State of the Market and Expanding Access to Credit
Speaker Introduction

Nadja Vital
Affordable Lending Regional Manager

facilitates and delivers sustainable lending opportunities and access to credit to the low to moderate income buyers and families in the underserved market areas.

Email: Nadja_vital@freddiemac.com
**Freddie Mac’s Mission**

Freddie Mac makes homeownership and rental housing more accessible and affordable by providing liquidity, stability, and affordability to the U.S. housing market in all economic conditions. Over the last year...

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Provided</td>
<td>We provided $456 billion in mortgage funding</td>
<td>Our total guarantee portfolio grew to $2 trillion</td>
<td>We reported $11 billion in net income</td>
</tr>
<tr>
<td>Helped</td>
<td>We helped 284,000 first-time homebuyers</td>
<td>We helped nearly 894,000 families refinance and save money</td>
<td>Our 3% down payment program is expanding access to credit for qualified homebuyers</td>
</tr>
</tbody>
</table>
Growing Responsible, Sustainable Affordable Lending –

Homebuyer Success

TOGETHER

Outreach Education

Intermediaries

Lenders

Products

F R E D D I E M A C
Loan Product Advisor® – Our loan origination tool with new capabilities:

- **Automated collateral evaluation (ACE)** – Originate certain purchase-eligible loans without a traditional appraisal.

- **Asset and Income Modeler (AIM)** – Automate the assessment of borrower assets and income by leveraging data from third-party sources.

- **AIM for Self-Employed** – Automate the otherwise time-consuming, manual process of underwriting self-employed borrowers.
• **#AND** – Run your loans through the AUSs of both GSEs during the origination process.
  
  • *Check it out at: [linkedin.demandand.com](https://linkedin.demandand.com)*

• **Condo Project Advisor** – Request unit-level exceptions for existing condo projects.

• **Application Programming Interfaces (APIs)** – Get findings and data at the optimal point in the origination process.
Market Conditions

- **Historic lows:**
  - Interest rates on the rise but mortgage rates still remain historically low

- **Strong economy:**
  - Economic growth accelerating and labor market at full employment with unemployment rate at multi-decade lows.

- **Home prices rising:**
  - Limited supply and robust demand keeping home price rising albeit at a slower rate
  - Nationally, home prices increased at a rate of 5.6 percent year over year in November 2018 down from 7.1 percent year over year in November 2017.

- **New purchase markets:**
  - Millennials and minority groups poised to buy

Source: Freddie Mac Housing and Economic Research, Office of the Chief Economist
Household Demographics

- **Household formations:**
  - 1.6 million in 2018, up from 653,000 in 2013

- **Millennials living with parents:** ~1/4

- **Millennial households:**
  - 20 million in 2018, rising to 25 million by 2038

- **Minorities share of household growth 2018-2028:** 56%

- **Households aged 65+:**
  - ↑16 million from 2018-2038

Source: Joint Center for Housing Studies of Harvard University's “2018 State of the Nation’s Housing” & Daniel McCue
“JCHS Updated Household Growth Projections: 2018-2028 and 2028-2038”
First-time homebuyers

2018 First-Time Homebuyer Demographics

- Share at 33% in 2018 – A decrease from 34% in 2017
- Median age – 31; Median income - $88,800
- Down payment sources – 59% savings; 23% gifts from friends or relatives
- 37% used FHA loans, 10% used VA
- Typical FTHB home: 1,800 sq. ft., cost - $220,000
- FTHBs plan to stay in homes for 10 years

Source: National Association of Realtors 2018 Profile of Home Buyers and Sellers.
Nationally, home prices are outpacing income

U.S. House Price and Income Growth
12 month percent change

Sources: House price index is U.S. Freddie Mac House Price Index, Income is BEA per capita disposable income (SA)
Housing Landscape

Strong foundation:

- Economy, employment and wages growing steadily
- Housing starts increasing \(^1\)
- 1+ million homeowners regained positive equity in 2016 \(^2\)
- Strong belief in homeownership

Still, there are challenges:

- Lending myths abound
- Low inventory
- Rising home prices
- Rising interest rates

