

Devon Bank, Freddie Mac Announce Expanded Financing Opportunities for Muslim Homebuyers

Devon Bank announced it has begun selling its Islamic home financing products to Freddie Mac, effectively expanding opportunities for Muslims living in Illinois and nine other states to become homeowners while observing traditional Islamic restrictions on paying interest on mortgages and other types of debt. Based in McLean, Virginia, Freddie Mac is one of the nation's largest investors in mortgages and Islamic home financing products.

Devon Bank's Islamic housing finance model uses carefully tailored real estate financing documents, in accordance with state and local law, and functions similarly to a conventional Freddie Mac mortgage. They employ the Islamic *murabaha* trade model to avoid religiously objectionable concepts present in traditional loans.

"For the past two years, Devon Bank's Islamic financing programs have enabled observant Muslims throughout the Chicago area and some other states to acquire homes and businesses in a manner consistent with their faith," said Devon Bank Chairman Richard Loundy. "Freddie Mac's agreement to purchase many of our Islamic home financing contracts will enable Devon Bank to assist more observant Muslims everywhere we do business."

Devon Bank's suite of Islamic financing products comply with both Islamic and U.S. law, and include residential and commercial real estate financing, financing for business equipment and trade goods, stand-by letters of credit, and some construction financing.

"The agreement with Devon Bank further demonstrates Freddie Mac's commitment to help America's newest communities realize the traditional benefits of the American dream of homeownership," said Dave Stevens, senior vice president of Single Family Sourcing at Freddie Mac. "By working together with Devon Bank, Freddie Mac is fulfilling its mission to make homeownership possible in new and exciting ways."

Freddie Mac's agreement to invest in the mortgages underscores its mission to expand homeownership opportunities for all of America's households, including the nation's estimated 2.5 million Muslim households. In March 2001, Freddie Mac became the first major U.S. mortgage

investor to contract to purchase Islamic homeownership products.

Approved by *Shari'ah* Supervisory Board of America

Like its other Islamic financing products, Devon Bank vetted its new Islamic home financing initiative through the *Shari'ah* Supervisory Board of America and worked closely with numerous other U.S. and overseas Islamic scholars. The Board advises people and institutions across the country on products for the nation's estimated six million Muslim consumers.

"America's Muslim consumers are forced almost daily to choose interest bearing products because of a terrible lack of affordable, *Shari'ah* compliant financial products," said Salman Ibrahim, a *Shari'ah* Board member and a Chicago-based CPA who worked closely with Devon Bank on these products. "Devon Bank and Freddie Mac are providing a significant new opportunity for Muslim homebuyers seeking a way out of this dilemma."

"With the support of Freddie Mac we look forward to meeting the needs of a broad U.S. community unable to find suitable home financing alternatives, and to our becoming the premier provider of religiously acceptable financing in the United States," says David Loundy, corporate counsel for Devon Bank.

Chicago-based Devon Bank, headquartered in an ethnically diverse neighborhood, understands the needs of those coming from diverse cultures. Collectively, the bank's staff speaks more than 35 languages. Additional information on the program is available at www.DevonBank.com/Islamic.

Freddie Mac is a stockholder-owned corporation established by Congress in 1970 to support homeownership and rental housing. Freddie Mac purchases single-family and multifamily residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-pass through securities and debt instruments in the capital markets. Over the years, Freddie Mac has opened doors for one in six homebuyers and more than two million renters in America.