

An aerial photograph of a suburban neighborhood, showing a mix of single-family homes and dense tree cover. The houses are mostly two-story structures with varying rooflines. The trees are lush and green, filling much of the landscape. A road or driveway runs through the center of the image, providing a sense of perspective.

Freddie Mac

ALL FOR HOME

 **Freddie Mac**
Single-Family

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Speaker

Kimberley Carr, M.B.A.
Single-Family, Affordable Lending Manager
Mission & Community Engagement



Kimberley manages housing relationships on behalf of Freddie Mac, to facilitate sustainable lending opportunities and access to credit for low-to-moderate income buyers and underserved markets, as well as educating industry professionals on affordable lending. Prior to joining Freddie Mac in 2009, Kimberley worked at Bank of America and Litton Loan Servicing, a Goldman Sachs company. Kimberley holds a Bachelor's from the University of Texas at Austin and an M.B.A., from the University of Phoenix.

Our Agenda

01

Freddie Mac
Leading the Future of Home

02

Housing Market

03

Changing Face of the
Borrower Insights

04

Changing Face
of the Borrower

05

Freddie Mac
Solutions & Resources

06

Q & A

Making Home Possible for 53 Years

Leading the Future of Home

Freddie Mac Mission:

To promote liquidity, stability, and affordability in housing – nationwide, in all economic conditions

- Chartered by Congress in **1970**
- Operates in the **Secondary Mortgage Market**
- **3 Main Business Lines:**
 - Single-Family (1- to 4-unit for-sale properties)
 - Multifamily (5+-unit for-rent properties)
 - Capital Markets

ALL FOR HOME

Leadership based on expertise, outreach, and Resources, enabling the housing ecosystem to support homeownership through 4 pillars:

Insights



Education



Mortgage
Products



Business
Solutions



Freddie Mac's Equitable Housing Plan

Our Equitable Housing Finance Plan brings our best thinking forward to **advance equitable and sustainable housing**. Our plan has a multi-year strategy to create opportunities for **minority communities to secure homeownership or achieve renting goals** in 5 core areas:



Address the Homeownership Gap



Increase Opportunities for Renters



Finance the Creation & Preservation of Affordable Housing



Eliminate Disparities Among Members of Black & Latino Communities



Address Systemic Underinvestment in Formerly Redlined Areas



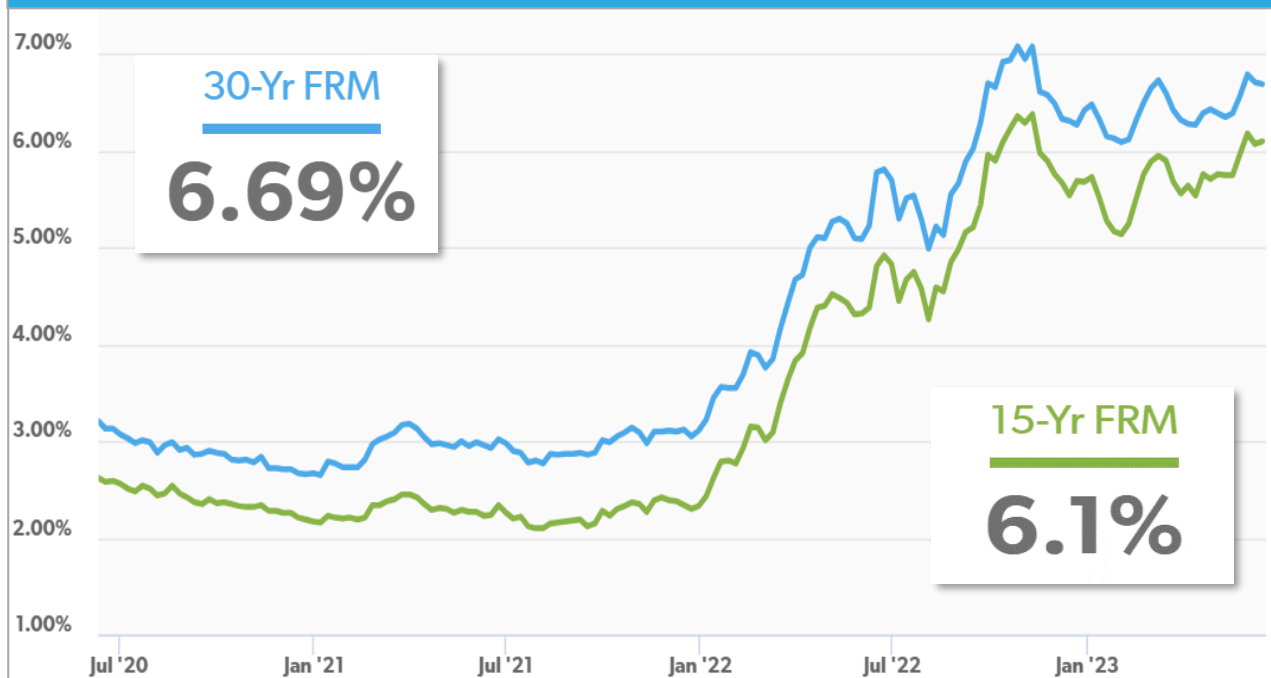
Loan Collateral Advisor® Feedback Message <u>Updates</u> :	
Subjective Language	Potential Objective Approach
“Within walking distance of”	Cite Actual Distance
“Within an easy drive”	Cite Actual Distance
“Desirable” neighborhood	Provide mean market data on selling prices/days

State of the Housing Market



Mortgage rates slide downward, Housing Confidence remains the same

Primary Mortgage Market Survey®



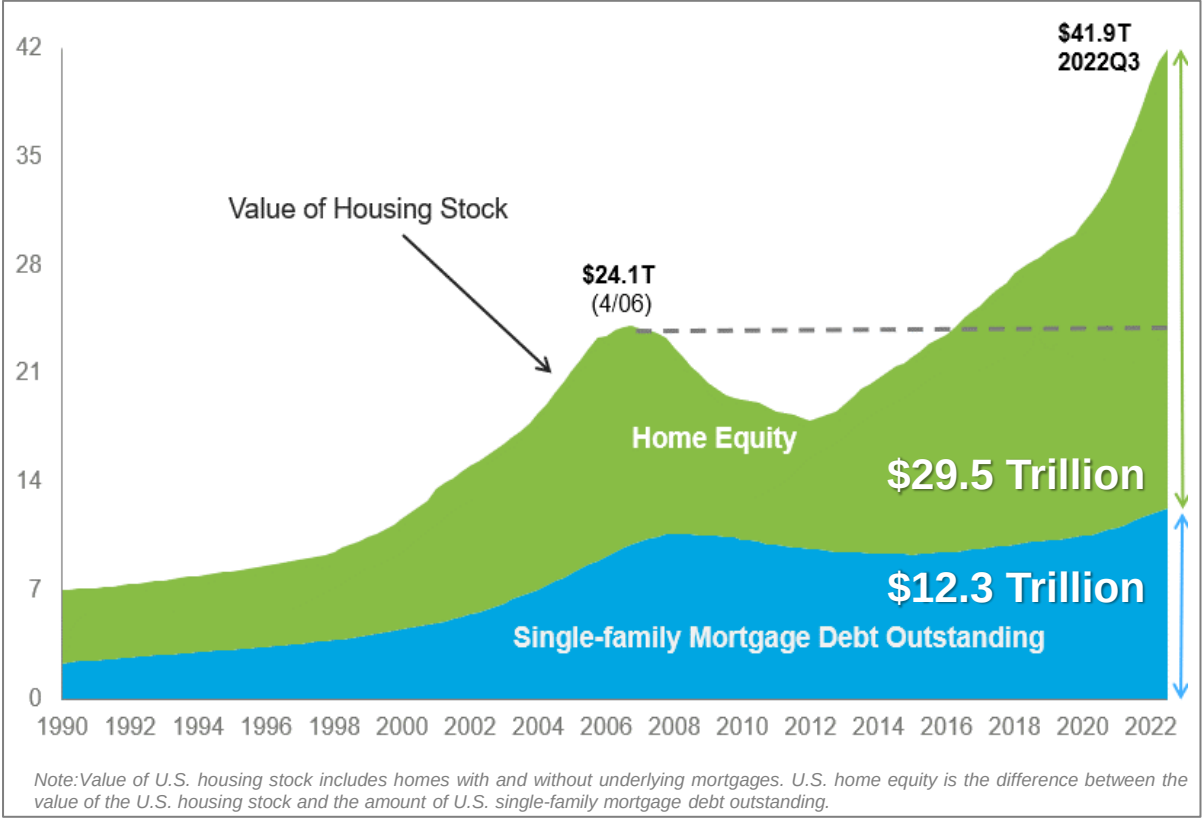
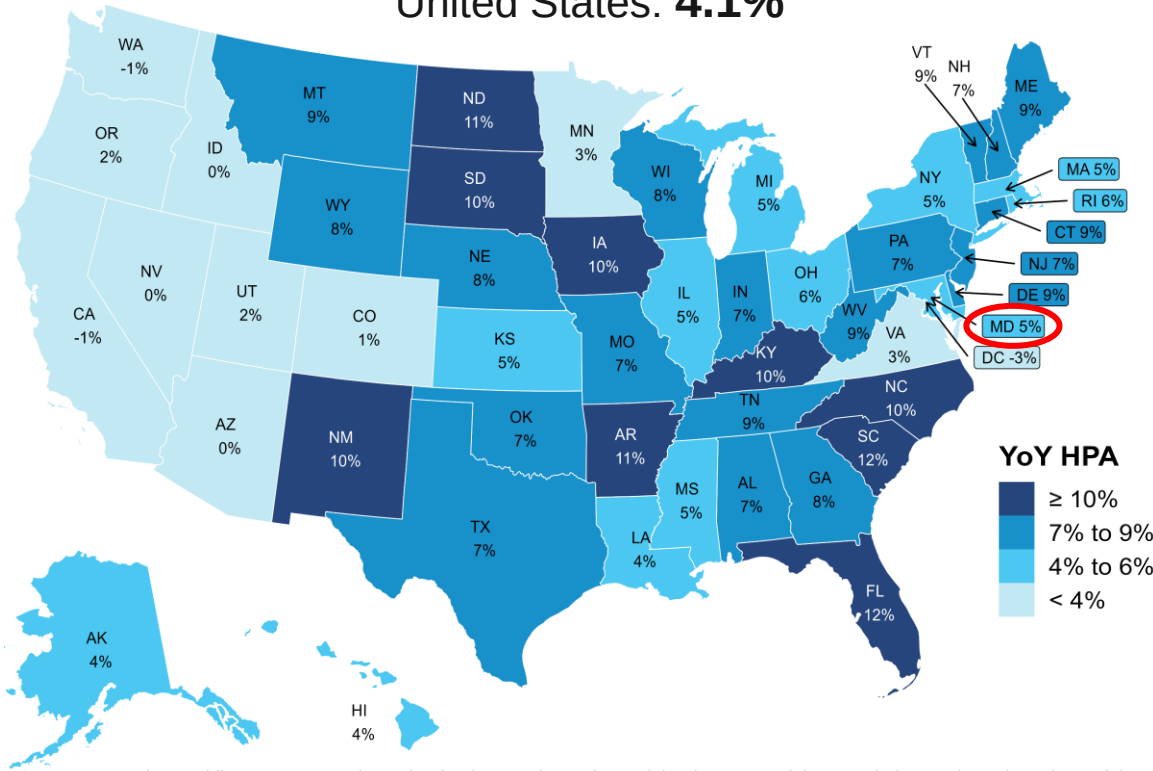
*U.S. Weekly averages as of June 15, 2023