Sources:
1 - U.S. Census – Monthly New Residential Construction, March 2018
2 - Joint Center for Housing Studies of Harvard University’s “2017 State of the Nation’s Housing”
The Changing Face of the Borrower
The U.S. Will Become More Diverse

Source: U.S. Census Bureau
Minority Share Comparison Chart and Table

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

<table>
<thead>
<tr>
<th>Share of Population by Minority</th>
<th>United States</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (Non-Minority)</td>
<td>62.0%</td>
<td>55.6%</td>
</tr>
<tr>
<td>Black (African American)</td>
<td>12.3%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Asian</td>
<td>5.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>17.3%</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Select Florida Counties</th>
<th>Clay County</th>
<th>Duval County</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (Non-Minority)</td>
<td>74.9%</td>
<td>54.7%</td>
</tr>
<tr>
<td>Black (African American)</td>
<td>9.6%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Asian</td>
<td>2.9%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>9.0%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>
Homeownership Rates by Minority


Hispanic American Homebuyers

Expected to lead U.S. household growth, adding 6 million

- Strong enthusiasm for homeownership
- Top barrier to homeownership in the current market is insufficient credit score or history
- More likely than non-Hispanics to have multi-generational households
- Tend to make small down payments (5% or less)
- Many lack accurate information about the home buying process and there may be an opportunity to dispel myths about required down payments and credit scores
- Account for more than one in five Millennials

Sources: NAHREP 2017 State of Hispanic Homeownership Report
Asian American Homebuyers
Expected to account for 2.2 million of the nation’s 13.6 million new households between 2015 and 2025

High educational levels (49% have a college degree as compared to 28% for all U.S. adults)

Greater annual household income and median household wealth vs. all U.S. adults

Younger buyers may solicit help from their elders; multiple generations in the house

Many buyers have all cash and those who finance tend to have larger down payments

Language is primary barrier to homeownership; roughly 90% speak a language other than English at home

Account for one in 20 Millennials

Sources:
Joint Center for Housing Studies of Harvard University, State of the Nation’s Housing 2017
Growing segment - Aging of the baby-boom generation and increased longevity are driving housing needs

Declining income - Income drops with age regardless of race or ethnicity

Aging in place is the preference of most Seniors

For those in retirement who would consider moving, the following are the most likely reasons for moving:

- Moving closer to children/grandchildren and other family members
- Moving to a warmer climate
- Moving to a retirement community

Sources: The Freddie Mac 55+ Research Initiative; 2016
Housing America’s Older Adults, Meeting the Needs of an Aging Population; Joint Center for Housing Studies of Harvard University; 2014
Report Explores Housing Challenges of Rural Seniors; National Low Income Housing Coalition; December 22, 2014
Millennials (36 years old and younger)

Comprise the largest share of recent homebuyers at 34%

As of 2016, 15% of adults aged 25-35 were living in their parents’ home, which is five percentage points higher than in 2000

Over 85% consider their home purchase a good financial investment

Face numerous obstacles including underemployment, debt, and rising rents

Use the Internet to search for houses, but turn to a realtor to complete the purchase

98% who purchased a home in the past year financed it

A recent report by the Joint Center for Housing Studies of Harvard University found that “In 2015, Millennials headed only 16 million of the nation’s 124.5 million households. By 2035, however, they are projected to head 49.8 million households and thus reshape housing demand in profound ways.”

Source: National Association of Realtors, 2017 Home Buyer and Seller Generational Trends
Joint Center for Housing Studies of Harvard University, State of the Nation’s Housing 2017
Freddie Mac Office of the Chief Economist, Freddie Mac January 2018 Outlook
# Demographics of Individuals in the U.S.

