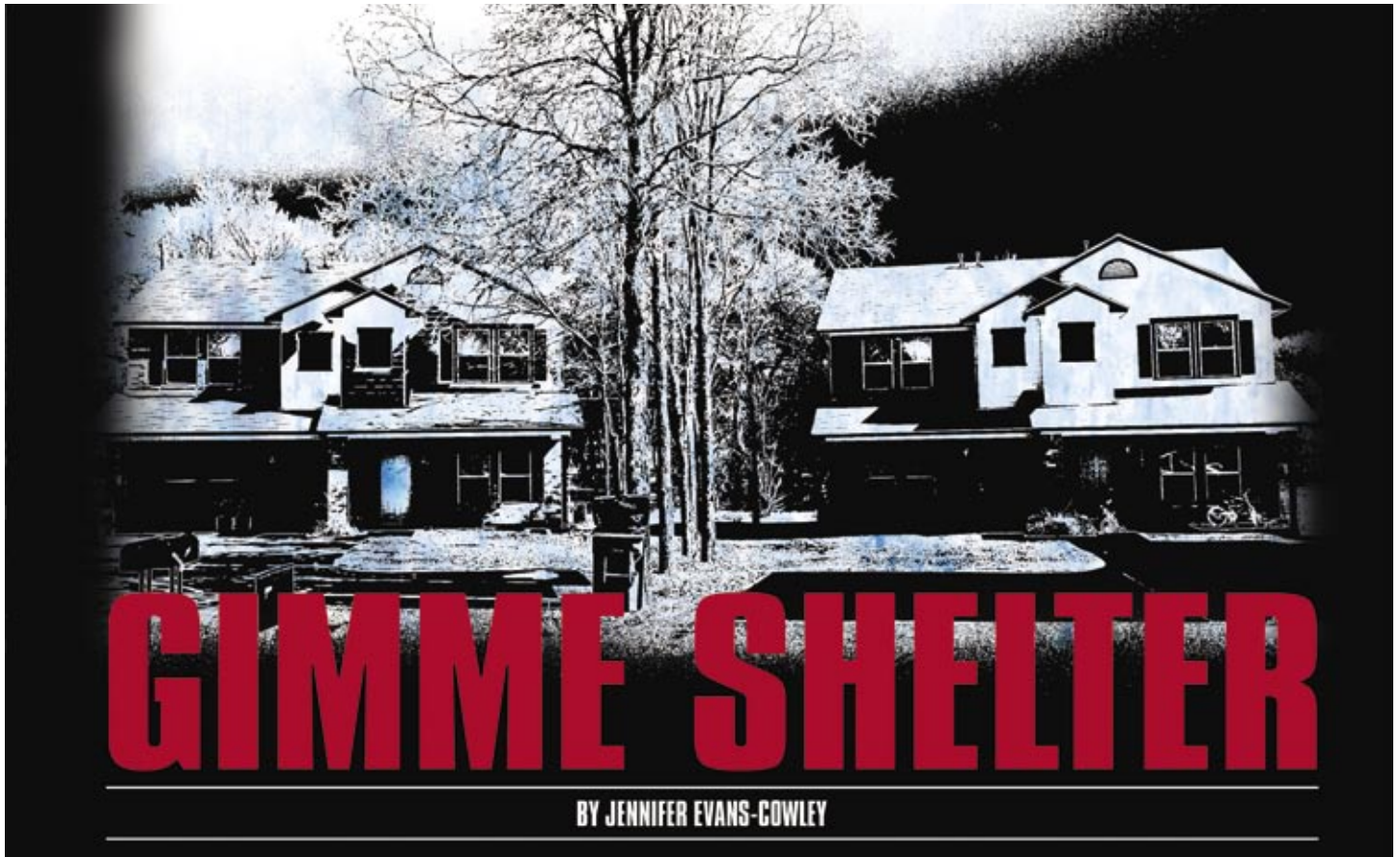


A Reprint from *Tierra Grande*

GIMME SHELTER

BY JENNIFER EVANS-COWLEY

When it comes to putting Americans in homes of their own, Fannie Mae has no peers.

