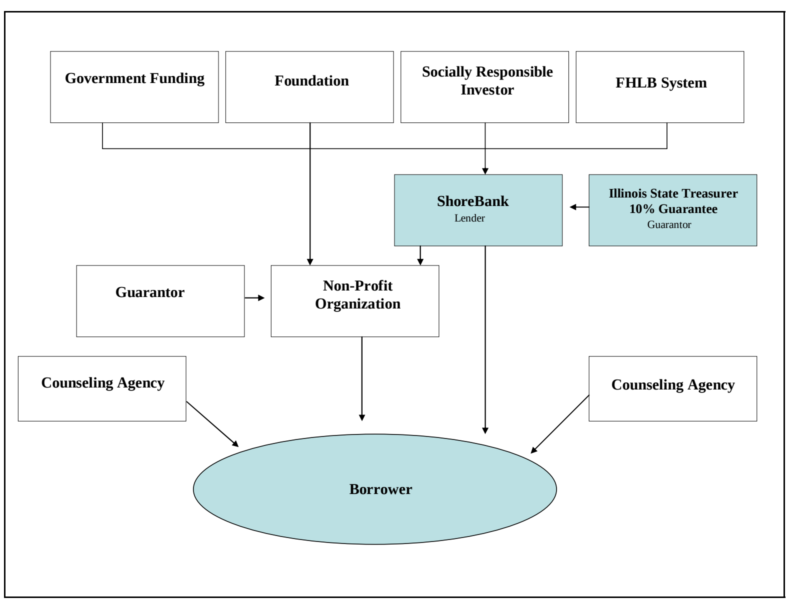
For some borrowers, SBK also uses the 'Finally Home' program of the Illinois Department of Treasury. This free program provides approved banks to access a 10% guarantee from the State to support eligible borrowers who cannot obtain conventional, sustainable mortgages absent the 10% guarantee. The Rescue Loan program is partially funded by, but not directly tied to, deposits generated through a high-yield online savings account that is targeted to socially responsible investors.

Thus far 117 loans totaling over $21 million have been made and 40 more loans are pending.

Key Partnerships: Lender, State Guarantor and Borrower

Additional Resources: www.sbk.com

Partnerships in ShoreBank Rescue Loan Program*



*Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Conforming amount only
Base amount	
Term	30 years
Interest rate	Fixed rate
Debt to income ratio	38% to 45%
Loan to value ratio	Up to 100%
Credit score	No set score
Excess amount	
Refinanced by	not applicable
Term	not applicable
Interest rate	not applicable
Credit guarantee	not applicable
Partnerships	ShoreBank and Ill. Dept. of Treasury
Guarantee partnerships	
Provider of guarantee	"Finally Home Program"- Ill. State Treasurer
Nature of guarantee	10% guarantee
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	With loan officer

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
Category 3: Borrowers with mortgages in foreclosure.

4. ShoreBank; Chicago, IL

Partnering with a Foundation

Main Idea: Creating a mission focused refinancing product for loans that would not typically be eligible for refinancing. Complementing the Rescue Loan Program, ShoreBank is negotiating with a foundation that will fund a soft-second mortgage and increase the loan to value ratio above 100% to increase affordability for eligible borrowers. The foundation also partly reduces the portfolio credit risk faced by the bank.

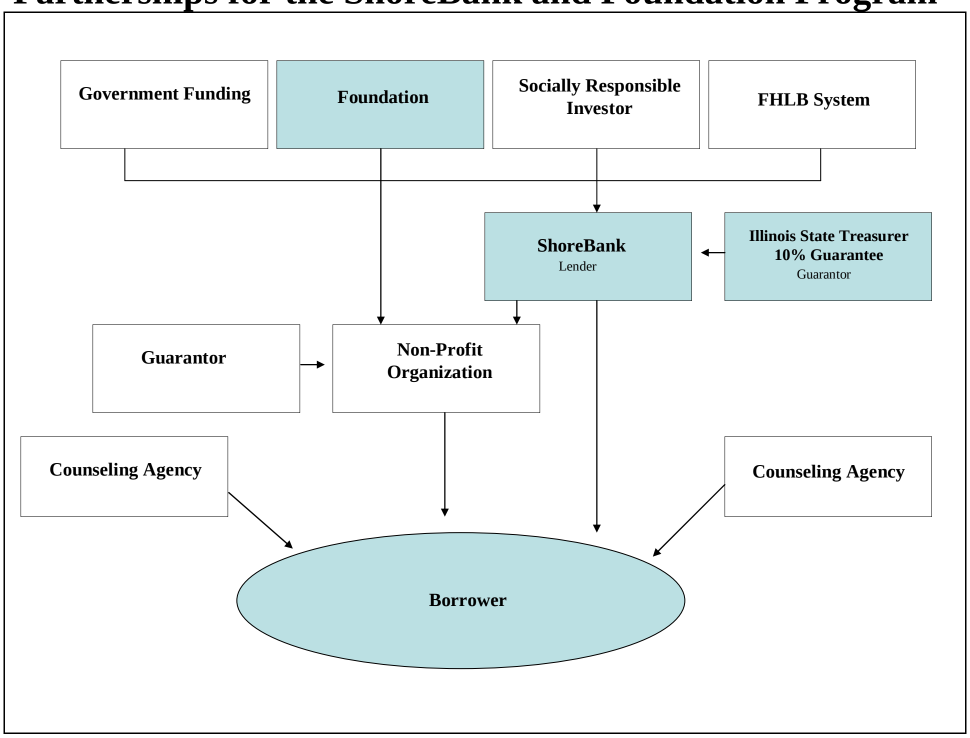
How it works: ShoreBank's Rescue Loan Program helps refinance adjustable rate mortgages that have recently reset or that are going to reset in the near future (see (1)) above. The Foundation supported program will further enhance its product suite to increase support to vulnerable customers.

