

American Finance House-LARIBA 2003 Annual Conference
March 22, 2003
Talking Points for Ted Chandler

- [Greeting]
- Three years ago this month, Fannie Mae launched the **American Dream Commitment**, a **ten-year, \$2 trillion commitment** to tearing down barriers and expanding homeownership opportunities for low- and moderate-income families, minorities, and other **underserved people and communities**. Our American Dream Commitment has big stretch goal: **to close homeownership gaps and strengthen communities**. Our American Dream Commitment will create strong communities, build wealth among millions of families, stabilize neighborhoods, and fight discrimination and unfair practices in the mortgage marketplace.
- Under our American Dream Commitment, we will:
 - Serve **18 million** targeted households through 2009
 - **Lead the market** in serving minority families
 - Invest **\$700 billion** to serve **4.6 million minority households** and be a leader in expanding housing opportunities for those living in underserved areas
- One component of the American Dream Commitment is Fannie Mae's pledge to knock down barriers to homeownership faced by underserved people and communities. Muslims have historically been unable to access homeownership financing due to the prohibition against the payment and receipt of interest under Shari'a. Fannie Mae and others within the housing finance industry have been seeking solutions to bring access to homeownership to this underserved population.
- To address the unique needs of interest-averse consumers, last December, American Finance House-LARIBA and Fannie Mae jointly launched a national media campaign to announce **our partnership to create and expand homeownership**

opportunities for Muslim families. Under this groundbreaking partnership, Fannie Mae has agreed to purchase \$10 million of business under this AFHL's proprietary LARIBA Financing Agreement that redefines the terms of a standard fixed-rate mortgage as an Ijara contract (lease-purchase agreement).

- AFHL's Home Financing Model, which provides a ***rent-to-own*** alternative for accessing homeownership, has proven to be a viable and welcome alternative for interest-averse consumers.
- AFHL is the first lender selling loans to Fannie Mae under our efforts to reach out to Muslims and other interest-averse populations.
- One of the many strategies that Fannie Mae has deployed to address the barriers to homeownership is our Faith-Based Initiative. Faith-based organizations often play a strong role in building and sustaining their communities. Through this effort, we are working to establish strong links between the nation's diverse faith-based organizations and the housing community in order to provide broader access to the American dream of homeownership. Through faith-based partnerships and lenders, Fannie Mae plans to reach and serve seven million potential homeowners.
- Fannie Mae understands the critical role these organizations play, and is forming a broad network of lending and community partners who share our commitment to eliminating barriers and increasing housing opportunities. We also are working with these partners to develop tools and resources to help faith-based organizations boost their capacity for housing and community development.
- Fannie Mae's mission to increase affordable housing and homeownership opportunities for all Americans is reflected in the Faith-Based Initiative's goals – to explore new ways to break down barriers and lower costs for families, particularly for underserved and minority communities. The Initiative will:

- Build strong partnerships with national faith-based organizations in order to reach potential new homeowners;
 - Work with faith-based and nonprofit partners to help increase access to homeownership information and education, and partner with lenders to increase access to mortgage financing; and
 - Provide faith-based organizations with the tools, training, and resources needed to advance their community development efforts, including sponsoring and conducting workshop and conferences on faith-based community development.
- Fannie Mae's partnership with AFHL is an excellent demonstration our faith-based efforts. Through our work together, we will reach out to Muslims through local Mosques and Islamic community centers to help more families reach the dream of homeownership with the innovative LARIBA Home Financing Model.
 - AFHL's Home Financing Model has been designed to comply with Shari'a and the laws and regulations of the United States banking and financial services industry. AFHL has developed a home financing solution that allows for Muslim Americans and other interest-averse consumers to buy homes under a unique structure that converts a conventional mortgage to a lease-to-purchase agreement with the consumer makes monthly rent payments that are equivalent to the monthly payments due on a conventional mortgage.
 - As you may have read, in June 2002, President Bush announced his national Minority Homeownership Initiative. As part of Fannie Mae's contribution to this monumental effort, we have committed our company to collaborating with other housing industry players to knock down barriers to homeownership faced by minorities, immigrants, and other underserved people and communities. By removing these barriers, together we can make a difference, helping more families access the American dream of homeownership and put them on the path to wealth creation.