

**BEYOND COMMUNITY DEVELOPMENT:
\$4 BILLION "OPPORTUNITY FINANCE NETWORK" LAUNCHED TO LEVERAGE MORE PRIVATE
CAPITAL FOR OVERLOOKED COMMUNITIES IN U.S.**

New Emphasis on High-Volume, High-Impact Strategies Using Private Capital; Among Initiatives: Anti-Predatory Loan Platform, Affordable Housing Push, Natural Disaster/Terror Relief Fund, and Panel Led by Former Fed Governor

PHILADELPHIA, PA.//January 25, 2006//The new \$4 billion "Opportunity Finance Network" of 167 financial institutions across the U.S. today unveiled a far-reaching campaign including: the first phase of a multi-billion "Fair Mortgage™" strategy to combat predatory lending; plans for \$100 million or more in financing to preserve the affordability of housing units in manufactured home parks for low- and moderate-income homeowners; plans for a relief and recovery fund for communities and businesses struggling in the wake of natural disasters and acts of terrorism; the launch of a "National Opportunity Investor Council" to be headed by former Federal Reserve Governor Ned Gramlich; and the development of a bipartisan strategy.

Opportunity Finance Network is the new organization that supersedes the 20-year-old National Community Capital Association. In a major shift, its launch marks a step beyond traditional community development strategies rooted in government funding and a commitment to engaging private capital in "opportunity markets."

Opportunity Finance Network President and CEO Mark Pinsky said: "While community development has won countless important battles, the reality is that we are losing the war. Too many of the problems we are supposed to be solving instead are growing worse, not better. We need a new approach to financing opportunities for underserved people, neighborhoods, communities, and markets. We need to leverage the capacity of mainstream financial systems using the proven market expertise of special-purpose financial institutions – the 'tugboat lenders' that exist to steer capital into hard-to-reach markets. What is at stake here are critical emerging markets -- many of which will drive economic growth in the U.S. for the next 20 or more years."

Pinsky added: "Emerging domestic markets – what we call 'opportunity markets' -- need more private capital than traditional government-backed community development strategies can provide. What sets apart "opportunity finance" from community development is that it is accountable to its financial investors and its consumers -- and not primarily to the government. The fact is that only a new and unprecedented set of partnerships among mainstream capital market leaders and opportunity finance institutions can bridge the growing divides that separate opportunity from accomplishment."

Pinsky outlined the following key Opportunity Finance priorities for 2006:

- ***Fair Mortgage™ lending.*** Pinsky explained: "We are developing a *national* responsible subprime mortgage platform to challenge predatory lenders who are stealing wealth from homeowners. This 'Fair Mortgage™' strategy is a partnership between responsible mainstream mortgage lenders and the Opportunity Finance Network. This new platform will sharply increase the volume of Opportunity Finance—perhaps by an order of magnitude or more. After a pilot launch in 2006, we expect to originate \$1 billion or more per year of Fair Mortgages™ by 2010, growing from there. Our partners will include a major investment bank, a prominent wholesale mortgage lender, and a national bond issuer."
- ***Preserving housing affordability for low- and moderate-income individuals.*** The Opportunity Finance Network President and CEO said: "The fastest growing segment of affordable



housing today is manufactured housing. Yet the people who live in manufactured home parks are vulnerable to speculation when landowners sell park land. Each year, this uproots thousands of people living near or below 50 percent of median income. We are preparing to introduce a *national* commercial loan conduit to preserve the permanent affordability of these parks. We project preserving and improving almost 4,000 housing units with \$97.5 million in financing in the first three years, starting later this year."

- ***Natural disaster/terrorism relief and recovery fund.*** Pinsky said: "We are now at the very early stages of developing a plan with a major national business group to establish a disaster relief and recovery loan fund for future natural disasters and acts of terrorism. The recent experiences of this nation following 9/11 on the business community in New York City and Hurricane Katrina in New Orleans and the rest of the Gulf Coast region illustrates that traditional government-financed community development is not enough to rebuild hope and opportunity. This is an 'opportunity finance' situation that really illustrates what we are hoping to accomplish as an organization."
- ***National advisory panel headed by a former Fed governor.*** According to Pinsky: "During the spring of 2006, we will formally introduce a new 'National Opportunity Investor Council' to bring together the major capital sources involved in this long-term effort to find and finance opportunities that others miss—national, regional, and local banks; philanthropic organizations; faith-based investors; and the Opportunity Finance Network. Former Federal Reserve Governor Ned Gramlich will chair the Council. At the Fed, Gramlich was in charge of consumer and community affairs. We intend to integrate the Opportunity Finance Network of institutions with mainstream institutions that are pursuing emerging domestic markets. Vertically integrated collaborations will take advantage of Opportunity Finance Network's expertise at finding and financing opportunities that others overlook and leverage it with the capital markets might of conventional institutions."
- ***Bipartisan policies.*** The Opportunity Finance Network leader said: "Opportunity is a bipartisan value. We are promoting a bipartisan policy solution that recognizes the role of government as a seed-capital investor in market-based financial intermediaries and other market-based strategies. On March 16th, in Washington, DC, we will convene a small, select, and bipartisan group of leading policy specialists to frame a bipartisan 'Opportunity Agenda for the 21st Century.' This event, called 'Into the Economic Mainstream,' responds to the growing recognition that community development policy needs more than a fresh coat of paint; it needs an overhaul. We need to keep what works and replace what does not work. A diverse set of players from across the political spectrum are participating in developing a common, bipartisan 'Opportunity Agenda'."

For more details about Opportunity Finance Network initiatives for 2006 and beyond, go to <http://www.opportunityfinance.net>.

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EDITOR'S NOTE: A streaming audio recording of a related Opportunity Finance Network news event will be available on the Web as of 4 p.m. ET on January 25, 2006 at <http://www.opportunityfinance.net>.