

BLUEPRINT FOR THE

# AMERICAN DREAM

# A Public/Private Partnership to Increase Minority Homeownership by 5.5 Million by the End of the Decade

## **home·own·er·ship** noun

1. The fact or condition of being an owner of a house, town home, condominium, apartment, manufactured home, or other lasting domicile.  
*Also called* **The American Dream**
2. An objective as in a goal or ambition, with the intent of having the safety, security, and ability to have a better life through the purchase of a home. A successful plan to buy a home coincidentally enables the purchasers to improve the prospects for success for their children, while also accumulating wealth which may be used for retirement or left in an estate for the family. According to the **Blueprint for the American Dream Partnership**<sup>1</sup>, when accompanied by a plan of action, homeownership is possible for most American families.

### *Usage:*

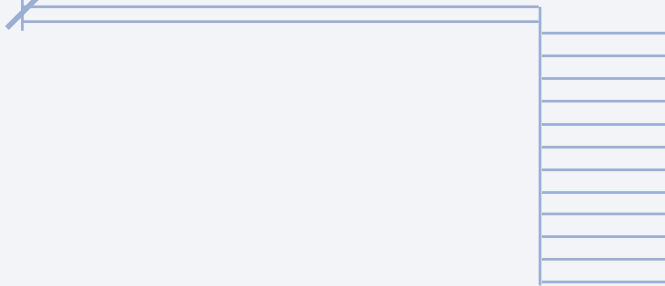
- The “**Blueprint for the American Dream**” will make *homeownership* a reality for at least 5.5 million additional minority families over the next 10 years.
- *Homeownership* strengthens and stabilizes neighborhoods while building a sense of community.

<sup>1</sup> see President George W. Bush; HUD Secretary Mel Martinez; The Enterprise Foundation; Fannie Mae; Federal Home Loan Banks; Freddie Mac; Habitat for Humanity International; Local Initiatives Support Corporation; Mortgage Bankers Association of America; National Association of Hispanic Real Estate Professionals; National Association of Home Builders; National Association of Mortgage Brokers; National Association of Real Estate Brokers; National Association of Realtors; National Credit Union Administration; Neighborhood Housing Services of America; Neighborhood Reinvestment Corporation; Sears, Roebuck and Co.

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AMERICAN DREAM



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## SECRETARY OF HOUSING AND URBAN DEVELOPMENT MEL MARTINEZ

The Department of Housing and Urban Development – along with the many partners who have joined us – is responding to President Bush's call to increase homeownership among minority Americans.

America's Homeownership Challenge has generated an unprecedented response from the nation's homebuilders, realtors, nonprofits, and other concerned parties. They have answered the President's challenge because they understand that homeownership is the single most powerful tool a family can use to improve its quality of life.

The Bush Administration has developed an aggressive housing agenda that includes both new programs and the expansion of existing programs targeted at making homeownership an option for more minority families. But the Blueprint Partnership builds on the individual strengths of government, the real estate and mortgage finance industry, affordable housing groups and advocacy organizations, and therefore offers something through its collective strength that government alone cannot: a multi-dimensional approach to closing the minority homeownership gap.

We have identified the four most important steps for meeting the President's challenge:

- Educating homebuyers. This involves providing potential buyers with information about homeownership opportunities. Education is especially important for immigrant families, who are often unfamiliar with America's home-buying process and the opportunity for long-term financing, and may face the additional hurdle of a language barrier.
- Increasing the supply of affordable homes. Here, we focus on increasing the supply of affordable housing in areas where housing is scarce. Strategies range from using proven and effective federal housing programs in order to boost supply, to reducing local regulatory burdens.
- Providing assistance with down payment and closing costs. We can help families overcome one of the most common obstacles to homeownership – high down payment and closing costs – by expanding their options and giving them new opportunities to acquire the necessary capital.



- Offering financing options. The final step on the road to homeownership is financing the home. In this section of the Blueprint, we focus on mortgage lending, including increasing funds for affordable mortgage loans, redoubling efforts to root out illegal discrimination, and cutting closing costs through federal regulatory reform.

To maintain accountability and achieve the goals set forth by President Bush, the Blueprint Partners have made specific commitments, which are outlined within this document.

The President's dramatic challenge to increase the number of minority homeowners by 5.5 million before the end of this decade sets out a goal, but it does not by any means represent the limit of our commitment. We will not be satisfied until every American family that seeks to own a home, can buy a home.

That, after all, is the American Dream.

## 4 HOMEOWNERSHIP EDUCATION

**Knowledge about homeownership and the home-buying process is the best starting place for families who want to buy a home of their own.** Through the efforts of the Blueprint Partners, home-buying and housing counseling will be targeted to minority families and communities, including immigrant families with limited knowledge of English. Some Blueprint Partners will work to enhance the ability of housing and real estate professionals to understand and meet the housing needs of an increasingly diverse clientele. To reach our goals, some Partners will work directly in the communities while others will make alliances with faith-based and other local groups to make housing counseling available. Through housing counseling, families will become aware of the importance of budgeting, how their credit history can help or hurt their chance to receive a mortgage loan, and steps they can take to improve their credit rating. Families – especially new immigrant families – will learn how to establish credit, and every family will understand the dangers of predatory lenders and how to avoid becoming victims – paying outrageous home loan interest rates and fees, or losing their homes through outright fraud. Equally important, the Partners will use their education and counseling efforts to help families learn about mortgage loan availability, housing discrimination, their rights under the law, and how to report housing discrimination should they illegally be denied the opportunity to buy a home.

### COMMITMENTS

#### BUSH ADMINISTRATION

*“Education is key. Studies show that consumers who understand the home-buying process are more likely to buy a home they are happy with and less likely to be taken in by predatory lenders. So we are significantly boosting the budget for housing education.”*

— HUD Secretary Mel Martinez

#### Department of Housing and Urban Development

*Homebuyer Education a Separate Program with More Funding:*

While grassroots organizations are key in educating families about the particulars of home-buying in their communities, the Bush Administration believes that the federal government must be committed to helping Americans overcome the knowledge barrier to homeownership.

COUNSELING





AFFORDABILITY

The Administration is making housing counseling a separate program within HUD for the first time. The FY2003 budget calls for \$35 million for counseling services – a 75 percent increase over the previous level.

*A Partnership to Move Families into Homeownership:*

The Office of Public and Indian Housing at HUD is working with the *FDIC* and several national not-for-profit organizations to educate and counsel residents of public housing and participants in the Housing Choice Voucher program in the areas of finance and homeownership.

The HUD and FDIC Money Smart partnership links low-income individuals and families to financial education and self-sufficiency programs through Welfare to Work (WtW), Family Self-Sufficiency (FSS), and Resident Opportunity and Self-Sufficiency (ROSS).

WtW is a nonpartisan partnership that includes federal participation from HUD, the *Department of Health and Human Services* and the *Department of Labor*; the Administration estimates that it will assist over 46,000 families annually. More than 225,000 families will be assisted using FSS and more than 125,000 families through the ROSS program.

PARTNERSHIPS

**Department of Education**

*No Child Left Behind:*

The Department of Education is working within the No Child Left Behind legislation and other programs, as well as with the *Department of the Treasury*, to develop initiatives that enhance financial literacy. Such programs will provide the next generation of adults with the understanding to make good decisions related to savings, spending, and borrowing.

**Federal Trade Commission (FTC)**

*Helping Consumers Spot Predatory Lenders:*

The FTC has taken an active role in educating vulnerable consumers to spot abusive-lending practices, avoid unscrupulous lenders, and complain if victimized by lenders.

HOMEOWNERSHIP INITIATIVES

The FTC has developed a series of publications, launched dedicated Web sites, and worked with numerous federal agencies to develop and disseminate consumer-friendly materials in both English and Spanish.

The agency will continue to develop ways to help first-time homebuyers have a safe and secure path to the American Dream.

### **Department of Treasury**

#### *Panel Discussion Series:*

This initiative consists of several panel discussions about financial-education topics. Each panel discussion will include participants who represent community, industry, and consumer groups directly affected by the discussion topic.

The topic of the first Panel Discussion was "Integrating Financial Education Concepts into Core School Curricula: Opportunities/Obstacles." Subsequent issues and topics may include basic savings, homeownership, retirement planning, and credit management.

#### *White Paper:*

A white paper summarizing the effective methods and opportunities for integrating financial education into the core school curricula, as discussed and outlined during the first OFE Panel Discussion, will be distributed early fall 2002. The paper will offer "off-the-shelf" materials for teaching financial education.

#### *Bank on Your Schools:*

This initiative is a partnership between high schools in low- and moderate-income areas and financial institutions. It encourages financial institutions to open student-operated centers in these high schools. This allows students to get hands-on experience running a bank or credit union, in conjunction with a classroom instruction on financial issues. The Office of Financial Education (OFE) is working with the trade associations representing the financial services industry to implement this program.

#### *Interagency Working Group:*

OFE will inventory and coordinate existing financial-education programs with representatives from other federal government agencies. This will provide opportunities

EDUCATION

EXPERIENCE



for partnerships among the various agencies and identify ways to complement, rather than duplicate, each other's efforts. In addition, OFE will provide a catalogue of these materials that will be available on the OFE Web site.