Housing Confidence



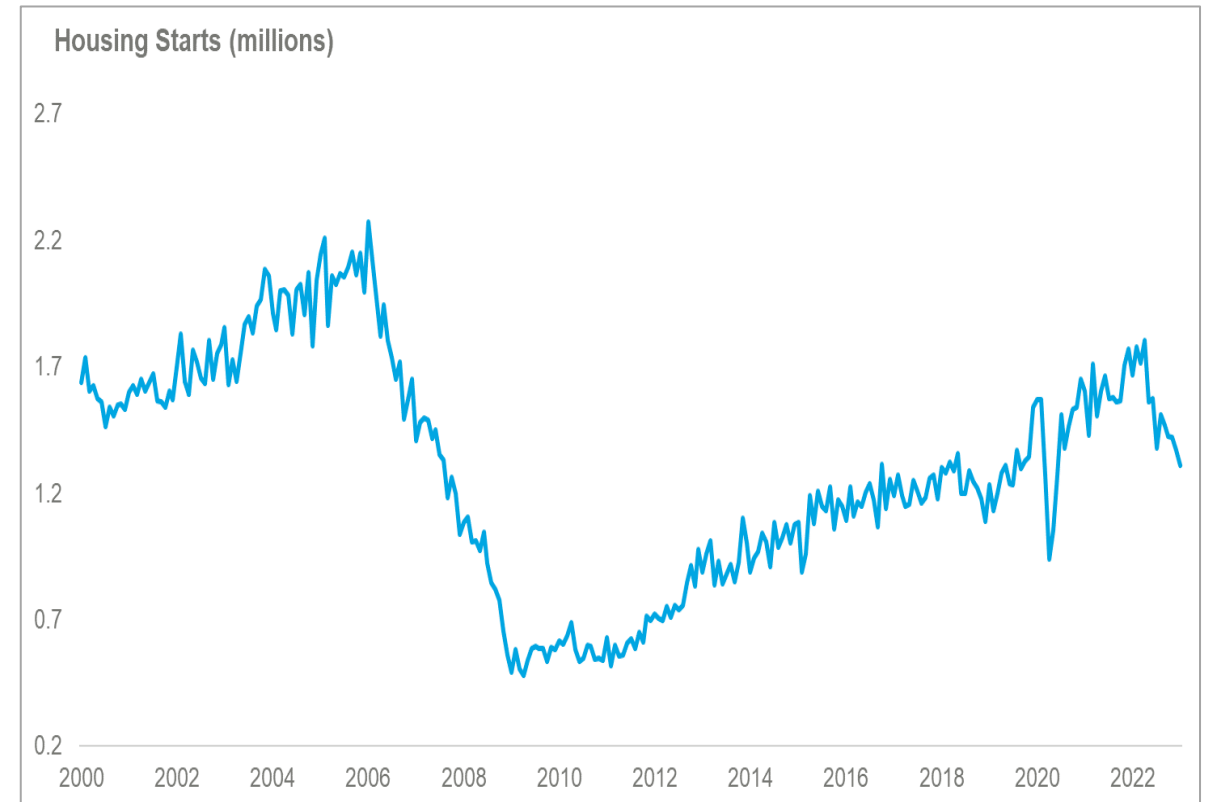
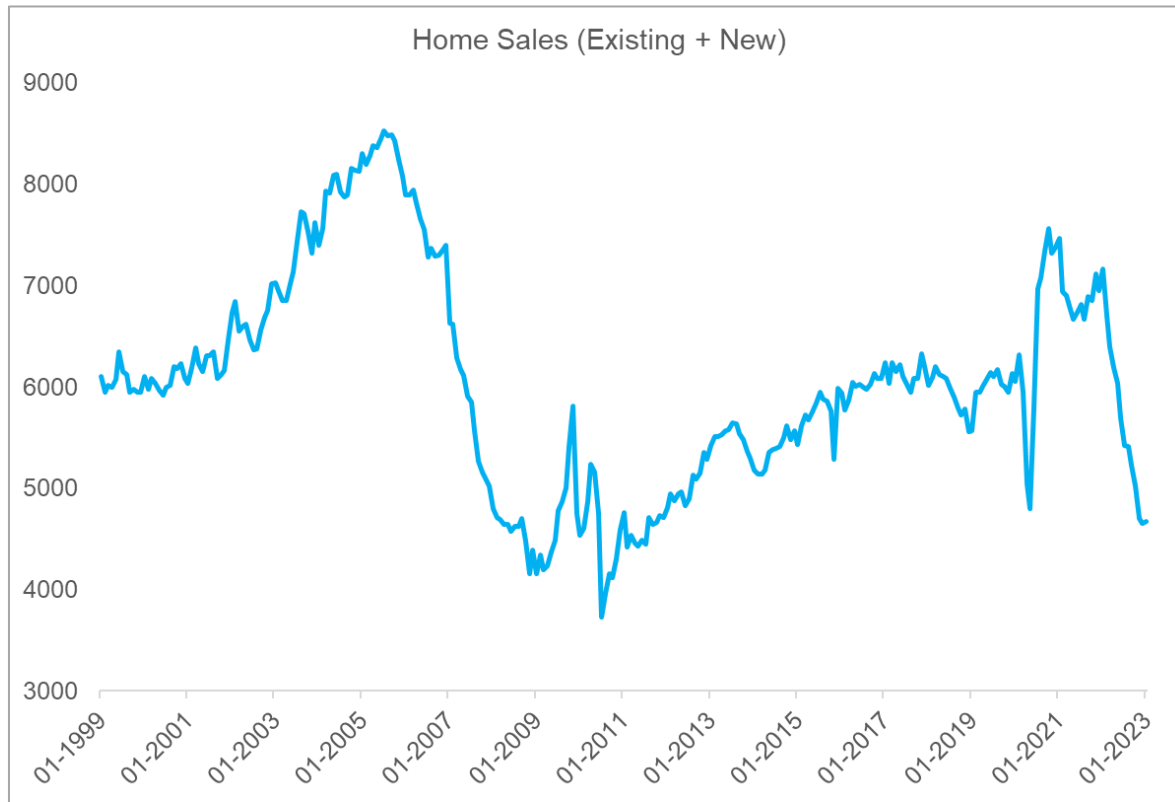
Rising home prices help build equity for existing homeowners