During the decade beginning in 1994, the nation's largest source of home mortgage financing provided more than \$3 trillion in funds to more than 28 million underserved families. In 2003 alone, Fannie Mae and its partner organizations provided a record \$240 billion in mortgage funds to minority families.

When Fannie Mae launched its trillion dollar commitment in 1994, the national homeownership rate was 64 percent. Nine years later it was 68.3 percent. During that same time, minority homeownership rose from 43.2 percent to 49.5 percent. But Fannie Mae leaders are not satisfied; they want to put even more Americans in homes of their own.

Fannie Mae's "American Dream Commitment" was launched in 2000 with a pledge to provide \$2 trillion to help 18 million minority and underserved Americans rent or buy their own homes. That goal was met in 2004. That same year, Fannie Mae announced a plan to raise minority homeownership to 55 percent within ten years.

Clients facing the major barriers to homeownership — down payment, low income and credit history — may be helped by one of the many Fannie Mae programs. Real estate agents familiar with these options will have an advantage when these tough hurdles to housing are encountered.

MY COMMUNITY MORTGAGE

In 2000, Fannie Mae introduced the MyCommunityMortgage program to help low- and moderate-income borrowers purchase homes with a \$500 down payment. This program includes

a variety of different products targeting specific groups. For example, HomeFront Mortgage is a \$5 million mortgage pilot program designed to help active duty military at Fort Campbell, Kentucky, purchase homes in Tennessee or Kentucky. The program offers greater underwriting flexibility and no down payment. Other mortgage products help teachers, police, firefighters and health-care workers purchase homes.

The MyCommunityMortgage program also includes incentives for purchasing energy-efficient and rural homes. To learn more, visit <http://www.fanniemae.com/homebuyers/findamortgage/mortgages/mycommunity.jhtml>.

EMPLOYER-ASSISTED HOUSING

One of the goals of the American Dream Commitment is to help 1,000 employers implement Employer Assisted Housing (EAH) programs by 2010. Through 2004, 340 employers were in the program. Participating employers provide employees with loans to help with their down payments and closing costs.

For example, the employer may provide a \$5,000 forgivable loan to the employee. The employer receives the loan from Fannie Mae at a low- to no-interest rate. Fannie Mae's own EAH program has allowed 2,200 of its employees to become homeowners. The program was expanded in 2000. To learn more about EAH programs visit <http://www.fanniemae.com/housingcommdev/solutions/eah.jhtml>.

WOMEN-HEADED HOUSEHOLD INITIATIVE

Recognizing the need to increase homeownership among female-headed households, Fannie Mae introduced the Women-Headed Household Initiative in 2000. Fannie Mae is working

with the McAuley Institute, a housing resource institute sponsored by the Sisters of Mercy of the Americas. Together they seek to eliminate homeownership barriers to women-headed households.

The \$50 million, five-year program provides outreach and education, down payment and closing cost assistance, mortgage products and capital investment to help borrowers in eight cities, including Houston. To learn more about this program visit <http://www.mcauley.org>.

NATIVE AMERICAN ASSISTANCE

Native Americans have the lowest homeownership rates. Fannie Mae is working with state agencies to establish a process for accessing secondary market mortgages on tribal lands. Mortgages on tribal lands are complicated, making it more difficult for Native Americans to obtain loans.

The company is working to reduce these barriers. More on loan programs for Native Americans can be found at <http://www.fanniemae.com/homebuyers/findamortgage/mortgages/native.html>.

AMERICAN COMMUNITIES FUND

Along the U.S.-Mexico border, colonia developments need paved streets and water and sewer service. Officials in El Paso County worked with Fannie Mae through the American Communities Fund to help a developer acquire and improve a colonia in the county. Homebuyers in the area then were able to obtain grants from a Dallas bank to subsidize down payments.