## ENTERPRISE FOUNDATION

*"Education is a critical component of increasing ownership throughout America. Financial education, housing counseling, how to help people understand that there are unscrupulous lenders. And so one of the things we're going to do is we're going to promote education, the education of owning a home, the education of buying a home throughout our society."*

— President George W. Bush, June 17, 2002

Enterprise provides operating support, training and technical assistance to grassroots groups to expand homeownership all across the country. Many of the Foundation's local partners provide homeownership counseling and financial education to low-income people. For example:

*In **Denver**, Enterprise and its partners in the "Housing Development Project" have provided more than \$5 million in operating grants to community-based organizations, which have developed 3,800 new for-sale homes and rental apartments, and have provided homeownership education and counseling to 1,000 low- and moderate-income families. Many of the community-based groups also participate in the "Savings Plus" Individual Development Account savings program, which has helped 400 families become homeowners. More than 60 percent of the participating families are minority, with average incomes under \$36,000 (37 to 44 percent of area median income).*

*In the **Texas and New Mexico Colonias**, meantime, Enterprise is assisting TEJAS Community Credit Opportunities, Inc., in making mortgage credit and counseling available to low-income residents seeking to buy their first home. Enterprise is working with other community-based groups in the region to increase homeownership counseling, lending and home repair.*

*Finally, on the Cheyenne River Reservation in **Eagle Butte, S.D.**, Enterprise resources are helping Oti Kaga, Inc., expand its staff and activities. The group is a non-profit Native American affordable housing developer that offers credit counseling and homebuyer education to low-income homeowners and loans for down-payment and closing costs.*

Enterprise will continue to pioneer such innovative approaches. Overall, Enterprise will provide homeownership education – including homebuyer counseling, community group training, and technical assistance – to 7,500 low-income people and community-based groups.



## FANNIE MAE

Fannie Mae will make its first-time homebuyer and financial literacy materials, as well as *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.

*More information: Home Counselor Online is an Internet-based application that enables housing counselors to produce affordability analyses that will help clients determine their financial readiness for homeownership. Home Counselor Online is offered to all of Fannie Mae's housing partners. Since its launch, 323 organizations including faith-based groups, community-based groups, and minority and women-owned lender shops have been trained to use it.*

### PROFESSIONALS



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

*More information: Fannie Mae's community-based and faith-based initiatives establish strong links between the company, these organizations, and the housing community. The faith-based initiative at Fannie Mae was launched in October 2000. Outreach efforts to 100 partners are currently underway.*

Fannie Mae has special partnerships with national organizations such as the National Urban League, the National Council of La Raza, ACORN and others that facilitate the delivery of home buying information to residents and connect these groups' members and customers to conventional mortgage lenders who offer the most flexible mortgage products that Fannie Mae supports. We are a leading partner in the "With Ownership Wealth" (WOW) initiative led by the Congressional Black Caucus Foundation to help create 1 million new African-American homeowners. WOW starts in every community with a concerted outreach and education effort that Fannie Mae is supporting through our community partnerships and Home Counselor Online.

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



*More information: Fannie Mae works with lenders to provide comprehensive marketing strategies that are effective in reaching targeted minority and/or immigrant markets. This includes development of marketing materials in languages suited to lenders' respective markets. Fannie Mae has produced non-English language marketing kits in Spanish, Polish and Korean. In 2001, more than 7,000 marketing kits were distributed to lending partners.*

## FEDERAL HOME LOAN BANKS (FHLBANKS)

The 12 FHLBanks pledge their ongoing support for making homeownership a reality for 5.5 million minority families by the end of the decade. The FHLBanks are the largest source of private sector grants for affordable housing in the country, with projected grants in 2002 of \$240 million. In addition, the FHLBanks are the dominant provider of wholesale funds for their member financial institutions, with more than \$470 billion in loans currently outstanding to community lenders.

The FHLBanks have been active supporters of homebuyer education, especially in conjunction with their regional first-time homebuyer programs. The FHLBanks pledge to evaluate these initiatives on an ongoing basis and to modify them as necessary to promote the availability of homebuyer education for minority families. The FHLBanks will actively work with their members and housing partners, as well as reach out to community-based and faith-based organizations, to expand the reach of homeownership counseling for minorities. Homeownership counseling is critical not only to promote the purchase of homes by first-time homebuyers, but also to help new homeowners plan for and successfully manage the responsibilities of homeownership.

## FREDDIE MAC

Representing a team effort with mortgage lenders, nonprofit housing and community organizations, and other industry leaders, *Catch the Dream* is Freddie Mac's contribution to making the dream of homeownership a reality for millions more of the nation's minority families. The 25 *Catch the Dream* initiatives are designed to dismantle barriers and create opportunity along the entire process of becoming – and staying – a homeowner.

Freddie Mac's approach begins with dismantling intangible barriers to homeownership, such as misinformation about the home-buying process, mistrust, and fear of rejection. Seven of Freddie Mac's *Catch the Dream* initiatives address the need for greater "Homeownership Education."

*Dispel the Myths:*

The first step in turning aspiration into homeownership is to dispel the myths that homeownership is unaffordable or too difficult to attain. Freddie Mac will undertake a homeownership information campaign in select areas involving leaders within the minority community. Using multiple media, the campaign will showcase families who were successful in obtaining the home of their dreams.

*Toolkits and Kiosks:*

Homebuyer information is important – but it has to be accessible. Working with our lender partners and other market participants, Freddie Mac is creating attractive, locally based marketing opportunities, such as multi-lingual homeownership toolkits and computer kiosks with touch-screen access and consumer-friendly content.

*Trusted Intermediaries:*

Recognizing that many families pursue their dream of homeownership working with organizations they trust, Freddie Mac is providing homebuyer information and other resources to national nonprofit minority organizations and community-based nonprofits.

*Tools and Technology:*

Community-based housing-counseling organizations play an increasingly critical role in helping families navigate the homeownership process. To support these organizations, Freddie Mac is furnishing nonprofits across the country with new technology, such as CounselorMax<sup>SM</sup> and other tools, to manage growing caseloads and help prepare borrowers for homeownership.

*Faith-Based Solutions:*

Faith-based institutions are an important source of homebuyer education and counseling services. Freddie Mac is working with local faith communities and national religious organizations to develop strategies that can be replicated nationwide.

*CreditSmart Espanol<sup>SM</sup>:*

Understanding how to build and maintain good credit is a critical component of effective homebuyer education. Building on our highly acclaimed CreditSmart<sup>SM</sup>





financial-literacy campaign, Freddie Mac in 2002 will launch a Spanish-language curriculum designed to address the unique credit concerns of Hispanic consumers.

*Don't Borrow Trouble:*

To ensure that families steer clear of abusive predatory-lending scams, Freddie Mac in 2003 will expand the reach of our award-winning Don't Borrow Trouble consumer-awareness program. Currently operating in 14 cities, the program is under development in 10 more, reaching more than 70 million people with its anti-predatory-lending message.

## HABITAT FOR HUMANITY INTERNATIONAL

Since its founding in 1976, Habitat for Humanity has recognized the importance of homeowner education and has incorporated it into its program of building decent, affordable housing for those who do not qualify for mortgages in the conventional market. Habitat for Humanity homeowners typically have incomes between 25 percent and 50 percent of area median income. Habitat for Humanity has equipped the homeowners of the 42,000-plus homes that it has built in the United States with the knowledge and skills they need to be successful homebuyers.

Habitat for Humanity is committed to:

- Providing homeowner education to each of the 27,800 new families that will buy a Habitat home in the United States by 2005. Approximately 20,800 of these families will be minority homeowners.
- Providing ongoing support to Habitat for Humanity homeowners after move-in and continuing to nurture the homeowners throughout the life of the homeowners' no-interest mortgage.
- Continuing to require that Habitat for Humanity homeowners contribute "sweat equity" by helping to build their own houses and the houses of others. Sweat equity is instrumental to homeowner education because it not only teaches the skills needed to maintain a house but it also nurtures homeowner involvement and investment in their local communities.
- Continuing to work with communities in which Habitat for Humanity homeowners reside to combat potential NIMBYism that minority and low-income homeowners might encounter.



- Continuing to educate youth about housing issues, homeownership, the home-buying process and housing finance through Habitat for Humanity's 719 college and high-school campus chapters in which 35,000 students participate, including minority youth enrolled in historically black colleges and universities.
- Training the next generation of housing leaders through Habitat University and stimulating thinking about poverty as it relates to housing, including the need to increase homeownership in minority communities.

### LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

LISC is pledging to:

- *Provide Section 8 homeownership training to 1,500 public, private, and community leaders.*
- *Provide housing development training or technical assistance to 1,000 public, private, and community leaders.*
- *Provide mortgage-finance training to 1,000 public, private, and community leaders.*
- *(If the homeownership tax credit is enacted), Provide training to 1,500 public, private and community leaders on its use.*



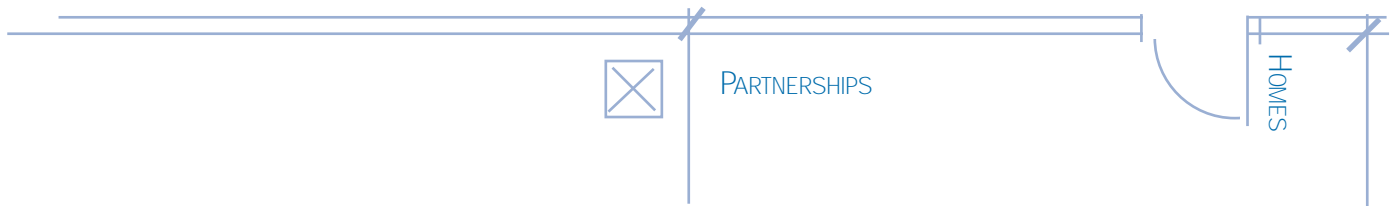
COUNSELING

### MORTGAGE BANKERS ASSOCIATION OF AMERICA (MBA)

MBA will launch its "Stop Mortgage Fraud" campaign in Spanish. "Stop Mortgage Fraud" is intended to combat predatory lending by educating consumers about their rights in the mortgage lending process, the common signs associated with predatory lending, and regulatory agencies they can contact for assistance. The campaign includes a toll-free telephone number and a Web site for distributing the information. Many of MBA's members are active participants in the campaign.

MBA will develop a relationship with three national community organizations to help promote access to Stop Mortgage Fraud materials. MBA also will establish a relationship with key homeownership counseling organizations in several markets to promote the campaign. MBA will also work with its member firms in those markets to promote related outreach/partnership efforts.

REAL ESTATE



*Timeline: MBA plans an official announcement of the campaign in October 2002. Partnerships with local homeownership education and counseling groups will be secured periodically over the initial 12 months: approximately five partnerships the fourth quarter of 2002, five more the first quarter of 2003, and five more the second quarter of 2003.*

## NATIONAL ASSOCIATION OF HOME BUILDERS (NAHB)

Working with its local homebuilding associations, NAHB is pledging to conduct an ongoing series of local seminars designed to educate government officials, planners, community activists, consumers, and representatives of the housing industry on how to overcome the barriers to minority homeownership. These seminars will address the availability of capital and financing for minority families, as well as barriers to housing production. They would also feature examples of successful housing programs.

*Timeline: NAHB's federation will conduct six local seminars by September 2004.*

## NATIONAL ASSOCIATION OF HISPANIC REAL ESTATE PROFESSIONALS (NAHREP)

NAHREP has recently completed the development of a professional certification curriculum. The courses were created to assist real-estate professionals to more efficiently and effectively serve Hispanics and other minority consumers. The training will include information about other organizations and their commitment to the "Blueprint for the American Dream".

*Timeline: NAHREP will commit to certifying 500 professionals in 2003 and 1,000 professionals per year until 2010.*

NAHREP will continue to participate in the creation and dissemination of technology tools, such as CounselorMax, that empower organizations and individuals involved in housing counseling. CounselorMax increases the workload capacity of housing counselors by as much as 100%, allowing more consumers to enjoy the benefit of homeownership education. NAHREP will also support the development of new technologies that make the process of serving minority homebuyers a more cost effective proposition for real estate brokers, mortgage lenders and other housing professionals.

NAHREP has recently created a foundation, which will focus a large portion of its activities on consumer education targeted at Hispanics and other minorities. The NAHREP Foundation will develop and distribute educational materials to thousands of individuals and families.

NAHREP will continue to organize and promote special events such as its Hispanic Marketing Conference, where housing professionals, corporations and government officials will congregate and discuss new innovations in the effort to promote homeownership opportunities to minorities.

### NATIONAL ASSOCIATION OF MORTGAGE BROKERS (NAMB)

As a leader and expert in first-time homebuyer programs, NAMB pledges its commitment to assist President Bush create 5.5 million new minority homeowners by the end of the decade. NAMB is comprised of more than 15,000 small-business owners and/or mortgage professionals that originate more than 60 percent of all mortgage loans in America. Mortgage brokers work hand-in-hand with Fannie Mae, Freddie Mac, and the large mortgage-insurance companies to offer impeccable service, expertise, and access to the newest and most effective affordable-housing programs, including FHA and VA.

NAMB is committed to hosting its First Annual National Housing Fair in Washington, D.C., in March 2003 to give first-time homebuyers the opportunity to address the fears, hopes and concerns of the home-buying process. The event will include mortgage professionals and experts who can discuss the availability of affordable-housing programs, strategies for obtaining a down payment and responsible credit repair. At this event, NAMB will unveil its educational booklet, *Are You Prepared to Head Down the Road to Homeownership?* NAMB believes this will complement the homebuyer seminar kits its members already use to promote neighborhood-housing seminars for emerging markets and first-time homebuyers.

### NATIONAL ASSOCIATION OF REAL ESTATE BROKERS (NAREB)

NAREB is a national organization for African-American and other minority real estate professionals dedicated to promoting fair and equal housing opportunities for all Americans.

United around the theme "Democracy in Housing," the association is committing to:

- Actively promoting recruitment of 2,000 minority professionals in all aspects of the real-estate industry, including residential sales and brokerage, appraisal, affordable-housing development, and property management.
- Providing continuing education for 3,000 licensed real-estate professionals with emphasis on course related to industry diversity and expanding minority homeownership.





- Educating over 5,000 consumers on the benefits of homeownership and the home-buying process.
- Organizing 15 national and regional conferences, housing fairs and other public forums to promote homeownership opportunities and educate more than 3,000 members of the public on the home-buying process.

## NATIONAL ASSOCIATION OF REALTORS (NAR)

NAR is pledging to:

- *Sponsor the 2003 Home Ownership for Everyone (HOPE) awards. The event will take place in May.*
- *Create and host a central data bank of national affordable-housing programs and mortgage products on the Internet. The database will be tested by some of NAR's State Associations and local boards in September 2002. It will be unveiled during NAR's national convention in November 2002.*
- *Partner with local housing counseling agencies for cross-referrals for minority homebuyers.*
- *Certify, over the next 10 years, 2,500 real-estate professionals annually under the REALTOR® At Home With Diversity<sup>SM</sup> program.*
- *Develop, over the next 2-5 years, homeownership partnership programs with Fannie Mae, Freddie Mac, national organizations representing "public servants," the National Association of Counties, and the U.S. Conference of Mayors.*
- *Work with selected local REALTOR® associations to sponsor an annual homebuyer fair marketed to minority communities. NAR is committed to this annual fair at least for the next five years.*

Other homeownership education projects in which NAR has a stake include:

- *On October 19, 2002, NAR is helping the Chinese American Real Estate Professionals Association (CAREPA) host a home-buying seminar for the Chinese American community in the San Gabriel Valley area (near LA).*



### NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

Through NCUA's "Access Across America" initiative, which focuses on creating economic empowerment for people from all walks of life, the federal agency is best positioned to empower America's nearly 10,000 credit unions, with more than 80 million members, to provide outreach to serve the underserved and facilitate partnerships between credit unions and community organizations for developing affordable housing initiatives.

In support of the President's initiative on minority homeownership, the NCUA will continue to work with credit unions in bolstering their ability to provide financial education. The NCUA will facilitate the partnering of credit unions with other organizations providing homeownership and financial education to better educate their members on the issues surrounding the responsibilities of homeownership as well as their financial responsibilities in maintaining the home.

Credit unions have historically provided financial counseling to their members, but, with partnering opportunities, credit unions can augment that counseling to improve the overall financial well-being of the member. The NCUA has recently provided information to credit unions concerning the FDIC's Money Smart Program, and continues to work with Neighborhood Reinvestment Corporation to share opportunities between credit unions and the NeighborWorks Organizations.

PROMOTE

### NEIGHBORHOOD HOUSING SERVICES OF AMERICA (NHSA)

NHSA is pledging to expand on its long-term success in promoting business models both for NHSA and its business partners. These models have as a core strategy lending to borrowers at their ability to pay and providing post-purchase services to increase the success ratio of the new borrowers served.

### NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

NRC is pledging to:

- Provide housing counseling assistance to more than 650,000 families over the next decade, 380,000 of who will be minority households (or 59 percent of the total families counseled).

ASSISTANCE





- Provide "Training for Trainers" to 10,000 homebuyer education trainers in the industry over the next decade through national and regional trainings.
- Work toward the involvement and placement of community volunteers in local NeighborWorks® organizations across the country, to work on homeownership education and outreach activities specifically focused on minority populations.
- Work to translate existing housing counseling materials into other languages (particularly Spanish) and, as appropriate, develop new materials focused on outreach and education of minority families.
- Provide specialized training – through the Neighborhood Reinvestment Training Institute and/or other venues – to volunteers and other outreach workers on strategies for effectively expanding homeownership among minority populations.
- Work with other partners to develop a public service announcement (PSA) targeted to minority families – including those who may have been previously rejected for home mortgage financing.
- Determine, with other partners, the feasibility of having the PSA (and other collateral materials) direct interested families to a 1-800 number – with calls channeled to the various partners in this Initiative.
- Promote an increased focus on outreach and service to minority families by its affiliated network of NeighborWorks® organizations.

## SEARS, ROEBUCK AND CO.

In response to President Bush's call to address the homeownership crisis in America, Sears, Roebuck and Co. has created the "Sears American Dream Campaign." The five-year, \$100 million commitment will make homeownership and continued home maintenance possible for millions of Americans who might otherwise not be able to share in that dream.

During its first year, the "Sears American Dream Campaign" will become a national sponsor of the 65 existing and 10 new NeighborWorks Homeownership Centers across the country. Sears' support will help these centers offer a wide range of educational services, products, and training necessary to purchase, renovate, maintain, and manage a home.