The total amount of the refinanced loan would be co-funded in an split where 80% would be covered by ShoreBank as a traditional refinance and the remaining 20% would be provided as a low-rate, 'soft-second' by the foundation. The foundation support will provide the borrower with a below market rate on 20% of the refinanced loan. In certain situations, the foundation funding will allow the bank to refinance loans with a loan-to-value ratio above 100% while also covering a portion of the credit risk. Additionally, ShoreBank is working on an agreement with the foundation wherein losses realized by ShoreBank as part of the Rescue Loan program that are above ShoreBank's historical loss level will be split between ShoreBank and the foundation. The foundation has also expressed interest in supporting ShoreBank with funding to bolster the bank's communication and outreach as well as post-purchase counseling for the benefit and education of the borrower.

Key Partnerships: Foundation, Guarantors, Lender and Borrower

Additional Resources: www.sbk.com

Partnerships for the ShoreBank and Foundation Program*



* Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Conforming amount plus excess up to 100% LTV
Base amount	
Term	30 years
Interest rate	Fixed rate
Debt to income ratio	38% to 45%
Loan to value ratio	In excess of 100%, still in negotiation
Credit score	No set score
Excess amount	
Refinanced by	Partnering foundation
Term	30 years
Interest rate	Subsidized by Foundation to below normal rates
Credit guarantee	Soft-second
Partnerships	ShoreBank and Foundation
Guarantee partnerships	
Provider of guarantee	“Finally Home Program” - Ill. State Treasurer’s Office
Nature of guarantee	10% guarantee
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	Potentially, but specifics are TBD

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 delinquent
Category 3: Borrowers with mortgages in foreclosure.

5. Sunrise Community Banks, Minneapolis/St. Paul, MN

Sunrise Home Ownership Alliance

Main Idea: Borrowers are able to purchase homes that they would not normally qualify for and build credit and home equity over the course of 3 years. It is an expectation that at the end of 3-years, these borrowers would then refinance into a 30-year loan.

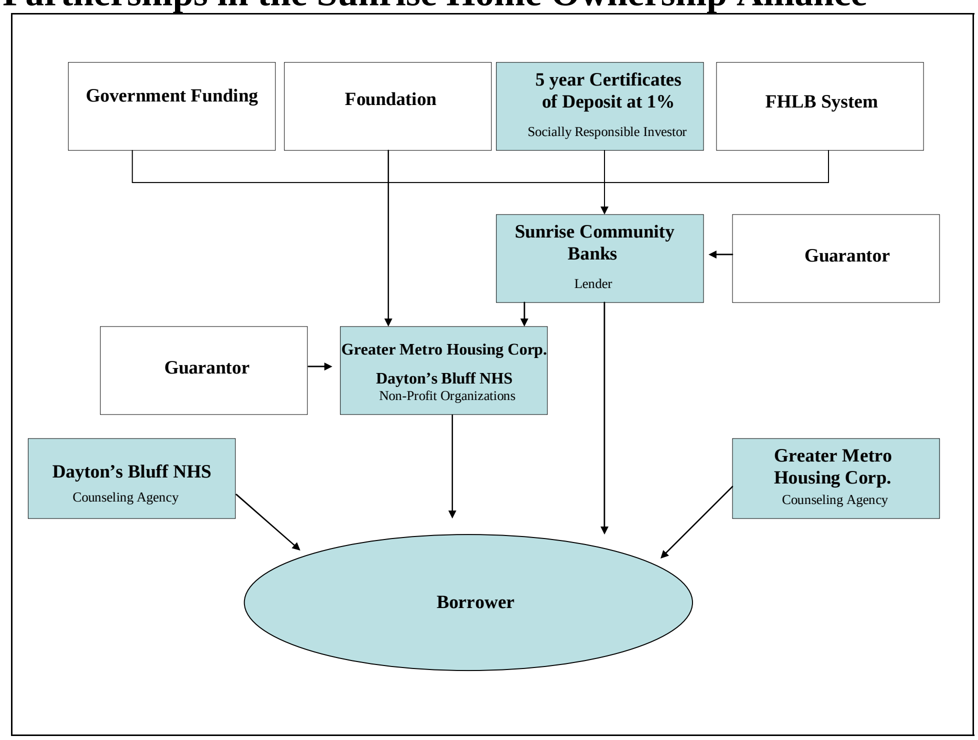
How it works: Sunrise Community Banks consists of Franklin Bank, Park Midway Bank, & University Bank; three certified Community Development Financial Institution (CDFI) banks located in Minneapolis/St. Paul. The goal of the pilot project is to provide an alternative home financing product that promotes homeownership and stabilizes neighborhoods. Social depositors dedicate their funds to the program by providing a 5-year, 1% certificate of deposit. These FDIC insured deposits allow the bank to offer below market rate financing to local not-for-profit housing organizations that then work with eligible borrowers to 'purchase' a home on a 3 year contract (with payments based on a 30-year amortization rate). The banks are working with city and county governments to procure partial guarantees on these loans.