<table>
<thead>
<tr>
<th>Age</th>
<th>Income (in thousands)</th>
<th>FICO Score</th>
<th>Total DTI</th>
<th>Population (in thousands)</th>
<th>Population (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>48</td>
<td>64</td>
<td>719</td>
<td>9</td>
<td>282,383</td>
</tr>
<tr>
<td>Millennial (19-35)</td>
<td>28</td>
<td>44</td>
<td>673</td>
<td>10</td>
<td>64,046</td>
</tr>
<tr>
<td>19-25</td>
<td>23</td>
<td>34</td>
<td>670</td>
<td>6</td>
<td>20,224</td>
</tr>
<tr>
<td>26-35</td>
<td>30</td>
<td>49</td>
<td>674</td>
<td>11</td>
<td>43,822</td>
</tr>
<tr>
<td>36-54</td>
<td>45</td>
<td>66</td>
<td>697</td>
<td>14</td>
<td>73,549</td>
</tr>
<tr>
<td>55+</td>
<td>66</td>
<td>82</td>
<td>779</td>
<td>6</td>
<td>76,208</td>
</tr>
<tr>
<td>Hispanic</td>
<td>43</td>
<td>49</td>
<td>678</td>
<td>10</td>
<td>56,272</td>
</tr>
<tr>
<td>African American</td>
<td>45</td>
<td>45</td>
<td>624</td>
<td>10</td>
<td>33,274</td>
</tr>
<tr>
<td>Asian</td>
<td>40</td>
<td>69</td>
<td>743</td>
<td>6</td>
<td>6,601</td>
</tr>
</tbody>
</table>

Note: Experian September 2016 anonymized individual credit bureau data combined with marketing data and is weighted appropriately. Median average values are used.
Population and Age Comparison Table and Chart

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

<table>
<thead>
<tr>
<th>Population and Age</th>
<th>United States</th>
<th>Florida</th>
<th>Select Florida Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Population Estimate</td>
<td>318,558K</td>
<td>19,934K</td>
</tr>
<tr>
<td>Share of Population by Age Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>7.1%</td>
<td>6.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>13.6%</td>
<td>12.7%</td>
<td>12.1%</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>12.7%</td>
<td>12.2%</td>
<td>13.0%</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>13.6%</td>
<td>13.8%</td>
<td>15.0%</td>
</tr>
<tr>
<td>55 to 59 years</td>
<td>6.7%</td>
<td>6.7%</td>
<td>6.6%</td>
</tr>
<tr>
<td>60 to 64 years</td>
<td>5.9%</td>
<td>6.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>8.3%</td>
<td>10.5%</td>
<td>8.9%</td>
</tr>
<tr>
<td>75 to 84 years</td>
<td>4.3%</td>
<td>6.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>85 years and over</td>
<td>1.9%</td>
<td>2.6%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>
Average Borrower Income Comparison Chart and Table by Minority

Source: Data comes from 2017 HMDA originations and purchases for single family and manufactured housing properties, excluding redundant loans purchased by commercial banks, savings banks, savings associations, and affiliated institutions. Figures also exclude jumbo loans, home improvement loans, loans with a reported rate spread, HOEPA loans, second liens, and unsecured loans. Minority share is calculated using the five race variables and one ethnicity variable per applicant following the HMDA minority definition that excludes from eligibility all loans where the borrower is white but ethnicity is missing, non-Hispanics with missing race and where both race and ethnicity are missing.

### Average borrower income by minority group

<table>
<thead>
<tr>
<th>Minority Group</th>
<th>U.S.</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>$108K</td>
<td>$96K</td>
</tr>
<tr>
<td>Black (African American)</td>
<td>$81K</td>
<td>$75K</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$82K</td>
<td>$80K</td>
</tr>
<tr>
<td>Minority Overall</td>
<td>$88K</td>
<td>$81K</td>
</tr>
<tr>
<td>White (Non-Minority)</td>
<td>$93K</td>
<td>$91K</td>
</tr>
<tr>
<td>Overall</td>
<td>$92K</td>
<td>$87K</td>
</tr>
</tbody>
</table>

### Select Florida Counties

<table>
<thead>
<tr>
<th>County</th>
<th>Asian</th>
<th>Black (African American)</th>
<th>Hispanic</th>
<th>Minority Overall</th>
<th>White (Non-Minority)</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clay County</td>
<td>$82K</td>
<td>$74K</td>
<td>$77K</td>
<td>$76K</td>
<td>$81K</td>
<td>$80K</td>
</tr>
<tr>
<td>Duval County</td>
<td>$86K</td>
<td>$70K</td>
<td>$73K</td>
<td>$75K</td>
<td>$87K</td>
<td>$83K</td>
</tr>
</tbody>
</table>
Average Credit Score Comparison Chart