The Sears American Dream Team, made up of the company's employee and retiree volunteers, will also be mobilized to support the campaign's efforts. Beyond 2002, the "Sears American Dream Campaign" will sponsor grassroots education campaigns and local and national advocacy efforts.

## 18 AFFORDABLE HOMES

**Affordable housing is a dilemma for many communities.** Increasing the production of new housing and the rehabilitation of existing homes is central to increasing homeownership. While some problems are common, each community has its own unique circumstances that defy one-size-fits-all solutions. For example, in many communities, it often costs more to build a home than a developer can sell at an affordable price. Other barriers to affordability include local regulatory burdens that add to the cost of a home and discourage homebuilders from building new housing or renovating existing homes. To address these barriers, there are a wide variety of tools that the Blueprint Partners use today, and the President has put forth legislative proposals to help maintain and expand the supply of modestly priced homes in thousands of cities and towns across the nation. By focusing on affordability, the Partners will take positive steps to identify and help correct local regulatory barriers and burdens. In addition, the Partners will confront and help overcome the NIMBY (Not In My Back Yard) syndrome. Often a result of outmoded – at best – or intentionally exclusive zoning – at worst – NIMBY prevents many people who work in the community, including teachers, police officers, young families, and others with steady employment a chance to live where they work, in a home they can afford. National policies, such as down payment assistance programs and the President’s single-family affordable housing tax credit, can also serve to increase housing production and extend the dream of homeownership to more families. Increasing the supply of affordable housing will help countless families purchase decent homes priced within their means.

COMMUNITY

### COMMITMENTS

#### BUSH ADMINISTRATION

*“There are neighborhoods in America where you just can’t find a house that’s affordable to purchase. We need to deal with that problem.”*

— President George W. Bush

DEVELOP

## Department of Treasury

### *Single-Family Affordable Housing Tax Credit:*

This investor-based tax credit encourages developers and non-profit organizations to build new single-family affordable houses or rehabilitate existing ones.

To encourage the development of 200,000 affordable homes in neighborhoods where housing is scarce, the President has proposed a Single-Family Affordable Housing Tax Credit. Over five years, this amounts to \$1.7 billion in tax credits.

## Department of Housing and Urban Development

### *Self-Help Homeownership Opportunity Program (SHOP):*

SHOP empowers faith-based and other community organizations to turn low-income families into homeowners through sweat equity and volunteerism in their communities. The President is tripling funding to \$65 million to support the construction of approximately 3,800 new homes.

### *Community Development Block Grants (CDBG):*

CDBG provides funding to meet locally identified community and economic development needs, including the construction of affordable for-sale housing. For 2003, the Administration is proposing a \$95-million increase to \$4.732 billion.

### *HOME Investment Partnerships Program:*

The HOME program plays a key role in addressing the shortage of affordable housing in America. Specifically, the funds help to expand and improve homeownership by rehabilitating owner-occupied buildings and by providing assistance to new homebuyers.

In 2003, a total of \$2.084 billion is being provided to participating jurisdictions to expand affordable housing. Based on historical trends, 36 percent of the funds will be used for new construction, 47 percent for rehabilitation and 14 percent for acquisition.

Recipients of HOME funds have substantial discretion to determine how the funds are spent. HOME funds can be used to expand access to homeownership by subsidizing down-payment and closing costs, as well as the costs of acquisition, rehabilitation and new construction.

*Partnerships to Rehabilitate and Resell:*

The Administration is committed to implementing the revised Asset Control Area program to provide discounted HUD-held single-family properties to nonprofits and local governments for rehabilitation and resale to families at or below 115 percent of AMI.

This program helps dedicated public servants, including teachers and police officers, live in the communities in which they work.

**Department of Agriculture***Section 502 Mutual Self-Help Loans:*

Under the Section 502 Mutual Self-Help loans, applicants obtain loans to build new homes under the supervision of a Section 523 Self-Help Technical Assistance grantee. The families work together to mutually build their homes as a group.

*Section 509 Housing Application Packaging:*

The Section 509 Housing Application Packaging program obligated \$36,550 for 30 grants in six states. These grants are limited to groups serving areas designated by the Rural Housing Service as one of "100 Underserved Areas."

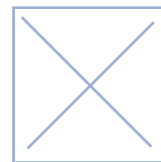
**ENTERPRISE FOUNDATION**

*"There is a lack of affordable housing in certain neighborhoods. Too many neighborhoods, especially in inner-city America, lack affordable housing units."*

— President George W. Bush, June 17, 2002

Since the President put forward his homeownership agenda, Enterprise has intensified its efforts to expand the supply of affordable for-sale housing. The Foundation's homebuilding affiliate, Enterprise Homes, has nearly 1,000 for-sale homes under development this year. For example:

*In **Baltimore**, the Heritage Crossing development will bring 185 for-sale homes (plus 75 rental apartments and a community center) to a site that was once home to one of the city's most dysfunctional, crime-ridden public-housing complexes. Homes at*



## DEVELOPMENTS

*Heritage Crossing will sell for as low as \$81,000 to buyers earning as little as \$28,000. This redevelopment continues Enterprise's work to revitalize mostly African-American neighborhoods in West Baltimore.*

In addition, Enterprise's lending affiliate, Enterprise Housing Financial Services, has committed financing for more than 1,000 for-sale homes so far this year, a substantial increase in activity from 2001. For example:

*In **Los Angeles** and **Rochester, N.Y.**, Enterprise is acquiring and rehabilitating vacant homes the federal government owns through foreclosure and selling them to low-income buyers in predominantly minority communities under HUD's "Asset Control Area" pilot initiative. Working with local minority contractors, Enterprise has started the first phase of a three-year initiative in L.A. that will provide homeownership to 1,500 low-income families and stabilize some of the most distressed neighborhoods in the city. Enterprise is engaged in a similar initiative in Rochester involving 375 homes.*

*In **Dallas**, meantime, Enterprise utilizes the city's HOME housing block-grant funds to help low-income people become homeowners. The majority of funds have helped produce new homes. The average new homebuyer family earns under \$35,000; more than half have incomes below 50 percent of their area's median income. More than 3,200 families have benefited from the program so far.*

Sometimes, local policies stand in the way of producing affordable housing. Enterprise is working with state and local governments to remove such barriers. For example:

*In **Denver**, Enterprise and other housing stakeholders recently convinced the city council to expedite building permits and reduce parking requirements for homeownership developments that provide a share of their units for low-income people.*

Finally, Enterprise is actively advocating policies to increase the supply of affordable for-sale housing. Private-public partnerships that have worked well to develop affordable rental housing can achieve the same success in homeownership. For example:

*Enterprise has been active in educating local community-based groups and Members of Congress about the tremendous potential of the President's "Single Family Affordable Housing Tax Credit." This proposal would create 50,000 new for-sale homes per year.*

*Enterprise is also working closely with the Administration, Members of Congress and local partners to develop and implement final regulations that will ensure that the HUD Asset Control Area initiative has the flexibility and accountability to reach its potential as a homeownership production tool in low-income communities.*

Enterprise will continue to pioneer such innovative approaches. Overall, Enterprise will work to expand the supply of affordable for-sale homes for low-income people by 15,000, substantially more if the president's homeownership tax credit is enacted. Numbers alone cannot capture the value of Enterprise's contribution to this effort. The Foundation works in the most distressed communities in America, serving people with the greatest housing needs. Enterprise's primary partners are community- and faith-based groups whose homeownership activities are rarely an end in themselves, but a platform for further family and community renewal. The Foundation's efforts often pioneer approaches to the toughest homeownership needs that others – including the partners in America's Homeownership Challenge – can emulate and expand upon.



HOMEOWNER

## FANNIE MAE

Fannie Mae will purchase Single Family Affordable Housing Tax Credits proposed by the Administration upon enactment, while also maintaining at least the current level of investment in multifamily Low Income Housing Tax Credits.

*More information: Fannie Mae is the largest investor in Low-Income Housing Tax Credits (LIHTC). LIHTCs are used as both direct investments and investments in equity funds. Fannie Mae invested \$1.4 billion in LIHTC in 2001.*

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.

*More information: Fannie Mae is launching a preservation product that will provide financing for LIHTC-eligible properties. Work on this initiative is in progress.*





FINANCE

Fannie Mae will continue to develop innovative mortgage products in partnership with lenders to reduce required downpayments, a powerful tool in increasing affordability for homebuyers. Fannie Mae will continue to participate in efforts to reduce unnecessary regulatory barriers through our unique network of Partnership Offices throughout the country. In recent years these efforts have helped reduce bureaucratic red tape, inefficient permitting processes and other critical features of the homebuilding and rehabilitation process to create tangible reductions in costs for builders and consumers.

## FEDERAL HOME LOAN BANKS (FHLBANKS)

The 12 FHLBanks pledge their ongoing support for making homeownership a reality for 5.5 million minority families by the end of the decade. The FHLBanks are the largest source of private sector grants for affordable housing in the country, with projected grants in 2002 of \$240 million. In addition, the FHLBanks are the dominant provider of wholesale funds for their member financial institutions, with more than \$470 billion in loans currently outstanding to community lenders.

The FHLBanks are the single largest funding source for Habitat for Humanity. Since 1990, one in four Habitat homes (more than 11,000) has been constructed with FHLBank funding.