Intensive credit counseling is required with the expectation that once the contract expires, clients are able to refinance into fixed rate affordable mortgages. At the end of the three years, the borrower has equity and has improved their credit and is given the option to refinance.

Key Partnerships: Socially Responsible Depositors, Local Government Guarantors, Lender, Non-Profit housing organizations, Borrower and Counseling Agency.

Additional Resources: www.csmonitor.com/2008/0630/p13s01-wmgn.html?page=2

Partnerships in the Sunrise Home Ownership Alliance*



* Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 3
Terms of restructured loans	
Maximum amount refinanced	Conforming amount only - Contract for Deed
Base amount	
Term	3 year fixed based on 30 year amoritization schedule
Interest rate	7.0%-7.5%
Debt to income ratio	Up to 45%
Loan to value ratio	Up to 80%
Credit score	No set score
Excess amount	
Refinanced by	not applicable
Term	not applicable
Interest rate	not applicable
Credit guarantee	not applicable
Partnerships	Sunrise Community Banks, Minnesota Housing Finance Agency, City of St. Paul, Dayton's Bluff NHS, Greater Metropolitan Housing Corporation, Urban Homeworks, Family Housing Fund
Guarantee partnerships	
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	Below market rate certificates of deposit
Term of deposits	5 years
Interest rate	1%
Credit coverage	No
Counseling partnerships	Greater Metro Housing Corp. and Dayton's Bluff Neighborhood Housing Service
Type of counseling (pre, post, etc.)	Pre and Post counseling and throughout the duration of loan

*Legend

Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
Category 3: Borrowers with mortgages in foreclosure.

6. Federal Deposit Insurance Corporation

Home Ownership Preservation Loans (HOP)

Main Idea: The FDIC is proposing that Congress authorize the Treasury Department to make loans to borrowers with unaffordable mortgages to refinance up to 20 percent of their principal. The repayment and financing costs for these Home Ownership Preservation (HOP) loans would be borne by mortgage investors and borrowers. Mortgage investors would be responsible for the first 5 years of payment, after which the borrowers would be responsible for the servicing for the duration of the HOP loan.

How it works: Mortgage investors would apply to Treasury for funds and would be responsible for complying with the terms for the HOP loans, restructuring mortgages, and subordinating their interest to Treasury. To enter the program, mortgage investors pay Treasury's financing costs and agree to concessions on the underlying mortgage in order to achieve an affordable payment. Mortgage investors would pay the first five years of interest due to Treasury on the HOP loans when they enter the program. After 5 years, borrowers would begin repaying the HOP loan at fixed Treasury rates.

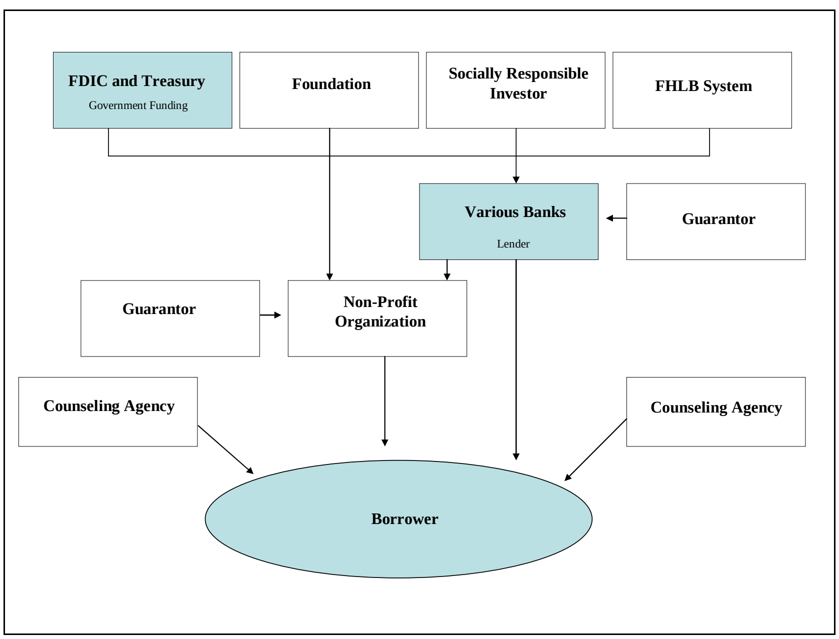
Eligible, unaffordable mortgages would then be paid down by up to 20 percent and restructured into fully-amortized, fixed rate loans for the balance of the original loan term at the lower balance with the new interest rate capped at Freddie Mac 30-year fixed rate. Borrowers would be required to repay their restructured mortgage and the HOP loan.

