



News Release

FOR IMMEDIATE RELEASE
September 12, 2005

Contacts: David Feldhaus – 312.565.5369
Laurel Green – 312.565.5716

FHLBs' MPF[®] Program Announces Relief Provisions for Hurricane Katrina Victims

Chicago, Ill. – Responding to the devastating effects of Hurricane Katrina, and following consultations with lenders in the affected areas, the Federal Home Loan Banks' Mortgage Partnership Finance[®] Program (MPF[®]) has implemented special relief provisions designed to alleviate the hardship for victims of this disaster.

MPF Servicers (institutions to which mortgage payments are made by borrowers) are authorized to suspend for three months loan payments from borrowers with FHLB-owned mortgage loans whose property is located in the disaster area. (Major Disaster Areas are listed on the Federal Emergency Management Agency's website at www.fema.gov).

“In the face of extraordinary loss and suffering, it is appropriate to take this action,” said Mike Thomas, President and CEO of the Chicago Federal Home Loan Bank, which developed the MPF Program. “The Federal Home Loan Banks were created to support low-cost housing finance for Americans who need it most. Today, few need our help more than the victims of Hurricane Katrina. Working with the other Home Loan Banks which participate in the MPF Program and member lenders, we are committed to pursuing housing-related strategies to help the residents of the Gulf Coast.”

Following the three-month period, MPF Servicers have been asked to work out an appropriate plan for the continuation of the mortgage, on a case-by-case basis, that considers the borrower's unique circumstances and repayment ability, including the extent of the borrowers' loss of income, an assessment of the property damage, and the status of any property insurance claims.

For borrowers in the disaster area, MPF Servicers also are encouraged and authorized to:

- Waive late fees for the months of September, October, and November;
- Refrain from filing negative reports to the credit repositories for any payments suspended or reduced for the months of September, October, and November;
- Expedite the release of insurance proceeds to help affected borrowers needing resources to repair their homes; and
- Suspend all collection and foreclosure proceedings on designated affected mortgages during the three-month period.

Affected borrowers should contact their lender or mortgage servicer with any questions. More information about the MPF Program can be found at www.fhlbmpf.com, which also contains links to the websites of the nine FHLBs that offer the Program to their member lenders.

#

The Federal Home Loan Banks are government sponsored enterprises providing housing finance to more than 8,000 member commercial banks, savings institutions, credit unions and insurance companies throughout the nation. With combined assets of more than \$900 billion, the FHLBs' credit products include floating and fixed-rate loans, the Mortgage Partnership Finance[®] Program and related products to finance home mortgage portfolios. The Banks also provide funding for affordable housing and community development activities.

"Mortgage Partnership Finance", "MPF", and the Mortgage Partnership Finance logo are registered trademarks of the Federal Home Loan Bank of Chicago.

– END –