Source: Credit data as of September 2016.
Identifying Borrower Needs
Exploring Borrower Needs

1 unit vs. 2-4 unit dwellings

Down payment assistance needed

Available funds for closing
- 20%
- 10%
- 5%
- 3%

Sources of funds

First-time homebuyer

Fixed vs. ARM

Qualifying income

Property Area / AMI
Overview of HomeOneSM Mortgage
Introducing the HomeOne℠ Mortgage

Freddie Mac is proud to announce the new HomeOne℠ mortgage

This conventional mortgage, launched in July 2018, offers qualified first-time homebuyers

3% down payment option & NO geography or income limitations

Complimentary offering to round out our suite of Low Down Payment mortgages
- HomeOne℠
- Home Possible®
- Home Possible Advantage®
- HFA Advantage®

Provides a solution to capture the growing first-time homebuyer segment

Addresses a portion of borrower situations that may no longer be served by the Home Possible® / Home Possible Advantage® affordable product
## Overview of HomeOne™ Conventional Mortgage

<table>
<thead>
<tr>
<th>Feature</th>
<th>HomeOne™ Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTV ratio</td>
<td>97% LTV / 97% HTLTV / 105% HTLTV</td>
</tr>
<tr>
<td>Purchase Status</td>
<td>At least one borrower must be a first-time homebuyer (as defined in the Guide)</td>
</tr>
<tr>
<td>Refinance</td>
<td>No Cash-Out Refinance.  Mortgage being refinanced must be owned or securitized by Freddie Mac unless it has secondary financing that is an Affordable Second®</td>
</tr>
</tbody>
</table>
| Units                         | 1- Unit Only  
No Manufactured Homes                                                         |
| Primary Residence             | All borrowers must occupy the mortgaged premises as their primary residence      |
| Loan Type                     | Fixed Rate                                                                      |
| Income Limits                 | No Limits                                                                        |
| Homeownership Education       | Required when all borrowers are first-time homebuyers                            |
| Underwriting Path             | Loan Product Advisor™ Only                                                       |
Overview of Home Possible® Mortgages
Home Possible® Mortgage

Designed to meet the needs of borrowers with very low to moderate incomes looking for options like LOW down payments and FLEXIBLE sources of funds.

Home Possible helps you grow your business with features that expand access to credit to more creditworthy borrowers.

- Certainty and simplicity with Freddie Mac’s Loan Advisor Suite®
- Guidelines that support sustainable homeownership for borrowers with very low to moderate incomes
- Product features designed to align with the changing demographics of today’s borrowers
Benefits for Your Borrowers*

Access to Credit with Sustainability:

- **Low down payment** – allowable LTVs to 97% and TLTVs to 105% with Affordable Second secondary financing
- **Flexible sources of funds** for down payment and closing costs
- **Cancellable** private mortgage insurance (PMI)
- **Not** limited to first-time homebuyers

- **Supports manufactured housing** up to 95% LTV
- No minimum borrower contribution from personal funds (1-unit only)
- Allows for **non-traditional credit**
- Improved sustainability with homebuyer education that helps borrowers prepare for the responsibilities of homeownership – at **no cost to the borrower**

* See Freddie Mac *Single-Family Seller/Servicer Guide* for details.
# Overview of Home Possible® Mortgages