Treasury would have a super-priority interest -- superior to mortgage investors' interest -- to guarantee repayment. If the borrower defaulted, refinanced or sold the property, Treasury would have a priority recovery for the amount of its loan from any proceeds. The government expects all loans to be repaid in full and does to expect to pass on any cost to the taxpayer.

Key Partnerships: Regulator, Lender and Borrower

Additional Resources: www.fdic.gov/consumers/loans/hop/

Partnerships for Home Ownership Preservation Loans*



*Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Below the FHA conforming loan limit
Base amount	
Term	Remaining term
Interest rate	Fixed
Debt to income ratio	Up to 35% (front-end)
Loan to value ratio	80%
Credit score	Varies according to institution
Excess amount	
Refinanced by	Treasury Department
Term	Remaining term
Interest rate	Treasury rate
Credit guarantee	None, Treasury has super-priority interest
Partnerships	
Guarantee partnerships	
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
Category 3: Borrowers with mortgages in foreclosure.

7. Federal Housing Administration

FHA Secure Refinance Program

Main Idea: Allows borrowers with adjustable rate mortgages to refinance even if they are delinquent on their payments. Qualified FHA Secure lenders have a guarantee from the Federal Government to incentivize them to make these loans.

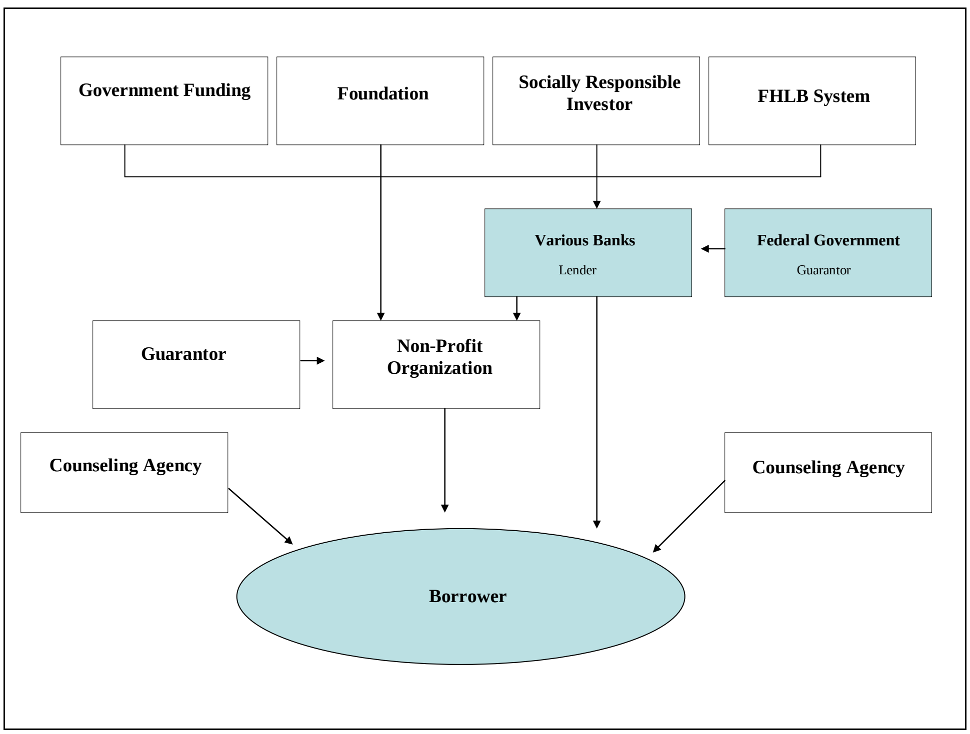
How it works: FHA Secure is a refinancing option that gives homeowners with non-FHA adjustable rate mortgages the ability to refinance into a FHA-insured mortgage. With FHA Secure, the lender will not automatically disqualify the borrower due to delinquencies. The lender is required to offer a second mortgage to make up the difference between the current value of the property and the outstanding loan amount. As long as the borrower has enough income to cover the mortgage payment, he or she is eligible for this product. The lender may end up taking a short payoff in order to originate the loan, but this cost is seen to be much less than the cost of foreclosure and sale of the property.