Since the FHLBanks' Affordable Housing Program (AHP) was created in 1990, more than \$1.3 billion in grants has been awarded, helping to finance more than 285,000 housing units. Through AHP, the FHLBanks project to allocate approximately \$390 million for grants to facilitate the creation of an additional 100,000 homeownership units through the end of this decade. Discounted lending programs at the FHLBanks are projected to provide an additional \$16.8 billion in loans to member institutions over the same time period to provide funding for low- and moderate-income homebuyers.

The grants and financing provided by the FHLBanks are critical in supporting the affordability of existing and new homes for low- and moderate-income families. Increased affordability encourages the construction of new homes and the rehabilitation of existing homes. The FHLBanks pledge to evaluate how their programs can be better linked to the creation of a larger stock of homes available to, and affordable for, minority families.

## FREDDIE MAC

Representing a team effort with mortgage lenders, nonprofit housing and community organizations, and other industry leaders, “Catch the Dream” is Freddie Mac’s contribution to making the dream of homeownership a reality for millions more of the nation’s minority families. The 25 “Catch the Dream” initiatives are designed to dismantle barriers and create opportunity along the entire process of becoming – and staying – a homeowner.

Four of Freddie Mac’s “Catch the Dream” activities address the need of greater housing affordability.

### *Breaking New Ground:*

Freddie Mac is working with lenders and other market participants to promote quality construction of new, affordable single-family housing, particularly starter homes for first-time buyers. These initiatives range from new products that allow builders to contribute funds for down payment to debt/equity financing to promote development.

### *Community Hope:*

Recognizing that much of the stock of affordable housing is located in urban areas, Freddie Mac is pursuing a “best practices” campaign to rejuvenate urban communities, including promotion of place-based employer-assisted housing and reclamation of abandoned property.

### *New Urban Incentives:*

To encourage greater investment in urban neighborhoods, Freddie Mac is exploring the viability of equity-assurance products to protect home values.

### *Military Housing:*

To address the need for affordable, well-maintained housing for the men and women of the U.S. Armed Forces, Freddie Mac will work collaboratively with the Department of Defense to promote the construction and financing of new housing and the renovation of existing single-family housing.

## HABITAT FOR HUMANITY INTERNATIONAL

Habitat for Humanity makes homes affordable for low-income families due, in large part, to our partnerships with the private and public sectors; with nonprofit, trade and labor organizations; and with vast support from individuals, churches, trade groups, and corporations in communities across the country, including the support of an estimated 10,545,000 volunteers who have contributed an estimated 84,360,000 hours of service annually to the construction of Habitat homes. These partnerships have enabled Habitat for Humanity affiliates to do what they do best – build homes with low-income families.

Habitat for Humanity is committed to:

- Expanding the supply of new affordable homes for homeownership by building 27,800 houses. This will serve 83,460 people in the United States by the year 2005, approximately 62,500 of whom will be minority men, women, and children.
- Funding the position of Native People's Support Manager, who will work directly with Habitat for Humanity affiliates that are building with families of Native American descent in the upper Midwest.
- Enhancing Habitat for Humanity's work in the Colonias by developing a pilot program to work with Habitat affiliates and other community development organizations along the United States-Mexico border.
- Making its houses affordable by continuing to promote the SHOP program among its affiliates, who will utilize these government resources to leverage additional private funds – typically four to ten times the amount of the initial investment to construct each house – needed to build homes for low-income families.
- Providing information, training, technical assistance, and administrative and logistical support through the use of Section 4 Capacity Building for Habitat for Humanity funds in order to increase the capacity of local Habitat affiliates in the development of single-family and multi-family homes for homeownership in underserved communities.
- Funding the position of 21st Century Challenge Manager. Thirty communities (cities and counties) are expected to be participating in the Challenge by the end of 2002, with additional communities to be certified annually. This innovative initiative encourages city and county governments, as well as local community groups, to work with Habitat for Humanity affiliates to eliminate substandard housing by specific dates within the next 20 years.

OPPORTUNITIES



AFFORDABLE HOMES

- Supporting initiatives by the Administration to create a Single-Family Affordable Housing Tax Credit, a program that will bring needed resources to the construction and renovation of affordable homes for low-income families. We will work to prepare local affiliates for competitive participation in this program.
- Attracting the support of even more volunteers so that Habitat homes can remain among the most affordable for low-income homebuyers.

### LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

LISC is pledging to:

- Provide financing to help nonprofit community development corporations to build or substantially rehabilitate 40,000 homes.
- Coordinate the Rural Home Loan Partnership, which will construct 20,000 homes through 2010, by convening partners, providing training and technical assistance, and providing policy support.

### NATIONAL ASSOCIATION OF HOME BUILDERS (NAHB)

NAHB is pledging to conduct regional meetings that facilitate a dialogue among representatives of local governments, lending institutions and the housing industry to help identify and overcome barriers to building market-rate housing in America's large urban communities. NAHB is working with the National Association of Counties, the U.S. Conference of Mayors, and Fannie Mae to plan a series of facilitated dialogues in key housing markets around the country.

*Timeline: NAHB commits to holding five regional meetings throughout the US over the next twelve months. In the fall of 2003, NAHB will evaluate and report back on a calendar of future regional meetings.*

COMMUNITIES





NAHB is pledging to build and encourage a network of local initiatives that help promote minority homeownership. Many of NAHB's more than 800 state and local affiliates, for example, are engaged in philanthropic partnerships to promote specific minority homeownership projects. The affiliates' activities include production of affordable housing, public awareness campaigns, and research on affordable housing and future housing supply in specific high-growth markets.

*Timeline: NAHB commits to a minimum of 10 local Home Building Association initiatives throughout the U.S. over the next twelve months. NAHB will report back on future local initiatives as they are developed.*

NAHB is pledging to use public policies to expand and enhance homeownership opportunities for minority groups. Working together, the private sector, in tandem with the Administration and Congress, should make passage of the Single-Family Affordable Housing Tax Credit a priority. Other programs, such as the Federal Housing Administration, the HOME Investment Partnership and IDA savings accounts, play a key role in facilitating homeownership opportunities for minorities.

*Timeline: Ongoing.*

## NATIONAL ASSOCIATION OF REAL ESTATE BROKERS (NAREB)

NAREB is a national organization for African-American and other minority real estate professionals dedicated to promoting fair and equal housing opportunities for all Americans.

United around the theme "Democracy in Housing," the association is committing to:

- Providing input on government policy affecting housing affordability and homeownership among minorities.
- Organizing and implementing six to eight national and local partnerships with private industry and government organizations to expand affordable housing and homeownership opportunities among minority families and within minority communities.
- Developing and implement a consortium of lenders to promote and finance 2,000 units of affordable for-sale housing.

## NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

Through NCUA's "Access Across America" initiative, which focuses on creating economic empowerment for people from all walks of life, the federal agency is best positioned to empower America's nearly 10,000 credit unions, with over 80 million members, to provide outreach to serve the underserved and facilitate partnerships between credit unions and community organizations for developing affordable housing initiatives.

Although credit unions are not established to finance large construction projects, there are individual cases where credit unions have established programs to help support the development of low-income communities. Where feasible, the NCUA will identify projects that are successful and highlight those programs to the credit unions system.

## NEIGHBORHOOD HOUSING SERVICES OF AMERICA (NHSA)

NHSA is pledging to work to triple the number of minority borrowers assisted by its resources.

## NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

NRC is pledging to provide direct homeownership assistance to more than 130,000 families, more than 76,000 (59 percent) of whom will be minority families, and do so in a way that promotes:

- *Equity appreciation and wealth building,*
- *An improved quality of life,*
- *Broader community revitalization, and*
- *A healthy level of income diversity within the broader community.*



## SEARS, ROEBUCK AND CO.

In response to President Bush's call to address the homeownership crisis in America, Sears, Roebuck and Co. has created the "Sears American Dream Campaign." The five-year, \$100 million commitment will make homeownership and continued home maintenance possible for millions of Americans who might otherwise not be able to share in that dream.

In its first year, the "Sears American Dream Campaign" will donate more than \$2 million to NeighborWorks, a network of local non-profit organizations dedicated to assisting families purchase, improve, and maintain their homes.

Additionally, Sears will revitalize neighborhoods throughout the nation through an assortment of services. Using donations of merchandise and product services, along with the expertise of the Sears American Dream Team, made up of the company's employee and retiree volunteers, Sears will help sustain and outfit hundreds of homes and families.



HOME MAINTENANCE

REVITALIZE



AFFORDABLE HOMES

30

## DOWN PAYMENT

### **Down payment assistance is the third key to unlocking the door to homeownership.**

For many families, the greatest barrier to homeownership is the lack of funds for a substantive down payment. Ironically, homeownership helps a family build wealth and assets; yet many of the families who would receive the greatest benefit from owning their own homes are denied the opportunity because they have not yet built up their wealth and assets. The Blueprint contains a number of strategies designed to help families accumulate enough cash for both down payment and closing costs. These include the proposed expansion of President Bush's American Dream Downpayment Fund; other government programs, such as FHA and VA mortgages; alliances between national nonprofit organizations and community groups, employers, and local agencies; and Individual Development Accounts and innovative mortgage products that require very low or zero down payments. These initiatives will enable families who never dreamed homeownership was possible become true stakeholders in their communities and accumulate the wealth that homeownership makes possible – wealth which can be left in their estate for their children, or used to finance an education or start a business.