<table>
<thead>
<tr>
<th></th>
<th>Home Possible®</th>
<th>Home Possible Advantage®</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LTV ratio</strong></td>
<td>95% LTV/TLTV/HTLTV (Manufactured Homes refer to Seller/Servicer Guide)</td>
<td>97% LTV / 105% TLTV (Affordable Second® only)</td>
</tr>
<tr>
<td><strong>Refinance</strong></td>
<td>Purchase/No Cash-out Refinance</td>
<td></td>
</tr>
<tr>
<td><strong>Units</strong></td>
<td>1- to 4-unit primary residence (Detached/Attached, PUDs, Condominiums)</td>
<td>1- unit primary residence (Detached/Attached, PUDs, Condominiums)</td>
</tr>
<tr>
<td><strong>Primary residence</strong></td>
<td>All Borrowers must occupy the Mortgaged Premises as their Primary Residence</td>
<td></td>
</tr>
<tr>
<td><strong>Loan type</strong></td>
<td><strong>Fixed Rate</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5/5 or 5/1 ARMs if secured by 1- to 2-unit property, other than a Manufactured Home</td>
<td>7/1 or 10/1 ARMs if secured by a 1- to 2-unit property</td>
</tr>
<tr>
<td>Temporary subsidy buydown</td>
<td>(1-to 2-unit primary residence only)</td>
<td>(1-unit primary residence only)</td>
</tr>
</tbody>
</table>

New flexibilities available as of October 29, 2018
Sources of Funds

Borrower Personal Funds

- Depository accounts
- **Cash on hand**
- Securities
- Retirement accounts
- Government bonds
- Loan secured by borrower’s assets
- Sale of borrower’s real property
- Sale of borrower’s assets
- Borrower’s real estate commission
- Funds from a trust
- Pooled funds
- Individual Development Account (IDA): *include matching funds only if not subject to recapture tax*
- Community Savings-Borrower contribution
- Cash value of life insurance policy
- Trade equity
- Rent Credits

Credit card charges, cash advances or unsecured line of credit to pay fees associated with the mortgage application process

Home Possible only: 2-4 unit properties with LTV >80% ≤ 95%:
3% of value from Borrower Personal Funds
Sources of Funds

Other Eligible Sources of Funds

- Gift funds or gift of equity: Related Person
- Gift funds: wedding gift
- Gift/Grant: Agency¹
- Gift/Grant from Seller as originating lender
- Affordable Seconds
- Secondary Financing (Home Possible Only)
- Employer-Assisted Homeownership Benefit

- IDA: matching funds subject to recapture tax
- Unsecured loan: Agency/Related Person, or Community Savings Systems (For Community Savings funds in excess of Borrower’s contribution)
- Sweat equity: eligible for up to the entire amount of down payment and closing costs

¹ 1 - 3% required **ONLY** when the Borrower is receiving a gift or grant from the lender or an Agency affiliated with the lender
Sources of Funds

Cash on Hand is Unique to Home Possible

- Credit report shows no more than three tradelines
  - Copies of three months’ statements for any open revolving account that reveal cash advances are not the source of Borrower Funds
  - Any cash advances must be explained and documented
- Updated credit report approximately one week prior to closing to show no new accounts or increase in current accounts
- Six months’ cash receipts or other alternative documentation (refer to Guide Chapter 5202)

- Complete Monthly Budget and Residual Income Analysis (Exhibit 23), or another document containing the same information
- Evidence that all funds used for the down payment, Closing Costs, and reserves are deposited in a financial institution or are held in an institutional escrow account prior to closing

The Mortgage file must have no indication that the Borrower typically uses checking, savings or similar accounts
A borrower’s eligible annual income:

100% AMI

Can be up to 100% of the Area Median Income (AMI)

**AMI Limit:**
The maximum allowed qualifying income based on the median income for the area in which the mortgaged premises is located.

Low-Income Census Tract

**AMI requirements do NOT apply:**

**Low-income Census Tract:**
Defined as a census tract where the income is at or below 80% of the AMI.

**Borrower Income** - The Seller must use income used to qualify the borrower to establish that the income limits are not exceeded.
New Home Possible Flexibilities

Introducing One Simple Home Possible Mortgage

What’s Changing –

- Allowing non-occupying borrowers on 1-unit properties
  - LTV / TLTV / HTLTV ratio is < or = to 95% for Loan Product Advisor mortgages OR is < or = to 90% for Manually Underwritten mortgages
  - DTI ratio is < or = to 43% based on occupying Borrowers income for Manually Underwritten mortgages
  - A TLTV ratio of < or = 105% is permitted for mortgages with Affordable Seconds