FHA will insure up to $300 billion in new loans. Borrowers will pay an upfront premium of 3 percent of the original mortgage amount and an annual premium of 1.5 percent of the outstanding mortgage amount. Any additional costs incurred by FHA will be reimbursed by Fannie Mae and Freddie Mac.

Key Partnerships: Guarantor, Lender and Borrower

Additional Resources: **www.fha.gov/ , www.hud.gov/ll/code/llplcrit.html**

Partnerships for the FHA Secure Program*



*Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Up to $550,440
Base amount	
Term	30 years
Interest rate	Fixed
Debt to income ratio	Up to 31%
Loan to value ratio	Up to 90%
Credit score	Varies according to institution
Excess amount	
Refinanced by	Mortgage Lender, as 2nd mortgage
Term	Variable
Interest rate	Variable
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent.
Category 3: Borrowers with mortgages in foreclosure.

8. Federal Home Loan Bank of Indianapolis

HomeRetain

Main Idea: Member banks are able to access low cost loan funds from the FHLB of Indianapolis in order to provide refinancing to low-to-moderate income borrowers that are in danger of foreclosure.

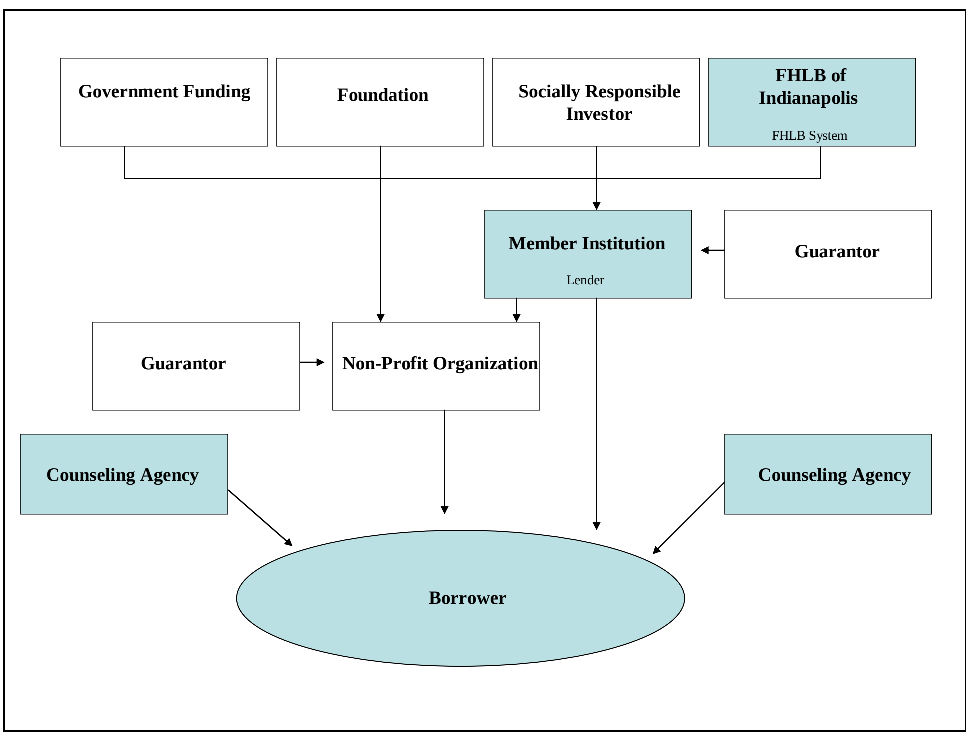
How it works: The HomeRetain program is a lending initiative under the Federal Home Loan Bank's Community Investment Program. The FHLB of Indianapolis has set aside $100 million dollars for the next year in order to provide relatively low cost funding to their member institutions for foreclosure assistance products. The FHLB will lend to member institutions at their cost (plus a small administrative cost) thus allowing member institutions to refinance mortgages while extending lower than average rates.

Eligible low-to-moderate income borrowers that are in need are able to access funds and can refinance at affordable rates. Eligible loans are those made to individual homeowners whose incomes do not exceed 115% of the area median family income. The bank is actively partnering at the state level to spur education and workshops on foreclosure prevention.

Key Partnerships: Regulator, FHLB System, Lender, Borrower and Counseling Agency

Additional Resources: www.fhlbi.com/housing/HomeRetainProg.asp

Partnerships for the HomeRetain Program*



* Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Conforming loan amount
Base amount	
Term	Fixed rate, term varies based on member institution
Interest rate	Varies according to institution
Debt to income ratio	PITI max of 35%, DTI max of 45% on a fully indexed basis
Loan to value ratio	Up to 100%
Credit score	Varies according to institution
Excess amount	
Refinanced by	not applicable
Term	not applicable
Interest rate	not applicable
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	Counseling is done by the member institution (4 hours of HUD approved) or by a partner non-profit organization and is a requirement in order to receive these funds

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent
Category 3: Borrowers with mortgages in foreclosure.