## COMMITMENTS

### BUSH ADMINISTRATION

*"People take a look at the down payment, they say, 'That's too high, I'm not buying.' They may have the desire to buy, but they don't have the wherewithal to handle the down payment. We can deal with that."*

— President George W. Bush

### Department of Housing and Urban Development

#### *American Dream Downpayment Fund:*

The Administration has requested \$200 million annually for the American Dream Downpayment Fund. At an average of \$5,000 of assistance to each household, this initiative would help roughly 40,000 low-income families a year with downpayment and closing costs.



*Section 8 Homeownership Initiative:*

The Administration is committed to strengthening the ability of public housing authorities to use Section 8 funds as downpayment assistance for recipients who are seeking to make the transition from renting to owning. Under this initiative, the recipient can choose to use up to one year’s worth of voucher funds toward a downpayment to purchase a home.

**Federal Housing Finance Board**

*Affordable Housing Program (AHP):*

The incremental increase of \$1.5 million – or 10 percentage points – to the AHP set-aside authority is reserved for first-time homebuyers. This increase is authorized as a complement to the Administration’s initiatives to increase homeownership rates, especially among low- and moderate-income, minority, and immigrant households.

It is the Finance Board’s hope that this increased set-aside authority will help to provide additional down-payment and closing-cost assistance to households purchasing homes in conjunction with HUD’s homeownership programs, including the Section 8 homeownership voucher program. A bank, at its own discretion, may allocate additional funds from its AHP homeownership set-aside allocation toward this purpose.

**Department of Treasury**

*Community Development Financial Institutions Fund:*

CDFI Fund provides capital to CDFIs – community-based non-traditional lenders that work in market niches where traditional banks either do not, or find it difficult to, provide loans. Some CDFIs of whom assist low-income and minority households with financial products to help with the purchase of a home.

This may be in the form of first or second mortgages, or assistance with closing costs and down payments. In addition, CDFIs provide pre-purchase counseling and homeownership training to potential homebuyers.



## FANNIE MAE

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

*More information: Fannie Mae provides consultation and marketing services for interested organizations that would like to offer Employer Assisted Housing (EAH) programs to their employees. EAH is an employer-provided benefit aimed at helping employees become homeowners through a range of tools, some form of including, but not limited to, downpayment assistance. There are many examples of EAH programs across the country: Advance Foods Company in Enid, Okla., offers a \$2,500 forgivable loan that is fully forgiven at the end of the 3rd year. Teachers in San Jose, Calif., who buy a home in San Jose can obtain a no-interest deferred repayable loan of up to \$40,000. The loan must be repaid at the end of 30 years if the home hasn't been sold or refinanced prior to that date. Mission St. Josephs Hospital in Asheville, N.C., provides homebuyer education and a matched savings of up to \$2,500 to income eligible employees. Canisus College in Buffalo, N.Y., provides a five-year forgivable loan of up to \$5,000 in "eligible" neighborhoods and up to \$7,000 in "targeted" neighborhoods. The Hispanic Federation in New York City provides on-site homebuyer education to its employees.*

*Fannie Mae will continue to develop its full line of low downpayment mortgage products for lenders, including Expanded Approval for borrowers with blemished credit. Fannie Mae's My Community Mortgage products are designed to assist conventional lenders meet their Community Reinvestment Act (CRA) objectives by providing flexible mortgage products with low downpayments and flexible terms for other cash to close. Our Community Solutions products are specifically designed with special features to make it easier for public safety and education employees to become homeowners.*



DOWN-PAYMENT

ASSISTANCE



## FEDERAL HOME LOAN BANKS (FHLBANKS)

The 12 FHLBanks pledge their ongoing support for making homeownership a reality for 5.5 million minority families by the end of the decade. The FHLBanks are the largest source of private sector grants for affordable housing in the country, with projected grants in 2002 of \$240 million. In addition, the FHLBanks are the dominant provider of wholesale funds for their member financial institutions, with more than \$470 billion in loans currently outstanding to community lenders.

FHLBanks generally set aside a portion of their Affordable Housing Program (AHP) money for first-time homebuyer- and homeowner-assistance programs. Although the programs vary from FHLBank to FHLBank, they help prospective homebuyers overcome down payment and closing cost hurdles. In 2002, the FHLBanks expect to commit \$40 million for homeowner assistance. In addition, many of the programs offer bilingual services and literature. Homebuyer-assistance projects also successfully compete for awards through the competitive portion of the AHP.

FHLBank homeowner-assistance programs are similar to the Bush Administration's American Dream Downpayment Fund, which helps low- and moderate-income families with the down payment and closing costs of a home purchase. Individual subsidies vary by program and range from \$2,000 to \$15,000. Through the end of this decade, the FHLBanks' homeowner-ship-assistance programs are projected to provide \$250 million toward down payments and closing costs to help more than 50,000 families purchase homes. Recently, the Federal Housing Finance Board significantly enhanced the FHLBanks' ability to support first-time homebuyers by increasing the amount of funds the FHLBanks can set aside for these programs.

In support of the White House initiative, the FHLBanks pledge to continually evaluate their programs and consider modifications that will facilitate greater use of the programs by minority families. Communication is critical, because prospective homebuyers need to be aware of the programs in order to use them. In 2002, the FHLBanks began using radio to provide Spanish- and English-speaking listeners with information about homeownership-assistance programs sponsored by the FHLBanks. Audio News Releases (ANRs) about the programs were produced and distributed to key markets.

For example, a Spanish-language ANR was produced and distributed throughout six southeastern states and the District of Columbia. It explained the homeownership-assistance program offered by the FHLBank of Atlanta and described how listeners could access that

program. The ANR was enthusiastically received by Spanish-language radio stations throughout the region. Several aired it 30 times within a few days. Similar high usage rates were experienced with ANRs distributed in other states and regions in 2002.

The FHLBanks plan to continue and expand this ANR program in 2003 and beyond. The goal is to provide information via community radio stations to as many minority and low-income listeners in the U.S. as possible.

## FREDDIE MAC

Representing a team effort with mortgage lenders, nonprofit housing and community organizations, and other industry leaders, "Catch the Dream" is Freddie Mac's contribution to making the dream of homeownership a reality for millions more of the nation's minority families. The 25 "Catch the Dream" initiatives are designed to dismantle barriers and create opportunity along the entire process of becoming – and staying – a homeowner.

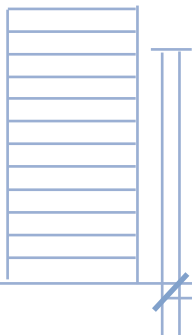
Two of Freddie Mac's "Catch the Dream" initiatives address the need to assist families in accumulating funds for down payment.

### *Down Payment Assistance:*

Freddie Mac is developing targeted marketing strategies for our numerous low- and no-down-payment mortgage products. These products feature flexible down-payment sources, including loans from relatives, grants, gifts and lender financing. In addition, borrowers often qualify for greater flexibility on payment ratios, reserve requirements or credit history. Freddie Mac also is focused on integrating the use of community-based savings systems into standard underwriting.

### *Banking the Unbanked:*

Millions of families do not use mainstream financial services, such as bank accounts. Lack of access to such services makes it more difficult for families to accumulate funds for down payments and to build a good financial track record. Working with lenders, Freddie Mac is developing innovative pilot programs that link the establishment of banking relationships with the path to homeownership.





## HABITAT FOR HUMANITY INTERNATIONAL

Habitat for Humanity is a pioneer in self-help housing. Habitat for Humanity is not a give-away program; rather, Habitat houses are sold to qualifying homeowners with no-interest, no-profit loans. The construction of homes through the self-help method enables Habitat for Humanity to sell its houses with little or no down payment. Where down payments are required, Habitat for Humanity works closely with homeowners to clear this crossing on the path to homeownership. In a sense, sweat equity is a down payment made by each Habitat for Humanity homeowner partner family.

Habitat for Humanity is committed to:

- Continuing to require homeowner "sweat equity" as a self-help means of reducing housing and mortgage costs.
- Publishing a manual on the Section 8 Homeownership program that will increase affiliate awareness of the opportunity for families to utilize up to one year's vouchers as down payment on a Habitat for Humanity home.
- Continuing to promote the use of the Affordable Housing Program among its affiliates.

## NATIONAL ASSOCIATION OF REAL ESTATE BROKERS (NAREB)

NAREB is a national organization for African-American and other minority real estate professionals dedicated to promoting fair and equal housing opportunities for all Americans.

United around the theme "Democracy in Housing," the association is committing to provide down-payment assistance grants to 1,000 potential homebuyers in partnership with the Home Buyer Assistance Foundation, Bank One, and the Nehemiah Corporation.

## NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

Through NCUA's "Access Across America" initiative, which focuses on creating economic empowerment for people from all walks of life, the federal agency is best positioned to empower America's nearly 10,000 credit unions, with over 80 million members, to provide outreach to serve the underserved and facilitate partnerships between credit unions and community organizations for developing affordable housing initiatives.