Year over Year Growth as of December 2022
United States: **4.1%**



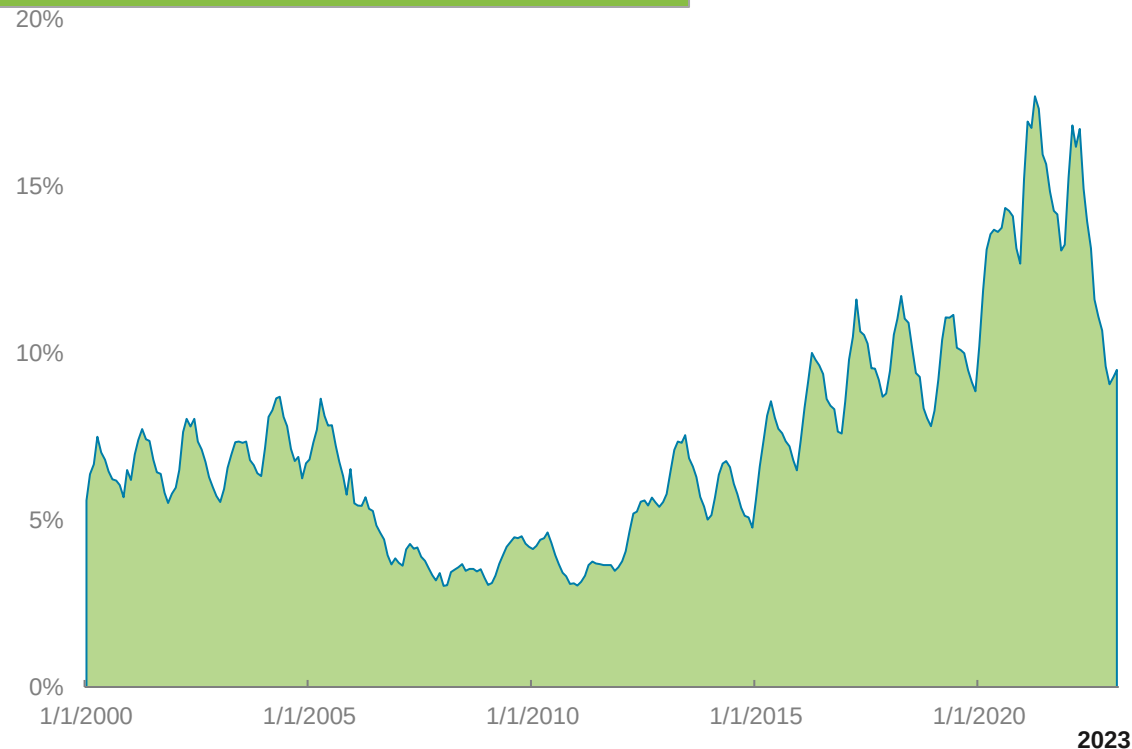
NOTE: The Freddie Mac House Price Index for the U.S. is a value-weighted average of the state indexes where the value weights are based on Freddie Mac's single-family credit guarantee portfolio. Other indices of home prices may have different results, as they are determined using different pools of mortgage loans and calculated under different conventions. Freddie Mac House Price Index is a seasonally adjusted monthly series. Percent changes were rounded to nearest whole percentage point.

Home Sales & Starts decline on rising rates

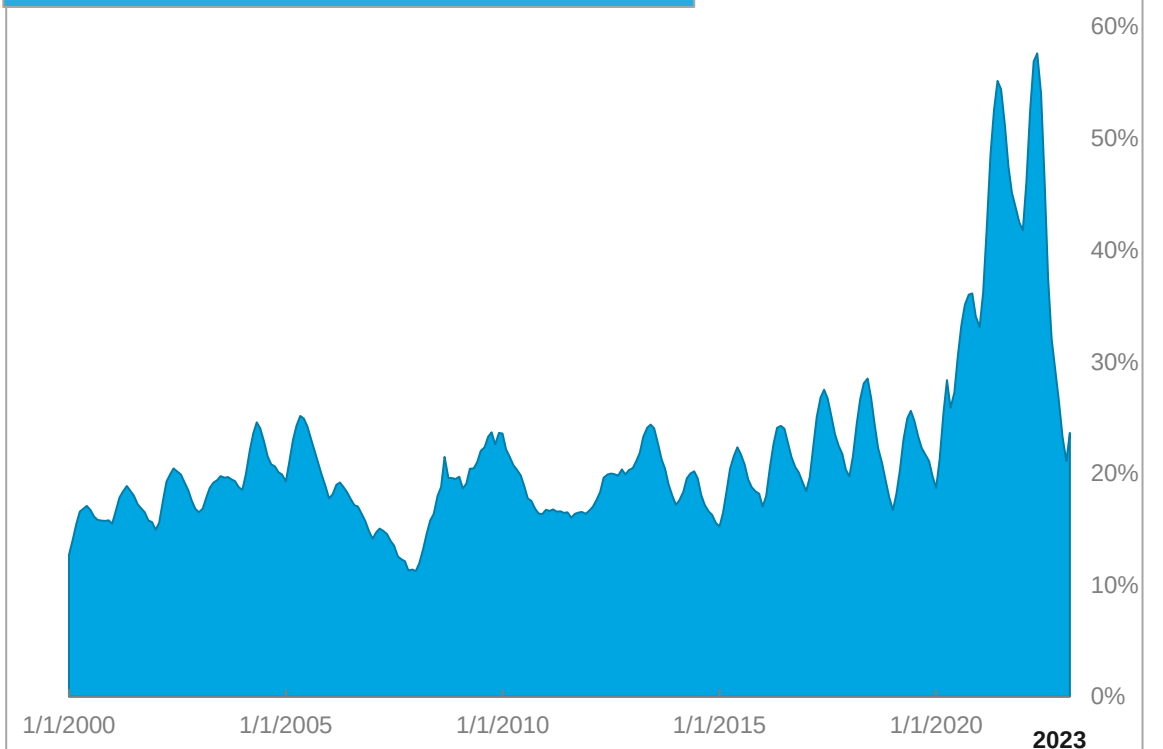


The velocity of home sales remain high, pushing and keeping prices up

% Sold Within 3 Days

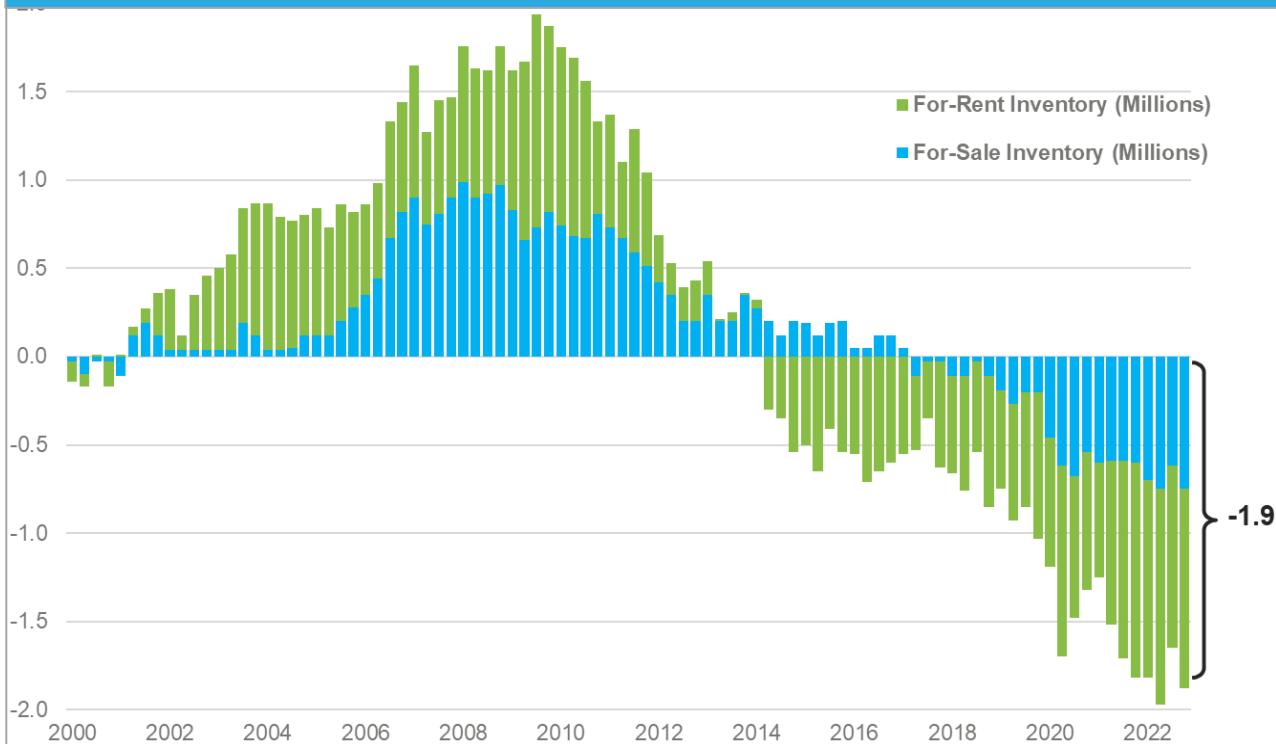


% Sold Above Listing Price



Inventory remains historically low, but slowly increasing

National Housing Under-Supply



Our Outlook

General economy, rates, inflation -While the labor market is gradually moderating, consumers will continue to spend, and the economy will continue to expand, although at a reduced pace.

Home Sales- we expect existing home sales to remain low through the rest of 2023. However, new home sales are expected to pick up through the rest of the year.

Home Prices- We expect tight inventory will push sales volume down, and we expect it to keep home prices up.