- Permitting ownership of one additional property
  - Without restriction

- Adding Super Conforming mortgages
  - Must be submitted through LPA and receive an Accept risk class
  - LTV / TLTV / HTLTV ratio < or = to 95%
  - TLTV ratio < or = to 105% is allowed for mortgages with Affordable Second

New flexibilities available as of October 29, 2018
Introducing One Simple Home Possible Mortgage

What’s Changing –

• **Secondary financing**
  - Permitting standard secondary financing for a mortgage with TLTV / HTLTV ratio of < or = 97%
  - If TLTV ratio is > than 97%, the secondary financing must be an Affordable Second

• **Reducing rental income documentation**
  - Receipt of regular payments of rental income for at least 9 of the past 12 months required

• **Increasing DTI for manually underwritten mortgages**
  - Maximum debt payment to income ratio of 45%

• **5/5, 5/1, 7/1, 10/1 ARMS for 3- to 4-unit properties**
  - Permitted with LTV / TLTV / HTLTV ratios < or = to 75%

New flexibilities available as of October 29, 2018
Why Choose Home Possible over FHA?

**Home Possible**
- MI Ends when LTV < 80%
- Conventional MI: monthly premium
- MI only required if the LTV is 80% or higher
- No upfront MIP

**FHA**
- MI stays for the life of the loan
- FHA: Upfront AND monthly premiums
- MI required regardless of the LTV
- Upfront MIP added to principal AND amortized

**WHAT THIS MEANS:** With more funds applied toward the principal upfront, a Home Possible mortgage with PMI lets the borrower build equity faster.
Share of FHA loans by minority group

<table>
<thead>
<tr>
<th>US Conforming Loan Count</th>
<th>US</th>
<th>Florida Conforming Loan Count</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>198,221</td>
<td>10.7%</td>
<td>7,391</td>
</tr>
<tr>
<td>Black (African American)</td>
<td>205,797</td>
<td>38.0%</td>
<td>17,828</td>
</tr>
<tr>
<td>Hispanic</td>
<td>339,691</td>
<td>36.1%</td>
<td>44,378</td>
</tr>
<tr>
<td>Minority Overall</td>
<td>756,465</td>
<td>29.7%</td>
<td>69,219</td>
</tr>
<tr>
<td>White (Non-Minority)</td>
<td>2,056,658</td>
<td>16.7%</td>
<td>129,813</td>
</tr>
<tr>
<td>Overall</td>
<td>3,200,386</td>
<td>20.8%</td>
<td>226,971</td>
</tr>
</tbody>
</table>

Select Florida Counties

<table>
<thead>
<tr>
<th>Clay County</th>
<th>Duval County</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.8%</td>
<td>15.9%</td>
</tr>
<tr>
<td>22.5%</td>
<td>30.4%</td>
</tr>
<tr>
<td>18.6%</td>
<td>24.2%</td>
</tr>
<tr>
<td>20.1%</td>
<td>25.6%</td>
</tr>
<tr>
<td>18.3%</td>
<td>16.7%</td>
</tr>
<tr>
<td>19.3%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

Source: Data comes from 2017 HMDA originations and purchases for single family and manufactured housing properties, excluding redundant loans purchased by commercial banks, savings banks, savings associations, and affiliated institutions. Figures also exclude jumbo loans, home improvement loans, loans with a reported rate spread, HOEPA loans, second liens, and unsecured loans. Minority share is calculated using the five race variables and one ethnicity variable per applicant following the HMDA minority definition that excludes from eligibility all loans where the borrower is white but ethnicity is missing, non-Hispanics with missing race and where both race and ethnicity are missing.
Have you used the Home Possible® Income & Property Eligibility Tool?

FreddieMac.com/homepossible/eligibility.html
Home Possible Income & Property Eligibility Tool

For best results, enter the complete property street address to see if a borrower can qualify for a Freddie Mac Home Possible® mortgage based on the property location and the borrower's income.

Note: Search by County or Zip will return results for the most centrally located address. These results may not be the same as the relevant property.