Although these homebuyers lacked a traditional credit history, their steady incomes were taken into consideration, allowing them to purchase homes.

Established in 2000, the American Communities Fund provides funds to be invested in housing developments that support community revitalization. A local partner is a key element in Fannie Mae's program to achieve this development goal.

SMART COMMUTE INITIATIVE

In 2001, Fannie Mae introduced the \$10 million Smart Commute Initiative, which encourages families to use public transportation and apply money saved toward the purchase of new homes.

Smart Commute requires a down payment of \$500 or 1 percent of the loan amount from the borrower's own funds. The program is available to homebuyers making up to 100 percent of the area median income.

Borrowers must live within one-half mile of a rail station or one-quarter of a mile of a bus stop. Borrowers can have up to \$3,000 added to their annual income in qualifying for a mortgage through this program.

To learn more about this program visit http://www.efanniemae.com/hcd/single_family/mortgage_products/smartcommute.html.

FAITH-BASED PARTNERSHIPS

In 2002, Fannie Mae initiated a \$25 million, five-year faith-based homeownership partnership. The company plans to expand its relationships with faith-based partners.

At the New Testament Church in Milwaukee, Wisconsin, members learn about homeownership through homebuying counseling sessions. After counseling, members may be eligible for the MyCommunityMortgage loans.

HELP FOR ISLAMIC AMERICANS

One product developed in 2002 assists Islamic homebuyers. Islamic law prohibits paying interest, so to encourage Islamic families to purchase a home, the American Finance House—Lariba in California worked with Fannie Mae to develop a financing model that works as a lease-to-purchase agreement. The homebuyer makes monthly rental payments equal to the monthly payments on a conventional mortgage.

ASSISTANCE FOR HANDICAPPED

Fannie Mae introduced the HomeChoice program in 2002 to help those with disabilities achieve homeownership. The program's goal is to assist 10,000 disabled households.

The HomeChoice program provides flexible requirements for borrowing money. Borrowers can make as little as a 3 percent down payment with only \$500 coming from personal funds. They can make up to 115 percent of the area median income and special consideration is given to nonwage income, such as disability benefits and Section 8 housing vouchers.

For more information about the HomeChoice program, visit http://www.fanniemae.com/global/pdf/housingcommdev/solutions/homechoice_success.pdf.

PILOT PROGRAMS

In 2003, the Enhanced Community 2–4 Family pilot and Community Renovation 1–4 Family pilot programs were introduced in Massachusetts. These allow lower down payments and flexible borrowing parameters for owner occupants of one- to four-unit properties.

The pilot programs are designed to expand homeownership options in areas where multifamily units make up much of the housing stock. Homebuyers can put down as little as 3 percent for two-family homes and 5 percent for three- to four-family homes. In addition, borrowers are able to add rental income to their own income to qualify for the loans. Up to 75 percent of the mortgage payment can be covered by rental income on a two-family home and 65 percent on a three- or four-family home.

PARTNERSHIPS FURTHER GOALS

In Texas, Fannie Mae partnered with the Texas Association of Realtors (TAR) to create the "Borrow With Confidence" program, which teaches agents how to use Fannie Mae mortgage products. Initially offered only in Texas, the program is now available in a growing number of states.

This year, TAR, Fannie Mae and the Texas Department of Housing and Community Affairs developed "United Texas: Housing Initiatives That Work," a program offered around the state through local associations of Realtors. Licensees learn how to take advantage of Fannie Mae's many programs as well as state and local housing initiatives to help families buy homes. This program qualifies for four hours of continuing education credit. To learn more about these and other programs available in Texas, go to www.texasrealtors.com and click on the "Affordable Housing" link.

Fannie Mae plans to continue creating and expanding its mortgage programs to increase homeownership among minorities, assist families at risk of losing their homes and expand the supply of affordable housing. To learn more about Fannie Mae programs, visit <http://www.fanniemae.com>. ➔

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