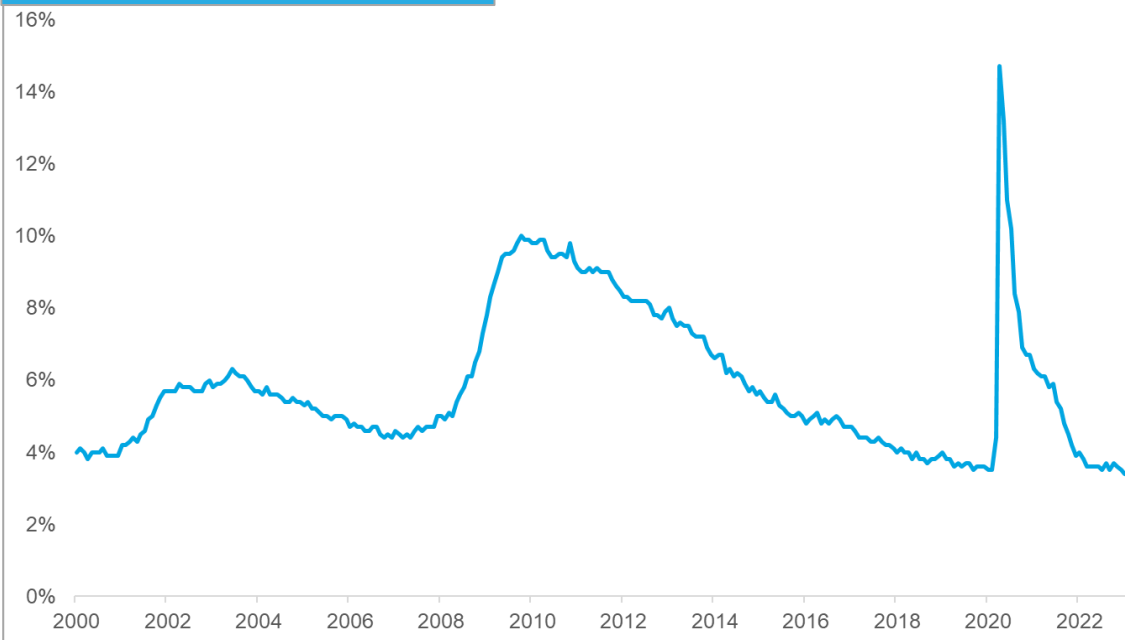
Mortgage Originations- Due to lower home sales, purchase origination volumes are expected to remain muted this year, while high mortgage rates keep refinance activity low.

Changing Face of the Borrower

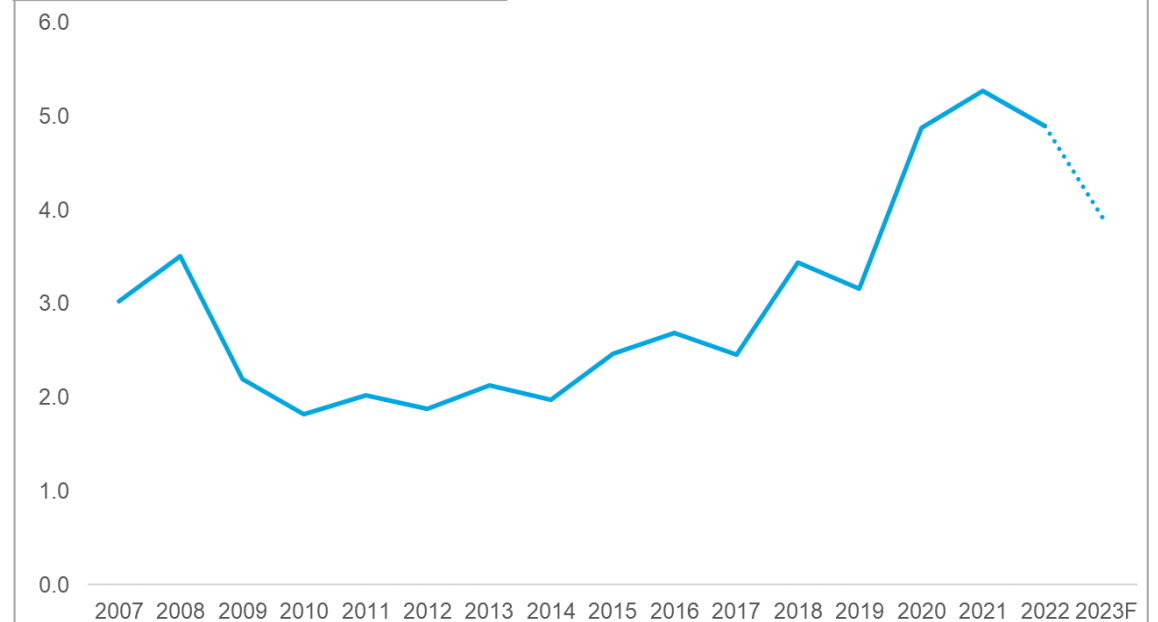


Employment & Income

Unemployment
Rate (3.4%)



Hourly Wage
Growth (~5%YOY)



Defining “Mortgage Ready”

“Mortgage Ready”

(all of the following)

- Credit Score ≥ 661
- DTI ≤ 25
- No foreclosures in 84 months
- No bankruptcies in 84 months
- No severe delinquencies in 12 mos.

“Near Mortgage Ready”

(all of the following)

- Credit Score ≥ 600 and < 661
- DTI ≤ 25
- No foreclosures in 84 months
- No bankruptcies in 84 months
- No severe delinquencies in 12 mos

“Not Currently Mortgage Ready”

(any of the following)

- Credit Score < 600
- DTI > 25
- Foreclosures in 84 months
- Bankruptcies in 84 months
- Severe delinquencies in 12 mos

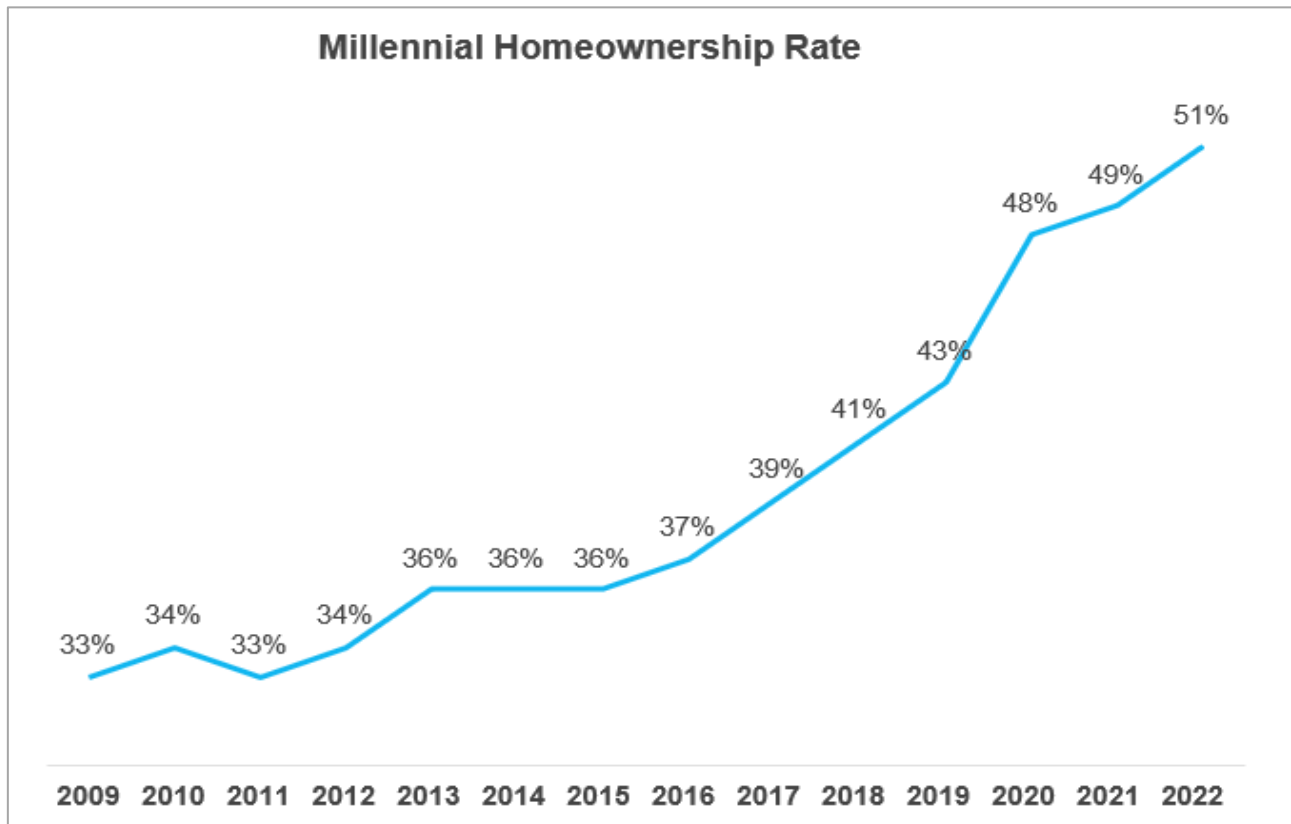
Who is “Mortgage Ready”?