9. Federal Home Loan Bank of San Francisco

Homeownership Preservation Subsidy (HPS)

Main Idea: The Federal Home Loan Bank of San Francisco (Bank) is encouraging and supporting the efforts of its member financial institutions to provide distressed homeowners with a stable, long-term solution to unaffordable monthly mortgage payments by offering a new, targeted matching grant program.

How it works: The Homeownership Preservation Subsidy (HPS) Program provides matching grants that member financial institutions can use to restructure or refinance mortgage loans for eligible low- and moderate-income homeowners at risk of foreclosure. In situations where an existing mortgage loan held by a Bank member can be restructured to remain affordable for the homeowner, the Bank will match up to $1 for every $2 contributed by the member lender for costs of the restructuring, up to a maximum grant of $25,000 per homeowner. HPS funds can be used for paying down principal, paying down interest rates, or covering normal closing costs.

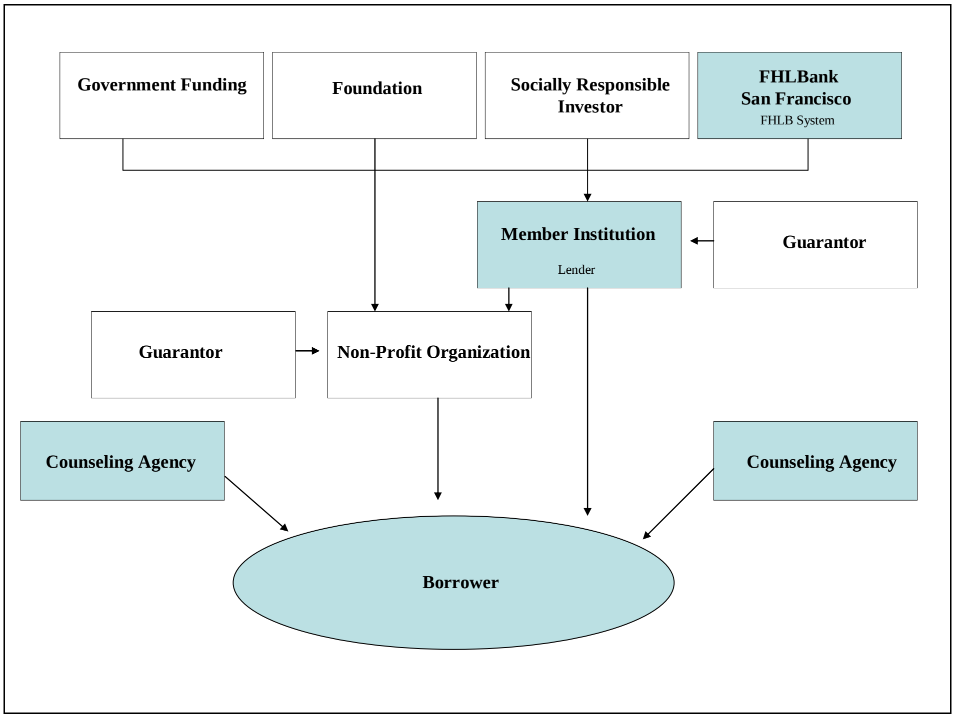
Nonprofit or community-based organizations may participate by identifying eligible homeowners and by offering post-purchase homeownership or credit counseling programs, which all HPS participant homeowners are required to complete.

HPS is being offered with funds set aside from the Bank's Affordable Housing Program.

Key Partnerships: FHLBank San Francisco, Lender, Borrower and Counseling Agency

Additional Resources: www.fhlbsf.com

Partnerships for the Homeownership Preservation Subsidy Program*



* Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1, 2 and 3
Terms of restructured loans	
Maximum amount refinanced	Conforming amount only
Base amount	
Term	30 year (or longer) fixed
Interest rate	Variable depending upon member institution; must be at or below market interest rate for conforming loans.
Debt to income ratio	Up to 45%
Loan to value ratio	Up to 97%
Credit score	No set score
Excess amount	FHLBSF and Member Institution
Refinanced by	The bank will provide $1 in HPS funding for every $2 provided by a member institution, up to $25,000
Term	This is a subsidy and will not be paid back; subject to 5-year retention period.
Interest rate	not applicable
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	not applicable
Provider of guarantee	not applicable
Nature of guarantee	not applicable
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	Various community non-profits via grants
Type of counseling (pre, post, etc.)	Both pre and post counseling (Must complete post-purchase homeownership or credit counseling)

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent (post-reset only).
Category 3: Borrowers with mortgages in foreclosure (post-reset only).

