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Media Advisory

FOR IMMEDIATE RELEASE

Fryzel Announces Mortgage Relief Program for Consumers

November 18, 2008, Alexandria, Va. -- National Credit Union Administration Chairman Michael E. Fryzel today unveiled a new initiative aimed at assisting credit union members who are experiencing mortgage-related financial difficulties to preserve their homeownership.

The Credit Union Homeowners Affordability Relief Program (CU HARP) would enable NCUA, through the Central Liquidity Facility (CLF), to work with credit unions and their members in temporarily lowering monthly mortgage payments. The CLF would provide credit unions with funds borrowed from the Department of Treasury at lower rates than otherwise available through private sources. In turn credit unions would pass the entire rate reduction to struggling low and moderate-income borrowers. The credit union, in exchange for the reduced likelihood of borrower default on the mortgage, would also match the rate break, doubling the benefit to struggling homeowners.

“My principal reason for advancing CU HARP is simple: The consumer must not be left out of the broader government efforts to mitigate the housing and credit market dislocations,” stated Chairman Fryzel. “CU HARP is an effort to foster a solution whereby the NCUA and credit unions work together to assist distressed borrowers. It represents what I believe to be an innovative and practical use of federal homeowner assistance that will also benefit credit unions and the market. At the same time, the standards and requirements for CU HARP participation will be stringent and will enable NCUA to be responsible stewards of any public funds used. CU HARP will be a ‘win-win’ for all involved.”

Borrowers participating in CU HARP would be subject to eligibility standards, including income level, default or danger of default, and required occupancy.

The credit union would have the option of setting the period of rate break (3 to 5 years) and would be able to create a 40 year maturity and/or reduce the principal

balance to increase mortgage affordability.

CU HARP will be administered at no cost to taxpayers. CLF loans are made to credit unions on a fully-secured basis, and all advances received by the CLF will be repaid to the Federal Financing Bank (an arm of Treasury) with interest. The program will receive initial funding of \$2 billion. In addition to NCUA Board approval, CU HARP must also receive sign off by the Treasury Department and the Board of Governors of the Federal Reserve.

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 89 million account holders in all federal credit unions and the majority of state-chartered credit unions.

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