(45 & under)

	Overall Population		Gen Z		Younger Millennials		Older Millennials		Gen X	
NOT Mortgage Ready	32.9(M)	31%	5.1	31%	9.9	33%	13.3	30%	4.6	28%
NEAR Mortgage Ready	12.2	11%	2.4	15%	3.7	12%	4.6	10%	1.5	9%
MORTGAGE-READY	39.2	37%	8.6	52%	12.2	41%	13.8	31%	4.5	28%
Mortgage OWNER	22.7	21%	.3	2%	3.9	13%	12.7	29%	5.8	35%

	Overall Population		Non-Hispanic White		Black Americans		Latino/Hispanic		AAPI	
NOT Mortgage Ready	32.9(M)	31%	15.2	26%	7.7	53%	8.5	36%	1.0	13%
NEAR Mortgage Ready	12.2	11%	6.1	10%	1.9	13%	3.3	14%	.7	8%
MORTGAGE-READY	39.2	37%	22.1	37%	3.4	23%	8.2	35%	4.8	59%
Mortgage OWNER	22.7	21%	16.0	27%	1.6	11%	3.3	14%	1.6	20%

Millennial homebuyer rate is below older generations, but increasing



Homeownership Rate when aged 26-41

Millennial

51%

Gen X

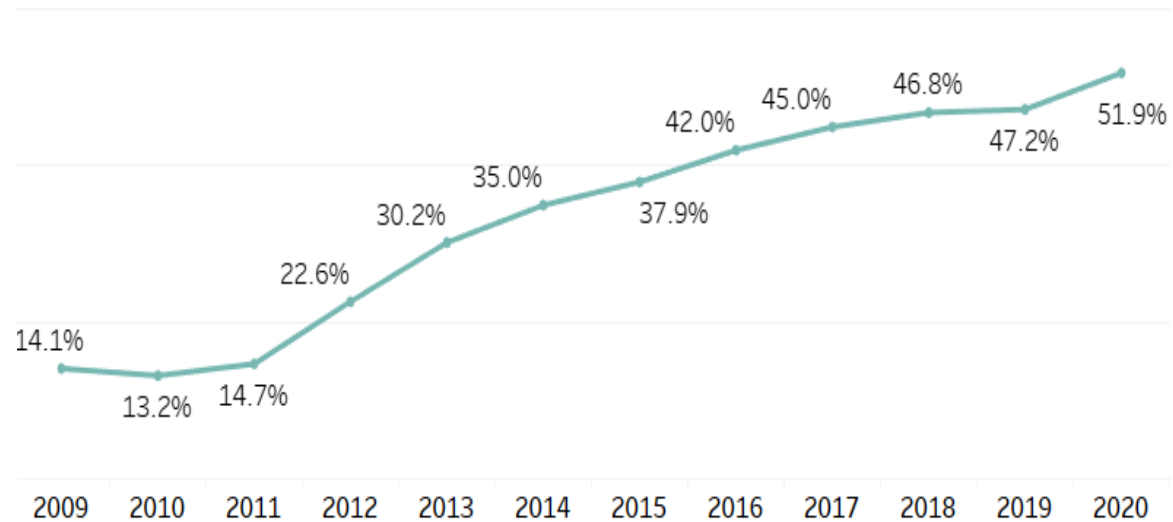
58%

Baby Boomer

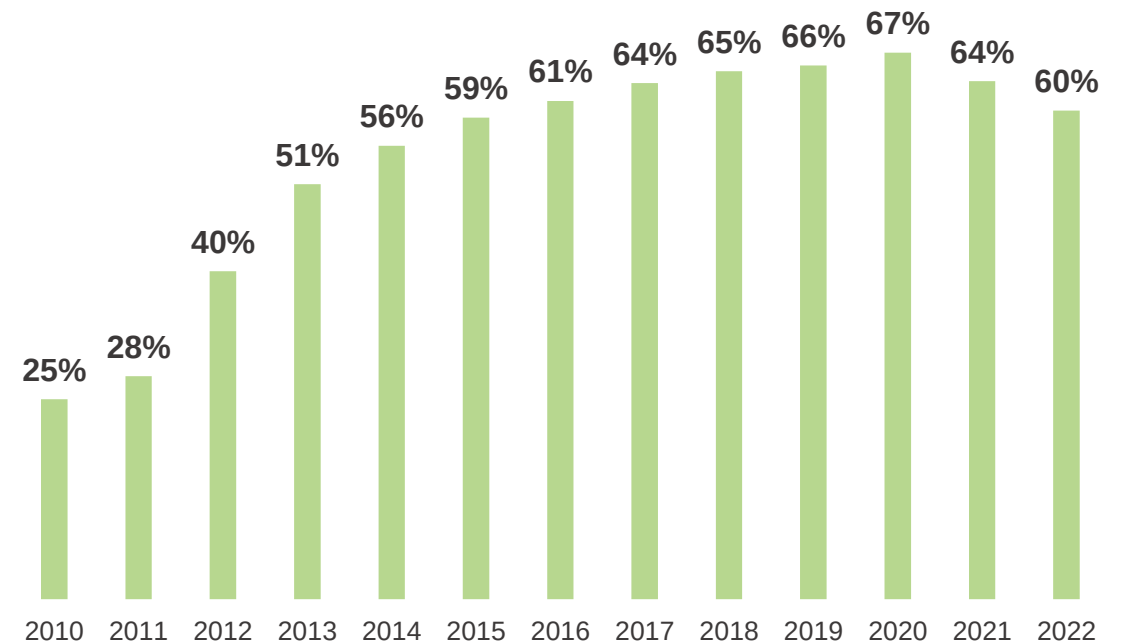
54%

Millennials Saturate Purchase Market

Purchase Mortgages Issued to Millennial Buyers *Acquired by Freddie Mac*



6 in 10 First-time Home Buyers are Millennials



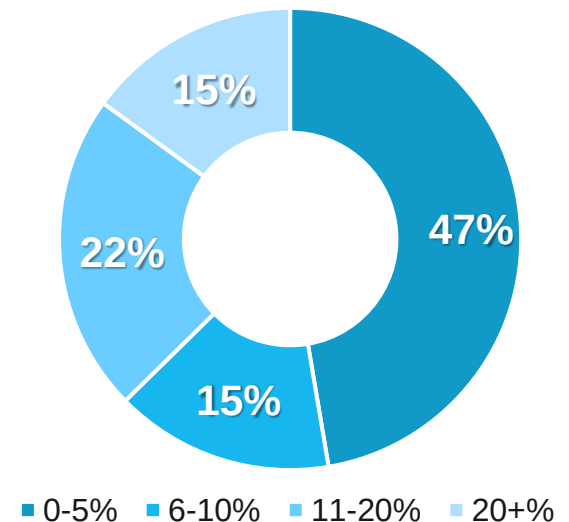
Down payment is the top homeownership barrier for renters ages 25-45

67% of renters (ages 25-45) perceive down payment as the biggest barrier to homeownership

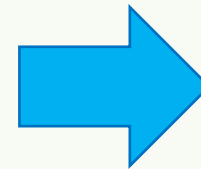
Familiarity with:

- Down payment assistance programs **30%**
- Different type of mortgage products **33%**

2020 FTHB Millennial
Down Payment % Distribution



42% Believe they are required to put a 20% down payment on a home, or were unsure



7% 2021 Median Down Payment First-Time Home Buyers

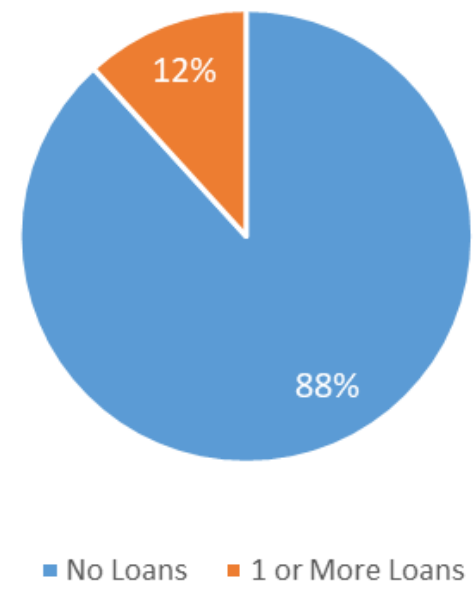
Time Needed to Save Down Payments for “Mortgage Ready”

Race / Ethnicity	"Time to Save" (year)			Monthly Net Income	Median House Price (SFH)
	20% down	5% down	3% down		
Non-hispanic Whites	18.8	4.7	2.8	\$4,141	\$344,423
Black Americans	20.4	5.1	3.1	\$3,503	\$310,579
Hispanic	27.8	7.0	4.2	\$3,528	\$428,744
Asian	27.0	6.8	4.1	\$4,233	\$537,329

