

JPMorgan Chase and Fannie Mae Announce Five-Year, \$35 Billion National Affordable Housing Alliance

NEW YORK, NY – J.P. Morgan Chase & Co. (JPM/NYSE), a leading global provider of financial services, and Fannie Mae (FNM/NYSE), the nation's largest source of financing for home mortgages, today announced a five-year affordable housing initiative to provide \$35 billion in new mortgage and residential construction financing in lending markets around the country served by Chase Manhattan Mortgage Corporation and the JPMorgan Chase Community Development Corporation, the mortgage and community development subsidiaries of JPMorgan Chase.

Given the obstacles faced by underserved populations in achieving homeownership, Chase Manhattan Mortgage Corporation and Fannie Mae worked to develop mortgage solutions designed to address these specific needs. This multibillion dollar affordable lending partnership is designed to increase homeownership opportunities for low- and moderate-income individuals, and provide new options for minority and immigrant borrowers. This initiative also is intended to help revitalize and strengthen targeted neighborhoods through community development investments and by increasing access to affordable rental housing opportunities.

"Chase is proud of its long-standing commitment to community development and is pleased to join with Fannie Mae to continue this commitment by offering more programs focused on the needs of the communities we serve," said David A. Coulter, vice chairman of JPMorgan Chase. "This initiative will enable Chase to say 'yes' to even more individuals and families who may face challenges in obtaining mortgages."

"We are proud to work with JPMorgan Chase to help more families and individuals achieve the American dream of homeownership," said Daniel H. Mudd, vice chairman and COO of Fannie Mae. "Together we are working overtime to offer the best variety of mortgage products to consumers who were just a step or two away from obtaining a mortgage. Each product addresses a challenge that many low- and moderate-income individuals encounter when trying to obtain a mortgage. Our goal is to remove many of the barriers people face."

"Partnerships like this are vital to ensure that all home buyers are given fair and equal opportunities," said U.S. Senator Charles E. Schumer (D-NY). "This partnership not only gives low- and moderate-income borrowers a variety of ways to obtain a mortgage, it also offers them the knowledge that's so crucial to making an informed decision about buying a home."

"Chase's national network of mortgage distribution channels will give immediate traction to these new lending initiatives," said Steve Rotella, president and chief executive officer of Chase Manhattan Mortgage Corporation. "This initiative will add many new options to the current products and services we offer in the affordable mortgage segment, enabling us to help even more borrowers across the country achieve the dream of homeownership."

Innovative solutions to be offered under this initiative include:

- **Accessing Information:** To assist underserved populations with the process of purchasing a home, JPMorgan Chase and Fannie Mae have established special initiatives with national organizations and are collaborating with nonprofit counseling groups. These organizations and groups will provide educational and counseling services to prospective purchasers to help them access the array of flexible mortgage products being made available through this initiative. For example, Chase has taken a leadership role in the Congressional Black Caucus Foundation's With Ownership, Wealth (WOW) initiative, working with Fannie Mae, real estate agents, other lenders, and community-based organizations in an effort to increase African-American homeownership. The national goal for the WOW initiative is to add one million new homeowners by the year 2005.
- **Impaired Credit Alternatives:** JPMorgan Chase will offer Fannie Mae's Expanded Approval mortgage products for eligible borrowers with impaired credit profiles. The Expanded Approval product reaches previously underserved borrowers with mortgage rates that may be lower than alternative financing, which can save borrowers thousands of dollars in interest costs over the life of the loans. In several underserved markets, JPMorgan Chase will offer eZ Access, a new flexible mortgage initiative with low down payment features and credit flexibilities, providing a low-cost mortgage alternative to borrowers seeking to purchase in specific, targeted neighborhoods.
- **Reducing the Barriers to Homeownership:** Recognizing that saving enough money for a down payment can be a major barrier to buying a home, JPMorgan Chase and Fannie Mae have developed a wide variety of no- and low-down payment mortgage products. These products are ideal for borrowers who have limited funds for down payment and closing costs. In addition, JPMorgan Chase and Fannie Mae have worked together to devise flexible qualifying guidelines for immigrants and other borrowers who have traditionally used a higher percentage of their income toward housing costs.
- **Tailoring Solutions:** JPMorgan Chase and Fannie Mae will work together to solve specific housing issues and take advantage of opportunities to increase access to homeownership. For example, in New York City, JP Morgan Chase is

offering special mortgages with low down payments on three-unit New York City Housing Partnership New Homes, plus a variety of other tailored solutions that include meeting the needs of low- and moderate-income borrowers.

- **Community Development Investments:** In addition to offering a wider array of home mortgage products, this initiative seeks to expand lending for affordable housing opportunities that meet community development needs. Fannie Mae, through its American Communities FundSM, will work closely with Chase's nationally recognized community development program to participate in certain construction loans originated by JPMorgan Chase for affordable homeownership and rental developments. The American Communities Fund is a community development investment fund that provides debt and equity to support neighborhood housing and community revitalization efforts. In the coming years of this initiative, JPMorgan Chase and Fannie Mae will significantly increase debt and equity investments in affordable housing to help revitalize and stabilize communities. JPMorgan Chase also will increase the supply of affordable rental housing by providing construction financing for new or substantially rehabilitated developments in conjunction with approved Fannie Mae Delegated Underwriting and Servicing lenders who will provide the permanent financing.

This initiative is part of Fannie Mae's \$2 trillion American Dream CommitmentSM to increase homeownership rates nationwide among minorities, immigrants, women-headed families, and others whose homeownership rates lag the general population by the end of the decade.

For information on Chase Manhattan Mortgage Corporation's products and services, consumers may call (800) 465-3179 or visit www.chase.com and click on mortgages.

Chase Manhattan Mortgage Corporation, with headquarters in Edison, New Jersey, is ranked the nation's largest residential mortgage lender and third largest servicer as of September 30, 2001 by Inside Mortgage Finance. It employs 12,000 people in major servicing and operations sites and over 280 offices across the country. The Chase home finance businesses include first mortgage, home equity and manufactured housing loans.

Chase Manhattan Mortgage Corporation is a subsidiary of J.P. Morgan Chase & Co., a leading global financial services firm with assets of \$694 billion and operations in 50 countries. With relationships with more than 99 percent of the Fortune 1000 companies, the firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services, and retail and middle market financial services. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers and the world's most prominent corporate, institutional and government clients.

Fannie Mae is a New York Stock Exchange company and the largest non-bank financial services company in the world. It operates pursuant to a federal charter and is the nation's largest source of financing for home mortgages. Fannie Mae is working to shrink the nation's "homeownership gaps" through a \$2 trillion "American Dream Commitment" to increase homeownership rates and serve 18 million targeted American families by the end of the decade. Since 1968, Fannie Mae has provided more than \$3.0 trillion of mortgage financing for more than 40 million families. More information about Fannie Mae can be found on the Internet at <http://www.fanniemae.com>.

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Style Usage: Fannie Mae's Board of Directors has authorized the company to operate as "Fannie Mae," and the company's stock is now listed on the NYSE as "Fannie Mae." In order to facilitate clarity and avoid confusion, news organizations are asked to refer to the company exclusively as "Fannie Mae."