INVESTMENT

DOWN PAYMENT

35

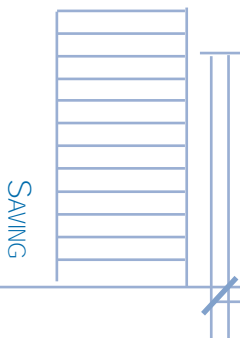
In support of the President's initiative on minority homeownership, the NCUA will continue to work with credit unions to ensure their members have a means of easily saving for the downpayment for a home.

Credit unions are traditionally the first and primary source for many consumers when starting a savings program. Most have provided no-minimum-balance accounts, with only the need for the member to retain their one share requirement, as established by the credit union's board. Credit unions continue to be the source of payroll deductions and direct payroll deposits for the consumer. The NCUA will further facilitate the partnering of credit unions with other organizations providing homeownership counseling to become the financial institution of choice for building the necessary capital for a downpayment, as well as a source to meet financial emergencies when they arise.

Further, the NCUA is the steward of the Community Development Revolving Loan Fund. Since its inception in 1979, the Fund's focus has been on supporting community-development opportunities. The Fund consists of a loan program – with loans granted to individual low-income credit unions in the aggregate of \$300,000 at a current rate of one percent. Although the Fund is small, with a total appropriation to date of \$12 million, the agency will study the feasibility of focusing the loans towards development of minority homeownership opportunities, which may include down payment assistance.

### NEIGHBORHOOD HOUSING SERVICES OF AMERICA (NHSA)

NHSA is pledging to work to raise \$150 million in grants and equivalents from public and private sources to sustain interest rates on NHSA's loan products. These products are designed to be within the ability of low- and moderate-income homebuyers, mainly minorities, to pay.





ASSISTANCE

## NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

NRC is pledging to provide direct homeownership assistance to 130,000 families. At an average home price of \$100,000, NRC expects to generate \$13 billion in direct investment.

## SEARS, ROEBUCK AND CO.

In response to President Bush's call to address the homeownership crisis in America, Sears, Roebuck and Co. has created the "Sears American Dream Campaign." The five-year, \$100 million commitment will make homeownership and continued home maintenance possible for millions of Americans who might otherwise not be able to share in that dream.

A key program feature is the \$1 million "Sears American Dream Campaign" Fund. This will provide financial assistance to help families afford new homes.

# MORTGAGE FINANCING

**Mortgage financing is the final step on the path to homeownership.** Many Blueprint Partners play important roles in mortgage financing, ranging from outreach to underserved communities to the provision of innovative mortgage lending products. In addition, the Bush Administration's proposal to reform the Real Estate Settlement Procedures Act (RESPA) will reduce mortgage costs for consumers. Ensuring that a steady supply of capital is available to fuel homeownership growth is an essential responsibility of Blueprint Partners who play a role in the primary mortgage market, which deals directly with consumers, and the secondary market, whose role is to ensure a steady supply of capital to lenders. The commitments of these organizations include increasing the amount of funds available to primary lenders – effectively increasing the number of mortgage loans primary lenders can originate. In addition, every Partner who insures, guarantees, or supplies capital for mortgage lending can redouble their efforts to ensure that the local mortgage lending process is fair and completely free of discriminatory practices. Affirmative steps that will benefit both mortgagees and potential homebuyers includes outreach to minority neighborhoods as well as initiating partnerships with faith-based and other community groups. Where appropriate, significant local gains can be achieved through multi-lingual outreach to new immigrant families, who have added to the diversity of hundreds of cities throughout the nation and now call America their home.

OWNER

## COMMITMENTS

### BUSH ADMINISTRATION

*"I was asked who I thought the winners and losers would be as we move forward in reforming RESPA. Clearly, those who dream of buying their first home have the most to gain. And I think the predatory lenders who turn dreams into nightmares are the biggest losers."*  
 — HUD Secretary Mel Martinez

### Department of Housing and Urban Development

RESPA Reform:

Secretary Martinez is spearheading the Administration's efforts to reform the RESPA to make the settlement process more consumer friendly. The proposed rule would increase competition in the market for settlement services and borrows' ability to shop for mortgages. This competition would reduce one of the largest up-front costs of buying a home.

INTEREST







The proposed rule is founded on a set of consumer-driven principles called the "Homebuyer Bill of Rights." This states that homebuyers have the right:

- to receive settlement cost information early in the process, allowing them to shop for the mortgage product and settlement services that best meet their needs;
- to have the disclosed costs be as firm as possible, thereby avoiding surprises at settlement;
- to benefit from new products, competition and technological innovations that could lower settlement costs;
- to have access to better borrower education and simplified disclosure; and
- to know they are protected through vigorous RESPA enforcement and a level playing field for all industry providers.

#### *Helping Families Through Adjustable Mortgage Rate (ARM) Implementation:*

The Federal Housing Administration will help more low-income families become homeowners by implementing the hybrid Adjustable Rate Mortgage (ARM) product that was enacted into law in the FY2002 Appropriations Act. This program lowers families' initial homeownership costs by combining a low fixed rate in the early years with a rate that later adjusts with the market.

### **Federal Trade Commission**

#### *RESPA Enforcement:*

Some lenders deceive consumers about loan terms, rates or fees. When low and moderate-income borrowers – the most vulnerable consumers – fall prey to lenders' deception, the results can be severe, including the loss of their homes.

The Federal Trade Commission is working with *HUD* and the *Department of Justice* to aggressively enforce fair housing and RESPA violations. So far, this commitment, which has included increased staff and funding, has resulted in criminal convictions in cities with high rates of predatory lending.

These efforts are helping to root out deception by lenders, lowering the costs of homeownership and making the market safer for first-time homebuyers.

### **FANNIE MAE**

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 Fannie Mae



## MORTGAGE

made in 2000 to minority families in its American Dream Commitment plan to provide \$420 billion for three million minority families.

*More information: Fannie Mae originally pledged \$420 billion in minority lending to help three million families. Per the ten-point plan, Fannie Mae increased its pledge to \$700 billion in minority lending to help 4.6 million families. This goal is for minority lending from 2000-2009. It will be tracked as a key corporate objective and reported to HUD annually.*

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.

*More information: Fannie Mae enhanced underwriting guidelines to allow more flexible down payments and consideration of non-traditional credit histories and income streams for all non-permanent resident immigrant borrowers. These changes increased access to a broad array of Fannie Mae mortgage products such as the My Community suite of products. Fannie Mae will work with lenders interested in reaching immigrant communities by offering innovative mortgage products for their particular markets. From January 2000 to April 2002, the company purchased 3,278 immigrant loans.*

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.

*More information: Fannie Mae is working with HUD, public housing agencies (PHAs) and other organizations to help families participating in the federal Section 8 Homeownership Program finance the purchase of their homes. Fannie Mae currently support PHAs in developing homeownership plans and identifying lenders who can provide mortgage products for Section 8 households. For 2002, thirty-two Section 8 pilots are being developed with PHAs such as the Worcester Housing Authority in Massachusetts, the Oklahoma City Housing Authority in Oklahoma, and the Snohomish County Housing Authority in Washington.*

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

*More information: Fannie Mae's anti-predatory lending initiatives allow families who were victims of abusive lending practices the opportunity to refinance their loans into a more affordable mortgage product. So far this year, Fannie Mae has initiated two Predatory Lending Experiments and three Regulatory Barriers Initiatives. Nine others will be launched later this year.*

## FEDERAL HOME LOAN BANKS (FHLBANKS)

The 12 FHLBanks pledge their ongoing support for making homeownership a reality for 5.5 million minority families by the end of the decade. The FHLBanks are the largest source of private sector grants for affordable housing in the country, with projected grants in 2002 of \$240 million. In addition, the FHLBanks are the dominant provider of wholesale funds for their member financial institutions, with more than \$470 billion in loans currently outstanding to community lenders.

The 12 FHLBanks help to ensure a reliable and steady supply of capital for housing and community development through their 8,000 member financial institutions. Ready access to FHLBank advances and other products enables members to continue being active lenders and investors in their communities. It also makes mortgage credit more readily available to consumers, including prospective minority homebuyers. Moreover, through the end of this decade, the FHLBanks estimate that \$5.8 billion in economic-development lending will be made available for members to fund the creation and retention of jobs, which not only provide income for home purchases, but also offer the ability to maintain a mortgage obligation.

In recent years, the FHLBanks have begun to offer mortgage-purchase programs in which they purchase mortgages originated by their member financial institutions. Through risk-sharing agreements and competitive pricing, these programs have grown to more than \$44 billion in mortgage loans outstanding. Increased competition in the market provided by these mortgage-purchase programs will encourage lower mortgage rates and expansion of areas of the country where mortgage financing is readily available. The FHLBanks also provide mortgage funding through the purchase of residential mortgage-backed securities.

In support of this initiative, the FHLBanks pledge to work cooperatively with member institutions to explore ways to expand the availability of mortgage funds for minority families.

## FREDDIE MAC

Representing a team effort with mortgage lenders, nonprofit housing and community organizations, and other industry leaders, "Catch the Dream" is Freddie Mac's contribution to making the dream of homeownership a reality for millions more of the nation's minority families. The 25 "Catch the Dream" initiatives are designed to dismantle barriers and create opportunity along the entire process of becoming – and staying – a homeowner.