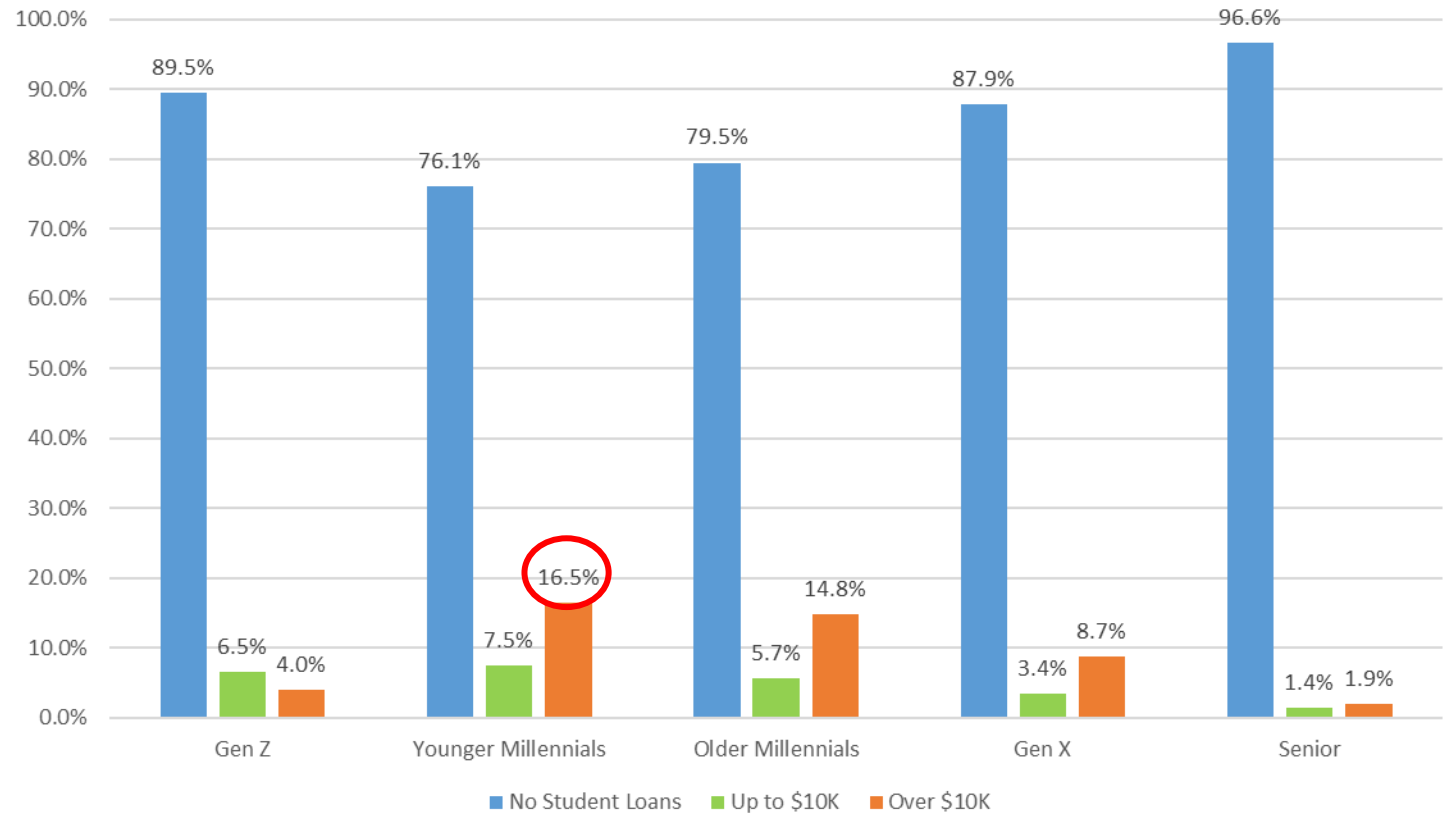
Race / Ethnicity	"Time to Save" (year)			Monthly Net Income	Median House Price (SFH)
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80% AMI and less	27.1	6.8	4.1	\$3,373	\$395,947
80-100% AMI	14.2	3.5	2.1	\$5,389	\$341,600
100-120% AMI	11.1	2.8	1.7	\$6,249	\$308,565
above 120% AMI	7.9	2.0	1.2	\$9,954	\$348,861



Total Population Share of Student Loan Debt



Total Population Share of Student Loan Debt



Source: Freddie Mac calculations using anonymized credit bureau data for Jan 2021. As of 2021, Gen Z is age of 18-23 years , Millennials are 23-40 years old. Older millennials are 31-40 years old. Younger millennials are 24-31 years old. Gen X is 41-59 years old Senior is 59+ years old. Note that we only focus on people under 45 years old.

Population & Ages

Population and Age		United States	Ohio
Population Estimate		324,698K	11,655K
Share of Population by Age Group	20 to 24 years	6.8%	6.6%
	25 to 34 years	13.9%	13.1%
	35 to 44 years	12.6%	11.9%
	45 to 54 years	13.0%	13.0%
	55 to 59 years	6.7%	7.1%
	60 to 64 years	6.2%	6.7%
	65 to 74 years	9.1%	9.6%
	75 to 84 years	4.6%	4.9%
	85 years and over	1.9%	2.2%

Roughly 8,741,000
Millennials

Who is “Mortgage Ready”?

(45 & under)

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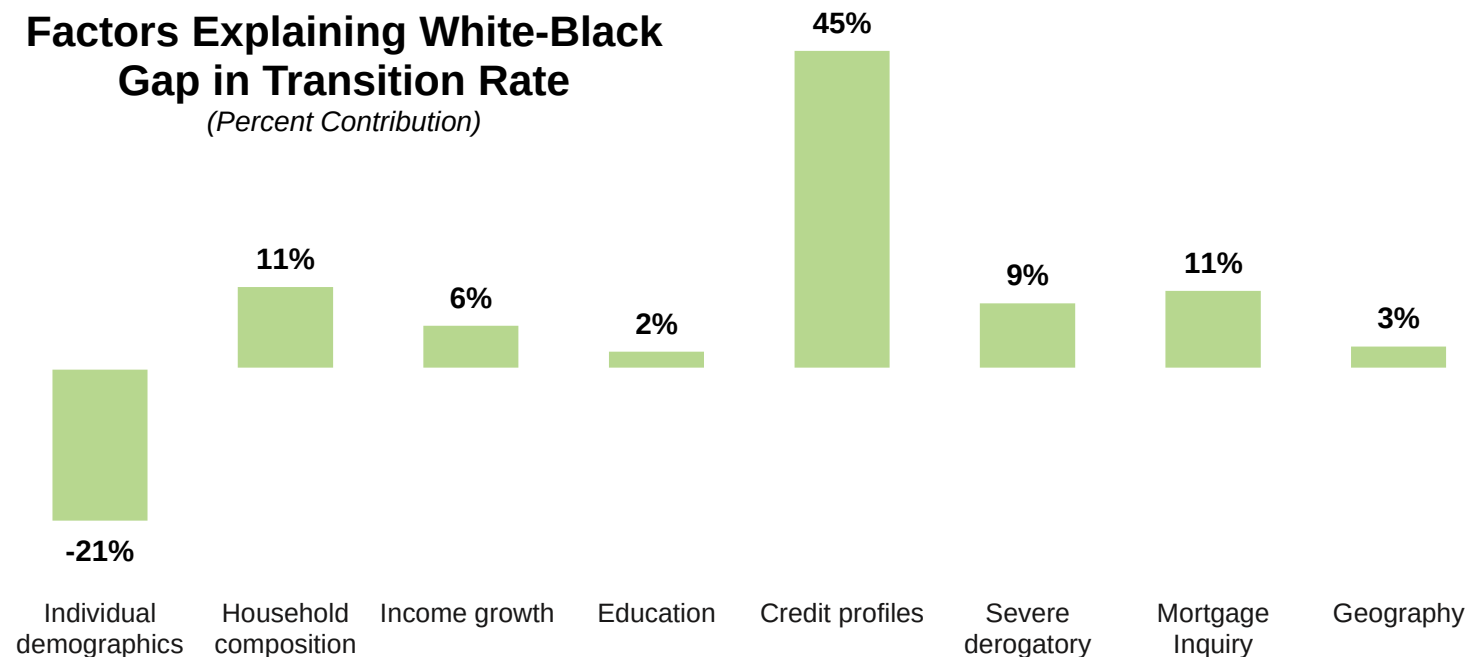
Racial Homeownership Gap Increases with Income

Racial homeownership gap remains **significant** for Middle-Income Americans

- » 19.1% for Black Americans
- » 18.8% for Latino Americans
- » 17.9% for AAPI Americans