[Enter complete street address]

FreddieMac.com/homepossible/eligibility.html
Home Possible Income & Property Eligibility

For best results, enter the complete property street address to see if a borrower can qualify for a Freddie Mac Home Possible® mortgage based on the property location and the borrowers’ qualifying income.

Note: Search by County or Zip will return results for the most centrally located address. These results may not be the same as the relevant property.

Allows you to check for available down payment assistance on the Down Payment Resource website

Provides Home Possible income limits based on property location

2017 Home Possible Income Limits by County

1551 Park Run Dr, Mc Lean, VA, 22102, USA

See if this property qualifies for Down Payment Assistance

FIPS Code 51059480202
Home Possible Income Limit: $110,300
100% Median Income: $110,300
80% Area Median Income: $88,240
50% Area Median Income: $55,150

Zoom to
Growing Your Business with Freddie Mac Resources
For More Information on Home Possible

Visit: FreddieMac.com/homepossible

Visit: FreddieMac.com/learn

Also refer to Guide Exhibit 19 for postsettlement fees that may apply.
Growing Your Business

Maximize Your Marketing

Marketing Kits
Cost-Effective, User-Friendly Marketing Materials You Can Customize

Expand your marketing efforts with high-quality, ready-to-use promotional materials we've created to promote mortgage products to your customers – giving you more ways to leverage cost-effective marketing opportunities. Simply download any of the artwork from our online kits, customize by inserting your logo, contact information, and any other information deemed valuable and print. With these pre-designed materials, you’ll be ready to promote the solutions you offer to your borrowers and brokers with the messaging you need for impactful advertisements, branch flyers, and much more.

- Instructions on How to Customize the Marketing Materials
- Terms of Use
- Print Specs

Marketing Materials for Mortgage Products
It continues to be important that borrowers have sufficient information on the terms of a mortgage product and that the associated features, benefits and risks of the selected mortgage product are clearly explained to the borrower.

Note: By downloading and using these templates you agree to the terms of use.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Reach Out to Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARM Adjustment Solutions</td>
<td>“Get out of your ARM and gain financial stability”</td>
</tr>
<tr>
<td></td>
<td>Flyer/Ad [DOC]</td>
</tr>
<tr>
<td>Home Possible Mortgages</td>
<td>For borrowers who want to go from renting to homeownership.</td>
</tr>
<tr>
<td></td>
<td>Flyer/Ad:</td>
</tr>
</tbody>
</table>

Available Kits
- ARM Adjustment Solutions
- Home Possible Mortgages
- Renovation Mortgages
- Avoiding Foreclosure
- HFA Mortgage Assistance Programs
- Automated Underwriting
- Fraud Prevention

Use: customizable marketing templates at http://www.freddiemac.com/singlefamily/kits.html
Housing Finance Agencies (HFAs) - An Opportunity for You

- Ideal for borrowers with limited funds for down payment and closing costs, and those needing extra flexibilities on credit and income sources.

- Reach more potential homeowners through HFA programs that:
  - Provide low down payment options
  - Offer preferential pricing

- Majority of HFAs provide “true grant” funds or affordable secondary financing as part of their down payment assistance programs.

- An alternative to FHA financing
Freddie Mac provides HFAs with a source of liquidity and supports their service to low and moderate income borrowers.

- Launched HFA Advantage Mortgage, our enhanced product for housing finance agencies, which includes:
  - 97% LTV and 105% TLTV (1-unit)
  - HFA income limits in lieu of Home Possible Area Median Income limits
  - HFA determines homebuyer education requirements
  - Credit enhancement options including Charter-level mortgage insurance coverage

- Engage with master servicers who have relationships with smaller state and local HFAs

- Contact your state or local HFA for program details
Website for consumers on renting, buying and owning a home

Visit: Myhome.freddiemac.com
Receive the Latest News and Updates

Subscription Center

Welcome to the Single-Family Business News Subscription Center

Get the latest emails on single-family news, updates, alerts, and new training and education opportunities on the categories that match what is most important for your job, your organization, and your business.