As the purchaser of one in six mortgages, Freddie Mac is committed to providing more than \$400 billion in mortgage financing to meet these needs, an increase of \$160 billion above our



projected purchases. In addition, 12 Freddie Mac "Catch the Dream" initiatives are designed to increase access to low-cost mortgage financing.

*Expanded Approval Rates:*

Continual refinement and improvement of automated underwriting systems is critical to the expansion of homeownership opportunities. Recent changes to Freddie Mac's automated underwriting service are resulting in higher mortgage-approval rates for minority borrowers.

*Solutions for Blemished Credit:*

For many families, poor credit or lack of credit is a key barrier to homeownership. To address this need, Freddie Mac is stepping up efforts to increase access to affordable mortgage products with very flexible credit terms. These include our Lease Purchase Plus program, which helps families become homeowners by eliminating the need for a down payment and allowing them to use the lease period to establish or re-establish their credit. Other products provide viable alternatives to higher-cost subprime financing.

*Section 8 to Homeownership:*

Freddie Mac is promoting new broad-based approaches for using Section 8 rental assistance for homeownership. Working with local public-housing authorities and lenders, Freddie Mac allows 100 percent of the voucher to be deducted from the mortgage payment prior to determining housing and debt ratios.

*Financing for Islamic Families:*

Meeting the home-finance needs of the growing U.S. Muslim population presents a particular challenge. One-quarter of Muslim families manage their finances according to Islamic law, which prohibits the payment of interest. To address this need, Freddie Mac is working with lenders and community-based groups to develop home-financing solutions specifically designed for Muslim families.

*Housing and Mortgage Market Diversity:*

For housing and mortgage industry participants to serve an increasingly diverse consumer base, greater minority representation is needed. Freddie Mac is focused on developing industry-wide internships to attract minority men and women entering the workforce to careers in mortgage banking, real estate, and finance.

APPROVAL

PURCHASE

*Automating the Use of Nontraditional Credit:*

Automating the use of nontraditional credit, such as the payment of rent or utility bills, is needed to ensure that all creditworthy borrowers have access to low-cost mortgage financing. As part of a long-term research and development effort, Freddie Mac is considering ways to access this type of data and build it into statistical underwriting models.

*Multilingual Documents:*

Language has been cited as a major barrier to homeownership for many minority families. To address this need, Freddie Mac is currently translating a number of our key outreach and education materials. In addition, we are seeking to work with market participants in states with large or growing Hispanic populations to translate key mortgage disclosures and other documents into Spanish.

*Cross-Border Credit:*

Many new immigrants must delay homeownership because of the need to reestablish a credit history in the U.S. Working with others in the mortgage and credit-reporting industries, Freddie Mac is seeking ways to enhance the acceptability of international credit reports for U.S. mortgage underwriting.

*Innovative Risk Sharing:*

Sharing risk among various financial partners makes the unimaginable possible. Unfortunately, such arrangements are highly customized and labor intensive, which limits their viability as a broad-based solution. Working with lenders and others, Freddie Mac is seeking ways to streamline the creation of innovative risk-sharing arrangements that expand homeownership opportunities.

*Move Subprime Borrowers into Prime:*

Many families who obtain subprime mortgage financing actually qualify for lower-cost prime mortgages. To create greater access to the prime mortgage market, Freddie Mac is providing automated underwriting tools to a select group of subprime lenders to identify applicants who qualify for conventional financing.

*Ban on 5-Year Prepayment Penalty:*

As of October 1, 2002, Freddie Mac became the first major financial institution to ban the purchase of subprime mortgages with prepayment penalties that exceed three



years. This initiative will significantly reduce the liquidity for the most onerous prepayment penalty loans and permit borrowers to move more quickly into lower-cost financing.

#### *High-Touch Servicing:*

It is not enough to help families become homeowners – it is critical to help them stay that way. To assist borrowers who fall behind on payments, Freddie Mac has developed state-of-the-art tools to help our servicing partners determine which borrowers would benefit the most from timely assistance. We are also developing proactive ways to identify, contact and assist borrowers in Freddie Mac's affordable mortgage products.



AFFORDABLE

## HABITAT FOR HUMANITY INTERNATIONAL

Because Habitat for Humanity keeps homebuilding costs low through the use of volunteer service, donated materials, and homeowner sweat equity, Habitat for Humanity provides one of the nation's most affordable housing options.

Habitat for Humanity is committed to:

- Continuing to provide no-interest, no-profit mortgages that keep housing affordable to low-income homebuyers.
- Continuing to rely on volunteer support and on partnerships with the private and public sectors as a means of financing mortgages that are affordable to low-income homebuyers.
- Utilizing Section 8 vouchers as a means to finance Habitat for Humanity mortgages.
- Sponsoring conferences that address affiliate "best practices" in the provision of affordable mortgages for low-income families in urban and rural settings.
- Conducting a Boston Leadership Conference, in partnership with the Harvard Business School, to study effective national models of financing and servicing mortgages for low-income families.
- Continuing to combat predatory lending by educating affiliates and homeowners regarding deceptive and damaging lending practices.
- Supporting legislative efforts to protect homeowners from predatory lenders.

## MORTGAGE BANKERS ASSOCIATION OF AMERICA (MBA)

MBA will work with its member firms and state and local mortgage banker associations to convene local housing forums in four cities. These forums will include government officials, planners, lenders, realtors, builders, counseling agencies, consumer advocates, and state/county/local housing finance agencies. The purpose of these forums will be to identify key challenges to achieving homeownership – along with the resources and partnership opportunities to address those challenges. The end goal will be to identify concrete steps to promote affordable housing.

*Timeline: MBA will conduct one forum each quarter of 2003 for a total of four forums.*

In addition, MBA will develop a partnership “tool kit” that provides models of successful private, public, and non-profit affordable housing outreach/marketing partnerships. This tool kit will be shared with MBA member firms; these firms will be encouraged to seek out and link with appropriate non-profits, government agencies and others to increase partnership efforts to assist in expanding minority homeownership. MBA also will create a “clearing-house” for its members seeking guidance on partnership opportunities.

*Timeline: MBA will obtain materials, develop, and finalize the partnership tool kit by mid-2003. During this time, MBA also will develop the partnership “clearinghouse.”*

## NATIONAL CREDIT UNION ADMINISTRATION

Through NCUA’s “Access Across America” initiative, which focuses on creating economic empowerment for people from all walks of life, the federal agency is best positioned to empower America’s nearly 10,000 credit unions with over 80 million members to provide outreach to serve the underserved and facilitate partnerships between credit unions and community organizations for developing affordable housing initiatives.

Credit unions are becoming a greater source of mortgage loans for the American public. As the growth in credit union mortgage portfolios continue, NCUA will share information and identify potential partnering opportunities with those organizations involved in preparing individuals for homeownership to provide those individuals with mortgage opportunities. Further, the NCUA will continue to identify programs that provide credit unions the opportunities to mitigate risk in granting loans that are not currently deemed salable. Such programs and opportunities may include the use of government-foundation/non-profit reserve accounts to absorb some of the risk, or the potential of securitizing non-salable portfolios.

## NEIGHBORHOOD HOUSING SERVICES OF AMERICA

NHSA is pledging to:

- *Raise \$750 million in below-market rate investments. These investments will work in collaboration with initiatives of over 200 NeighborWorks® organizations at work in more than 2,000 communities nationally, with an emphasis on service to heavily minority program areas.*
- *Increase by 50% the number of lenders NHSA enlists to serve NeighborWorks® program areas. Each lender will increase the number of homeowners that they assist in becoming homeowners through the use of NHSA's loan products.*
- *Facilitate the use of the conventional secondary markets for non-conventional loan products.*

## NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

NRC is pledging to:

- *Work with investment and lending partners and others to develop creative loan products to better serve minority populations – including a “conventional market” alternative to predatory loan products currently being targeted disproportionately to minority populations.*
- *Work with other partners to identify, incentivize and expand sources of capital for secondary financing.*
- *Work to implement the Single-Family Affordable Housing Tax Credit proposed by the Administration. It will do this by:*
  - *Providing training and technical assistance to its affiliated NeighborWorks organizations and the broader housing and community development field in the effective use of the Single-Family Affordable Housing Tax Credit.*
  - *Identifying and disseminating information related to ‘best practices’ in the use of the Single-Family Affordable Housing Tax Credit.*
  - *Continue to support and implement an innovative approach in the use of HUD's Section 8 vouchers in support of homeownership – with a specific focus on minority families.*





the fact that the  $\mathbb{Z}_2$ -action on  $\mathbb{R}^n$  is not free, the quotient space  $\mathbb{R}^n/\mathbb{Z}_2$  is not a manifold. However, the quotient space  $\mathbb{R}^n/\mathbb{Z}_2$  is a manifold with boundary, where the boundary is the set of fixed points of the  $\mathbb{Z}_2$ -action, which is the set of points in  $\mathbb{R}^n$  where  $x_1 = \dots = x_n = 0$ .

Let  $M$  be a manifold with boundary  $\partial M$ . Let  $\mathbb{Z}_2$  be a group of order 2 acting on  $M$ . Let  $M/\mathbb{Z}_2$  be the quotient space. Let  $\partial(M/\mathbb{Z}_2)$  be the boundary of  $M/\mathbb{Z}_2$ . Then  $\partial(M/\mathbb{Z}_2)$  is the set of fixed points of the  $\mathbb{Z}_2$ -action on  $M$ .

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