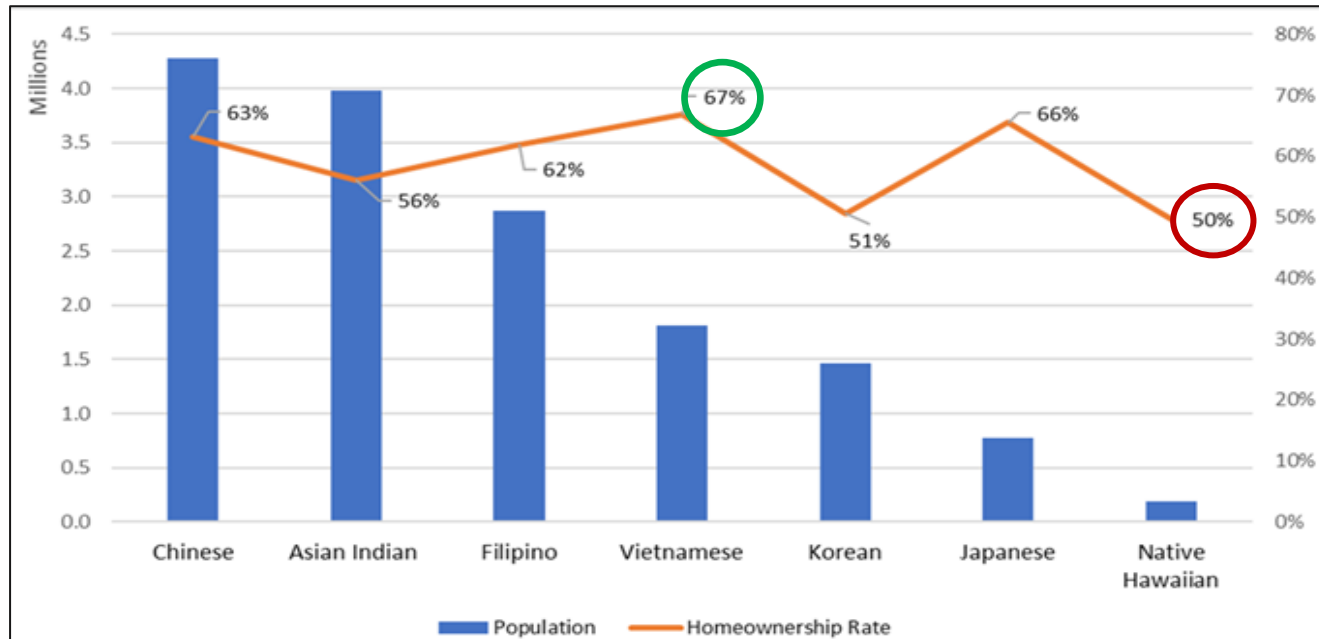
**Middle Income $\geq$ 80% AMI and $\leq$ 140% AMI*

Factors Explaining White-Black Gap in Transition Rate
(Percent Contribution)



Differences in credit attributes contribute the most in explaining the racial gap in transition rates.

Homeownership Variations



- **AANHPI** encompasses a wide range of ethnicities, nationalities and identities from Asian Pacific countries of origin including Asian Americans, Native Hawaiians & Pacific Islanders
- Varying rate of homeownership rate within AANHPI groups

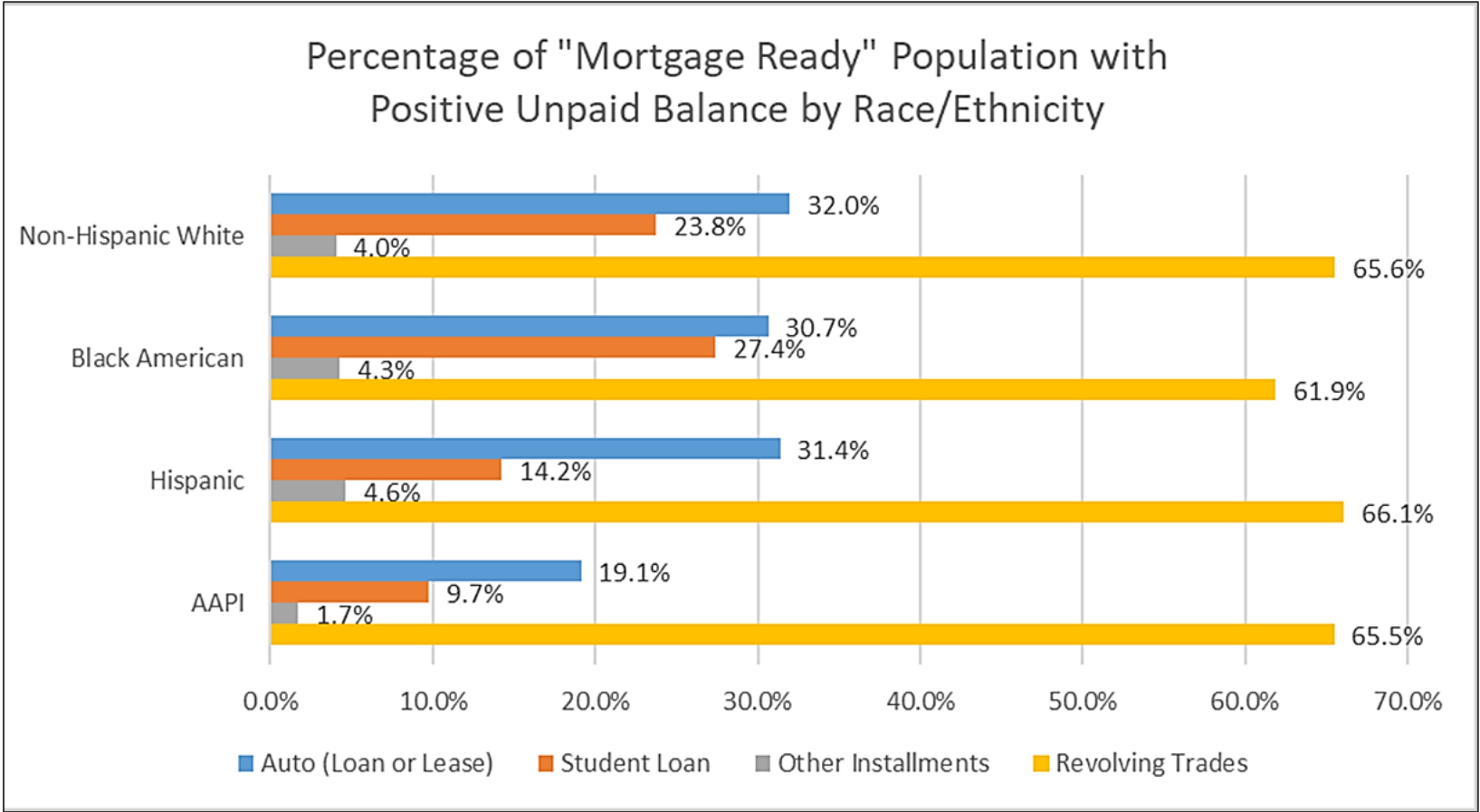


Time to Save for “Mortgage Ready”

