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NCUA Media Advisory

Matz Encourages Credit Unions to Explore Enhanced Foreclosure Relief Programs

March 26, 2010, Alexandria, Va. – Praising a new Obama Administration initiative to help consumers avoid home foreclosures, National Credit Union Administration Chairman Debbie Matz today encouraged the nation’s credit unions to redouble efforts to work with members who are seeking ways to deal with troubled mortgages.

“With their ‘people helping people’ philosophy, America’s credit unions have an admirable record of assisting their members in times of financial stress,” said Matz. “Now that an enhanced array of federal initiatives is available to mortgage lenders helping homeowners stay in their homes, I urge credit unions to work closely with any of their members who find their finances under pressure.”

“In these extraordinary times, when so many homeowners are underwater in their mortgages through no fault of their own, I believe credit unions should evaluate every possible remedy to help responsible borrowers – especially those who are victims of the real estate market crash and those who are unemployed,” said Matz. “Advising homeowners on how to deal with their troubled mortgages, and exploring options for loan modifications, could help reduce the number of foreclosures. Stabilizing the housing market remains a key element in promoting a stronger national economic recovery.”

Matz issued the statement as the White House unveiled a package of plans to enhance federal programs, through the Department of the Treasury and the Federal Housing Administration, that seek to stem the tide of home foreclosures.

The NCUA Board took action in December 2009 to open the door for loan modifications under the Treasury’s Making Home Affordable Program. By extending the limit on credit unions’ second mortgages from 20 years to 30 years, the Board allowed credit unions to match a second mortgage term to a 30-year first mortgage. “We should ensure that credit unions have the tools they need to structure both mortgages in ways that homeowners can afford,” Matz affirmed.

NCUA also participated in a federal interagency working group on the Making Home Affordable Program. NCUA joined with federal bank and thrift regulatory agencies in issuing a March 2009 statement encouraging all federally regulated financial institutions to participate. That program's goal is to promote sustainable loan modifications for at-risk homeowners in a way that appropriately balances the interests of homeowners, servicers and investors.

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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