10. Neighborhood Housing Services of Chicago

Home Ownership Preservation Initiative (HOPI)
Deferred Second Mortgage Program

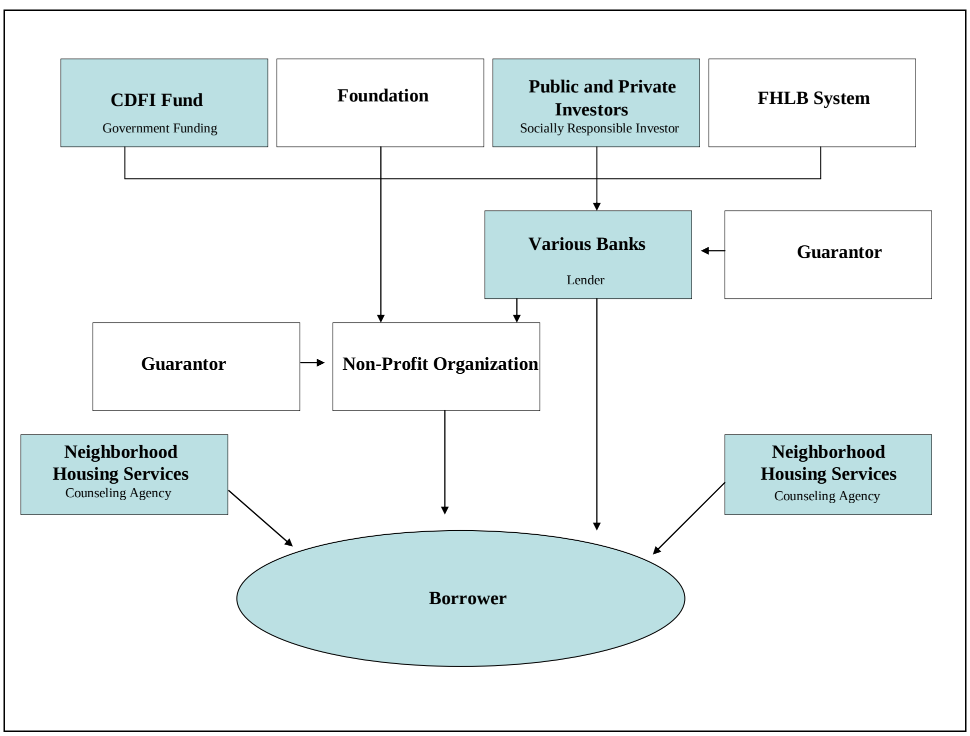
Main Idea: Low-to-moderate income borrowers are eligible for gap financing on their mortgages and lenders are able to gain access to these funds if they participate in the program.

How it works: Neighborhood Housing Services of Chicago (NHS) received an award from the CDFI Fund for $850,000 to support the current foreclosure crisis. NHS has leveraged these funds to assist with write downs of mortgages that are currently greater than the appraised property value. NHS provides a deferred 2nd mortgage to borrowers in conjunction with a refinance loan that writes down part of the existing loan. Lenders who participate also need to take a short pay off of the loan to make the new refinance loan sustainable. The deferred loan is recorded as a second lien due upon sale, transfer of property, or cash-out by the borrower. NHS works with borrowers to provide counseling throughout the process as well as with lenders to identify loss mitigation techniques.

Key Partnerships: Socially Responsible Investor, Lender, Counseling Agency and Borrower

Additional Resources: www.nhschicago.org/content/page.php?cat_id=3&content_id=33

Partnerships for the HOPI Program*



*Partners represented in this model are shaded in light blue

Key Program Information	
Eligible borrowers*	Category 1 and 2
Terms of restructured loans	
Maximum amount refinanced	Conforming amount plus excess amount
Base amount	
Term	Depends upon lender
Interest rate	Fixed rate, depends upon borower
Debt to income ratio	Depends upon lender
Loan to value ratio	More than 100%
Credit score	No set score
Excess amount	
Refinanced by	Funds from the CDFI grant
Term	To be recorded as a deferred second mortgage
Interest rate	0%
Credit guarantee	not applicable
Partnerships	
Guarantee partnerships	Post purchase with Neighborhood Housing Services
Provider of guarantee	
Nature of guarantee	
Funding partnerships	
Nature of deposits	not applicable
Term of deposits	not applicable
Interest rate	not applicable
Credit coverage	not applicable
Counseling partnerships	
Type of counseling (pre, post, etc.)	

*Legend
Category 1: Borrowers with an ARM that has already reset or resetting in near future.
Category 2: Borrowers who have mortgages that are 30-90 days delinquent
Category 3: Borrowers with mortgages in foreclosure.