Single-Family News Center

You Can Now Originate Certain Loans Without an Appraisal
Get to closing faster. Save money. Our automated collateral evaluation (ACE) can now be applied to both no cash-out refinance and purchase transactions.

RSS Feed for Single-Family News

- Update on Rental Income Changes and MI Master Policies
  January 10, 2018 - The revised rental income requirements announced in Bulletin 2017-12 will now be effective for Freddie Mac mortgages with settlement dates on and after November 30, 2018. MI companies will issue new master policies this year reflecting the revised GSE rescission relief principles.
Helping Borrowers Understand the Mortgage Process

Borrower Resources On My Home:

**Step-by-Step Mortgage Guide**

Guide to help borrowers understand the mortgage process, from application to closing

Visit: [Myhome.freddiemac.com](http://Myhome.freddiemac.com)
Freddie Mac’s online homeownership course that meets the Home Possible® Mortgages education requirement.

It’s free, convenient and an effective education tool.

http://www.freddiemac.com/creditsmart/
Borrower Education

CreditSmart®

- Freddie Mac’s financial-literacy curriculum:
  - No charge to the borrower
  - Available as instructor-led or online and in multiple languages
  - 12-module curriculum
  - 5-module Steps to Homeownership tutorial fulfills Home Possible education requirement
  - LOs can use CreditSmart® workshops to gain entry to realtor shops
  - May expand CRA opportunities through preparing future borrowers

Visit: Freddiemac.com/creditsmart/tutorial.html
YOU are the critical link to helping well-qualified homebuyers achieve their homeownership objectives:

- **Provide access to credit**: originate loans to the full extent of Freddie Mac’s credit box
- Utilize your **mortgage finance expertise**
- Explain the process and **dispel the 20% down payment myth**
- **Identify and match available financial resources** in your area (government, nonprofit, private sources) with a sustainable mortgage solution
- **Take advantage of Freddie Mac training and resources** for both you and your borrower

**First-time homebuyer dream realized**—and more business for you—if you know your market and where to find those affordability gap solutions

**Freddie Mac is here to help!**
Freddie Mac Mortgages and Resources can be the solution to YOUR borrower opportunities!

Arm yourself with understanding to drive incremental business.

Who does it serve?  
What are its key features?  
How does it benefit borrowers?  
How can you expand your borrower base?
Appendix - Notations

- **Product Enhancements**

- **HomeOneSM Mortgage**

- **Home Possible Income and Eligibility**
  - 1 - Borrower Income - The Seller must use income used to qualify the Borrower to establish that the income limits are not exceeded. Guide Bulletin Update 2017-26.
  - 2 – AMI Limit Updates – Borrower income will be capped at 100% AMI within High Cost Areas, Designated Disaster Areas and High Minority Census Tract Areas. Guide Bulletin Update 2018 – 7.

- **Home Possible LTV Ratios**
  - 1 – Acronyms: LTV: Loan-to-value / TLTV: Total Loan-to-Value / HTLTV: Home Equity Total Loan-to-Value / Value as defined in the Guide
  - 2- Secondary financing subordinated to a Home Possible® Mortgage must be an Affordable Seconds. The Affordable Second financing cannot be a Home Equity Line of Credit

- **Home Possible Mortgage Insurance**
  - 1 - If custom mortgage insurance is chosen, in addition to all other applicable delivery fees, the custom mortgage insurance delivery fee in Exhibit 19 applies, including on Home Possible Mortgage
  - 2 - Manufactured Homes are limited to a maximum LTV ratio of 95%
  - 3 - Must obtain Freddie Mac's approval to sell Mortgages with annual or monthly premium lender-paid mortgage insurance to Freddie Mac

- **Home Possible Borrower Contributions**
  - 1 - The source of funds is not funded through the Mortgage transaction, including differential pricing in rate, discount points, or fees for individual loans or across the Home Possible offering

- **Home Possible Source of Funds**
  - 1 - (See slide 29) 3% required ONLY when the Borrower is receiving a gift or grant from the lender or an Agency affiliated with the lender

- **Home Possible Affordable Seconds**
  - 1 - Home Possible secondary financing source must be an Affordable Second, and it may not be a home-equity line-of-credit