

N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

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NONPROFIT LENDERS CAN BOOST MAIN STREET LENDING

Washington, March 8, 2010 – The nation’s leading mission-driven nonprofit lenders are poised to increase lending to Main Street and underserved communities, and help sustain our nation’s economic recovery, according to the National Association of Affordable Housing Lenders (NAAHL).

“Main Street loan demand has increased, for financing affordable multifamily rental housing and the small businesses that drive the economies of our local communities, but successful mission-driven nonprofit lenders are struggling to find needed capital and liquidity to meet the demand, both in urban and rural markets,” says NAAHL President and CEO Judith A. Kennedy, who is scheduled to testify tomorrow before the House Financial Services Committee at a hearing on Community Development Financial Institutions (CDFIs).

“The bottom line is that experienced, mission-driven nonprofit lenders are victims of their own success. They have few troubled assets and most have never had a loss on a loan.”

Seventy percent of NAAHL’s nonprofit lender members are certified CDFIs, and the rest are also high-performing, mission-driven loan funds.

NAAHL has the following recommendations to increase lending to Main Street and financing for affordable multifamily rental housing:

1. Expand the Treasury’s two percent Capital Initiative to non-bank CDFIs, and clarify regulatory incentives for lending and investing in CDFIs.
2. Increase access to the capital markets for Main Street borrowers through the GSEs or other special government programs. Fannie Mae and Freddie Mac continue to be AWOL in financing landlords of small, multifamily properties.
3. Update the Treasury’s CDFI Fund regulations to expand the definition of a CDFI to include other mission-driven nonprofit loan funds; recognize the importance of leveraging public subsidy with private capital; and remove funding restrictions on larger CDFIs.
4. A national insurance program offering protection against the top loss on multifamily mortgages could expand the pool of potential investors and replenish the supply of funds to lend. Top loss insurance on multifamily mortgages, such as that offered by the State of New York Mortgage Agency (SONYMA), insures the top 20 percent loss on qualifying multifamily mortgages. Top loss insurance is generally unavailable in other states.

-30-

NAAHL represents America’s leaders in moving private capital to those in need, 100 organizations committed to increasing lending and investing private capital in LMI communities. This “who’s who” of private sector lenders and investors includes major banks, blue-chip, nonprofit lenders, CDFIs, and others in the vanguard of affordable housing.



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