11. Comparative Grid of Key Product Information

Institution Sponsor	Lower East Side - Credit Union	Park National Bank	ShoreBank	ShoreBank	Sunrise Community Banks	Federal Deposit Insurance Corporation	Federal Housing Administration	Federal Home Loan Bank of Indianapolis	Federal Home Loan Bank of San Francisco	Neighborhood Housing Services
Title of program	Foreclosure Prevention Loan Fund	Home Retention Mortgage Loan Program	Rescue Loan Program	Partnering with a Foundation	Sunrise Home Ownership Alliance	Home Ownership Preservation Loans	FHA Secure	Home Retain	Homeownership Preservation Subsidy (HPS)	Home Ownership Preservation Initiative
Eligible borrowers*	Category 1,2 and 3	Category 1 and 2	Category 1 and 2	Category 1 and 2	Category 3	Category 1 and 2	Category 1 and 2	Category 1 and 2	Category 1, 2 and 3	Category 1 and 2
Terms of restructured loans										
Maximum amount refinanced	Conforming amount only	Up to $250,000	Conforming amount only	Conforming amount plus excess up to 100% LTV	Conforming amount only - Contract for Deed	Below the FHA conforming loan limit	Up to $550,440	Conforming loan amount	Conforming amount only	Conforming amount plus excess amount
Base amount										
Term	15 or 30 years	5 year adjustable rate mortgage	30 years	30 years	3 year fixed based on 30 year amoritization schedule	Remaining term	30 years	Fixed rate, term varies based on member institution	30 year (or longer) fixed	Depends upon lender
Interest rate	Variable depending upon institution; must be at or below market interest rate for conforming loans.	6% initial rate	Fixed rate	Fixed rate	7.0%-7.5%	Fixed	Fixed	Varies according to institution	Variable depending upon member institution; must be at or below market interest rate for conforming loans.	Fixed rate, depends upon borower
Debt to income ratio	Up to 45%	Up to 50%	38% to 45%	38% to 45%	Up to 45%	Up to 35% (front-end)	Up to 31%	PITI max of 35%, DTI max of 45% on a fully indexed basis	Up to 45%	Depends upon lender
Loan to value ratio	Up of 90%	Up to 100%	Up to 100%	In excess of 100%, still in negotiation	Up to 80%	80%	Up to 90%	Up to 100%	Up to 97%	More than 100%
Credit score	No set credit score	Minimum FICO score of 525	No set score	No set score	No set score	Varies according to institution	Varies according to institution	Varies according to institution	No set score	No set score
Excess amount	Lower East Side and Donor								FHLBSF and Member Institution	
Refinanced by	Lower East Side, up to $25,000	not applicable	not applicable	Partnering foundation	not applicable	Treasury Department	Mortgage Lender, as 2nd mortgage	not applicable	The bank will provide $1 in HPS funding for every $2 provided by a member institution, up to $25,000	Funds from the CDFI grant
Term	15 year term, based on 30 year amortization	not applicable	not applicable	30 years	not applicable	Remaining term	Variable	not applicable	This is a subsidy and will not be paid back; subject to 5-year retention period.	To be recorded as a deferred second mortgage
Interest rate	4.0%-5.5%	not applicable	not applicable	Subsidized by Foundation to below normal rates	not applicable	Treasury rate	Variable	not applicable	not applicable	0%
Credit guarantee	not applicable	not applicable	not applicable	Soft-second	not applicable	None, Treasury has super-priority interest	not applicable	not applicable	not applicable	not applicable
Partnerships			ShoreBank and Ill. Dept. of Treasury	ShoreBank and Foundation	Sunrise Community Banks, Minnesota Housing Finance Agency, City of St. Paul, Dayton's Bluff NHS, Greater Metropolitan Housing Corporation, Urban Homeworks, Family Housing Fund					
Guarantee partnerships	Applicable for excess amount								not applicable	Post purchase with Neighborhood Housing Services
Provider of guarantee	Socially responsible investor	not applicable	"Finally Home Program"- Ill. State Treasurer	"Finally Home Program" - Ill. State Treasurer's Office	not applicable	not applicable	not applicable	not applicable	not applicable	
Nature of guarantee	50% to 100% of excess amount, based on underwriting	not applicable	10% guarantee	10% guarantee	not applicable	not applicable	not applicable	not applicable	not applicable	
Funding partnerships										
Nature of deposits	Below market rate deposit	not applicable	not applicable	not applicable	Below market rate certificates of deposit	not applicable	not applicable	not applicable	not applicable	not applicable
Term of deposits	Not specified	not applicable	not applicable	not applicable	5 years	not applicable	not applicable	not applicable	not applicable	not applicable
Interest rate	2.50%	not applicable	not applicable	not applicable	1%	not applicable	not applicable	not applicable	not applicable	not applicable
Credit coverage	Provides guarantee on excess amount	not applicable	not applicable	not applicable	No	not applicable	not applicable	not applicable	not applicable	not applicable
Counseling partnerships	Various community non-profits who refer				Greater Metro Housing Corp. and Dayton's Bluff Neighborhood Housing Service				Various community non-profits via grants	
Type of counseling (pre, post, etc.)	Pre and depending on future grant funding, post as well	Working with Neighborhood Housing Services to provide counseling for the duration of the loan	With loan officer	Potentially, but specifics are TBD	Pre and Post counseling and throughout the duration of loan			Counseling is done by the member institution (4 hours of HUD approved) or by a partner non-profit organization and is a requirement in order to receive these funds	Both pre and post counseling (Must complete post-purchase homeownership or credit counseling)	

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