FannieMae

June 13, 2002

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

As America's largest source of private capital for affordable housing, Fannie Mae applauds your call for "broader homeownership, especially for minorities." We accept your challenge to the private sector to join in partnership to address America's housing needs. And we are proud to step up to your challenge by launching an even greater commitment of private capital and creative strategies to expand minority homeownership.

We share your concern that, at a time when homeownership in America is at an all time high of 68 percent, fewer than half of African-American and Hispanic families own homes. By closing this gap, we can advance housing and wealth-building opportunities for minority Americans as we strengthen families, communities, the economy and our nation as a whole.

Fannie Mae has a unique opportunity – and we believe, responsibility – to answer your challenge. Fannie Mae is the number-one source of private housing capital for minority families, providing over $87 billion last year alone, a 138 percent increase over 1993. Two years ago, we launched our *American Dream Commitment*, a pledge to provide $2 trillion in affordable housing capital for 18 million underserved families to own or rent a home before the decade is over. To deliver our $2 trillion, we have joined with mortgage lenders, state and local housing agencies, the U.S. Department of Housing and Urban Development, nonprofit and faith-based organizations and others to launch a wide array of mortgage products, pilots, initiatives and investments in affordable housing and community development nationwide.

At the same time, Fannie Mae is the first to acknowledge that more can and should be done. As your Administration works to provide all families with the tools and information they need to accumulate wealth and overcome barriers to homeownership, Fannie Mae is proud to announce a series of greater, additional commitments we are making to broaden minority homeownership.

1. Fannie Mae will invest at least $700 billion through 2009 to provide home financing to 4.6 million minority households. This expands by 66 percent the specific pledge we made in 2000 to minority families in our **American Dream Commitment** plan to provide $420 billion for three million minority families.

2. Fannie Mae will create and market to lenders a new mortgage product designed specifically to meet the unique needs of New Americans, and linked to the Administration's immigration initiatives.

3. Fannie Mae will leverage Section 8 homeownership funding by providing secondary mortgage market financing for first mortgages where Section 8 is a source of repayment.

4. Fannie Mae will purchase **Single Family Affordable Housing Tax Credits** proposed by your Administration upon enactment, while also maintaining at least our current level of investment in Low Income Housing Tax Credits as the nation's largest investor in these tax credits.

5. Fannie Mae will create a $100 million *Housing Solutions Initiative* to provide financing for properties eligible for Low Income Housing Tax Credits but considered exceptionally difficult to finance.

6. Fannie Mae will further expand our relationships with community based and faith-based partners, adding at least three additional partners to support home buyer and mortgage product information through community-based networks. We also will establish outreach and partnerships with at least 100 churches, synagogues, mosques and other faith-based institutions.

7. Fannie Mae will make our first-time home buyer and financial literacy materials, and *Home Counselor Online,* available at no charge to any counseling organization to enable them to increase efficiency, track clients, and more effectively manage case loads and reporting functions to HUD.

8. Fannie Mae will develop and provide to lenders and others "model" marketing kits in different languages for specific mortgage products aimed at new borrowers.

9. Fannie Mae will develop at least 100 employer-assisted housing alliances each year, with particular emphasis on employers with large numbers of minority employees.

10. Fannie Mae will develop and market to lenders products that will help rescue borrowers from predatory lending.

Meeting your challenge to broaden homeownership for minority Americans requires a concerted effort by the private and public sectors, working in partnership. Fannie Mae believes in the power of partnerships to bring safe, decent housing and homeownership to people and places that need it most.

The American housing finance system is the best in history and the best in the world. Together, we can harness American enterprise and ingenuity to deliver the benefits and blessings of the American Dream to all Americans. Fannie Mae applauds your leadership for homeownership in America and we look forward to supporting and working with your Administration to make this dream a reality.

Sincerely,

Franklin D. Raines