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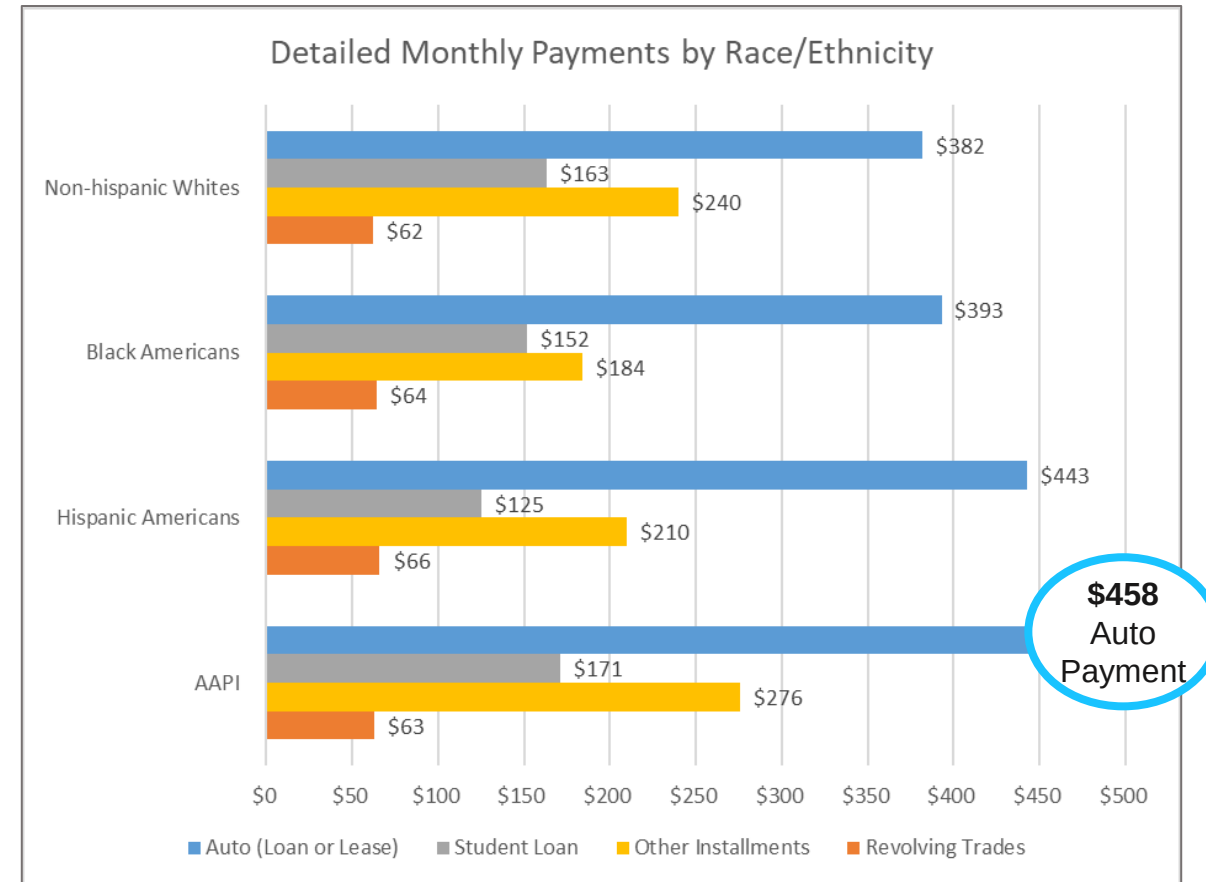
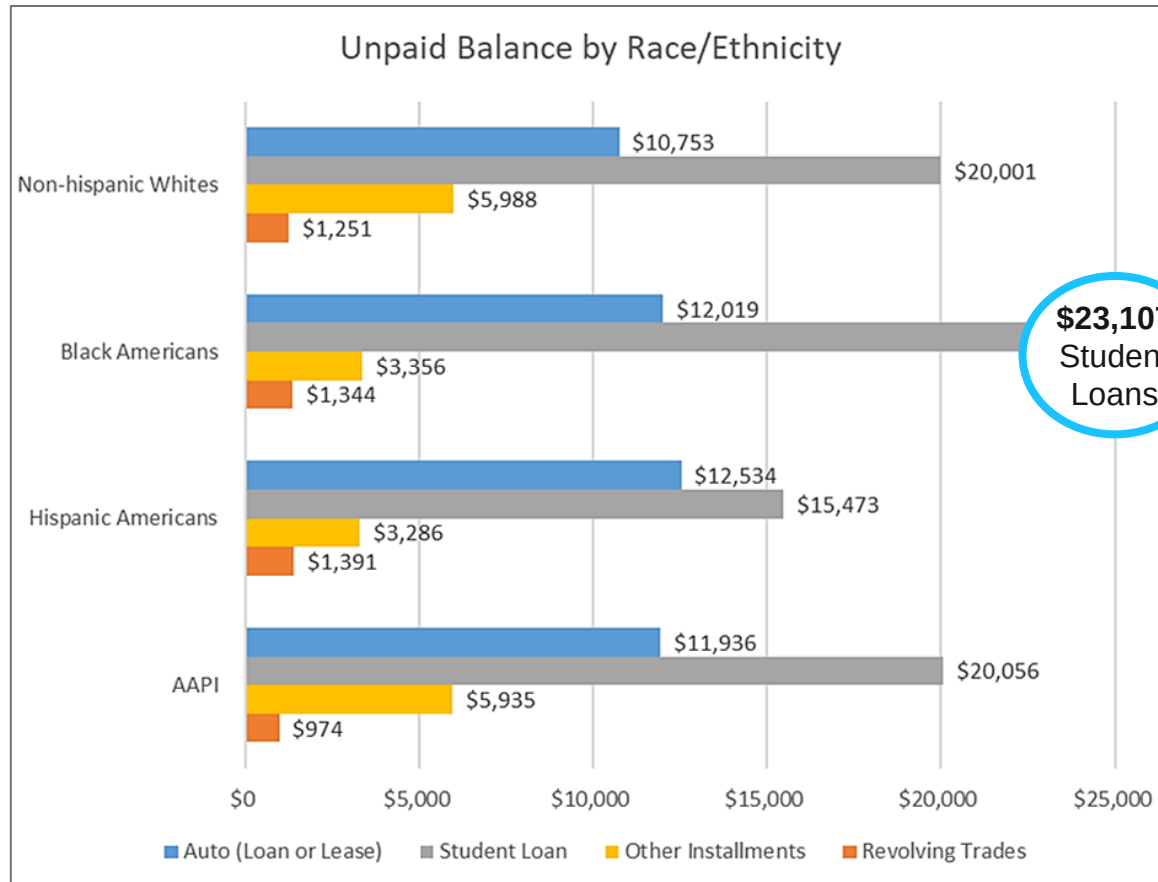
What are the debt levels for the “Mortgage Ready”?



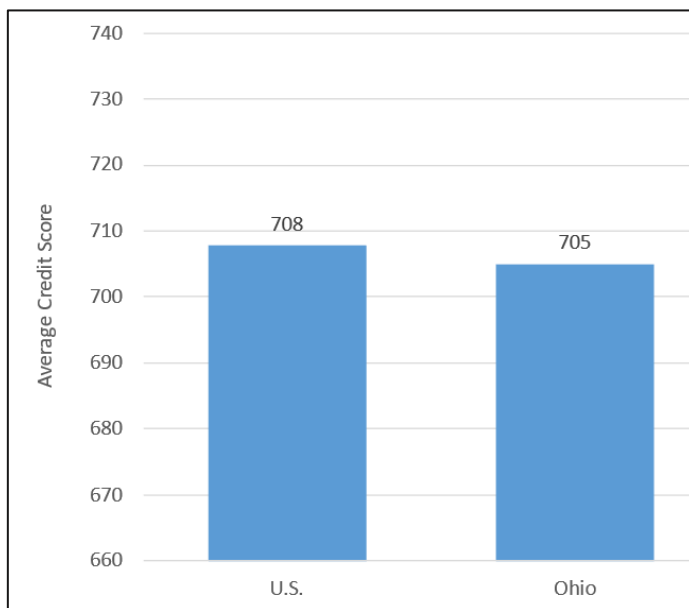
27.4% of “Mortgage Ready” Black Americans (23%) carry student loan debt

The share “Mortgage Ready” individuals with auto loan debt exceeds the share of “Mortgage Ready” with student loans

What are the debt amounts and payments for the “Mortgage Ready”?



Cincinnati MSA stats & Average Ohio Credit Score



954K Total number of housing units	2.2M Total population
7.5% Vacancy rate	68% Home ownership rate

\$95K Average income	2.2M Total population
\$228K Average housing value	25 Average travel time to work (mins)

12% Percent Black or African American	3.5% Percent Hispanic (of any race)
2.8% Percent Asian	80% Percent White

“Not Currently Mortgage Ready”

Thin Files as an Opportunity

Credit Concerns	Percent	Count	Non-Hispanic White	Hispanic/Latino	Black Americans	AANHPI
Severe Delinquency: <i>Bankruptcy, Foreclosure, Delinquency 120-180</i>	12%	3,893,065	13%	10%	12%	10%
D90/D60 in last 12 mos.	54%	17,699,440	53%	51%	60%	41%
DTI > 25	6%	2,006,591	7%	7%	3%	11%
Clean Thin Credit File <i>(2 or fewer)</i>	25%	8,173,031	23%	29%	22%	33%
No or Low Credit Score	3%	1,127,727	4%	4%	3%	5%
Total	100%	32,899,854	100%	100%	100%	100%
			15.2M	8.5M	7.7M	1.0M

Delinquencies: 12% have a bankruptcy, foreclosure, or recent severe delinquency and another 54% have a 60- or 90- day delinquency

25% “Not Currently Mortgage Ready” have thin credit files with **NO** delinquencies.

Roughly **14%** of “Not Currently Mortgage Ready” in any generation have thin credit files.



This is an Opportunity!

- ✓ Teach credit use as a tool
- ✓ Bank statements
- ✓ Credit risk alternatives

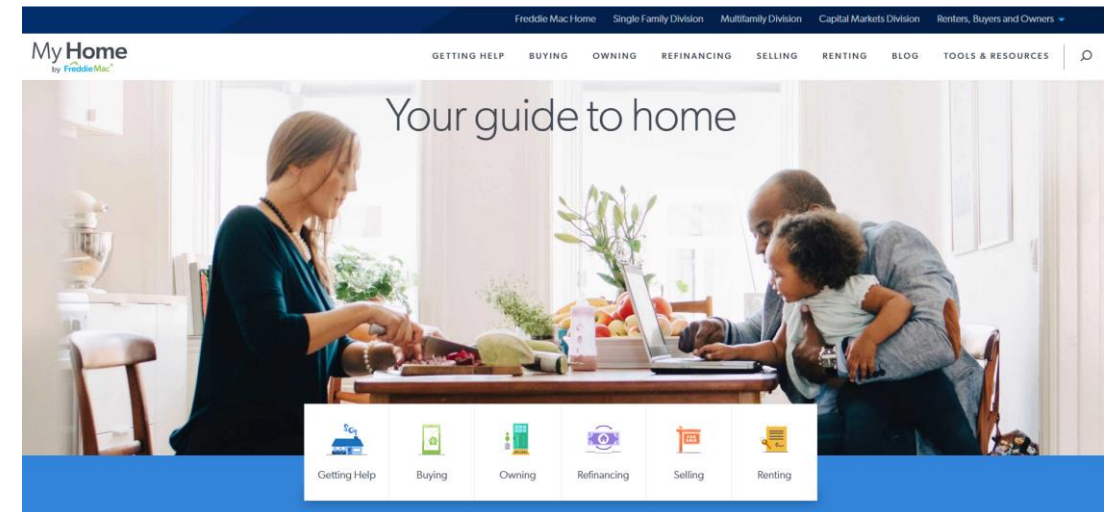
Freddie Mac Solutions & Resources



MyHome by Freddie Mac®

Consumer-Focused Resources on:

- Renting
- Homebuying & Mortgage Process
- Sustaining Homeownership
- Car-buying
- Understanding Credit
- Multilingual Resources & More



Explore the resources: myhome.freddiemac.com

CreditSmart®

[CreditSmart® Multilingual](#) offers resources in Korean, Chinese and Vietnamese through downloaded consumer guides.

[CreditSmart Homebuyer U](#) for homeownership education available in Spanish.

**Coming in 2023: Spanish translation of the CreditSmart Essentials curriculum.*



**CreditSmart®
Essentials**



**CreditSmart®
Coach**



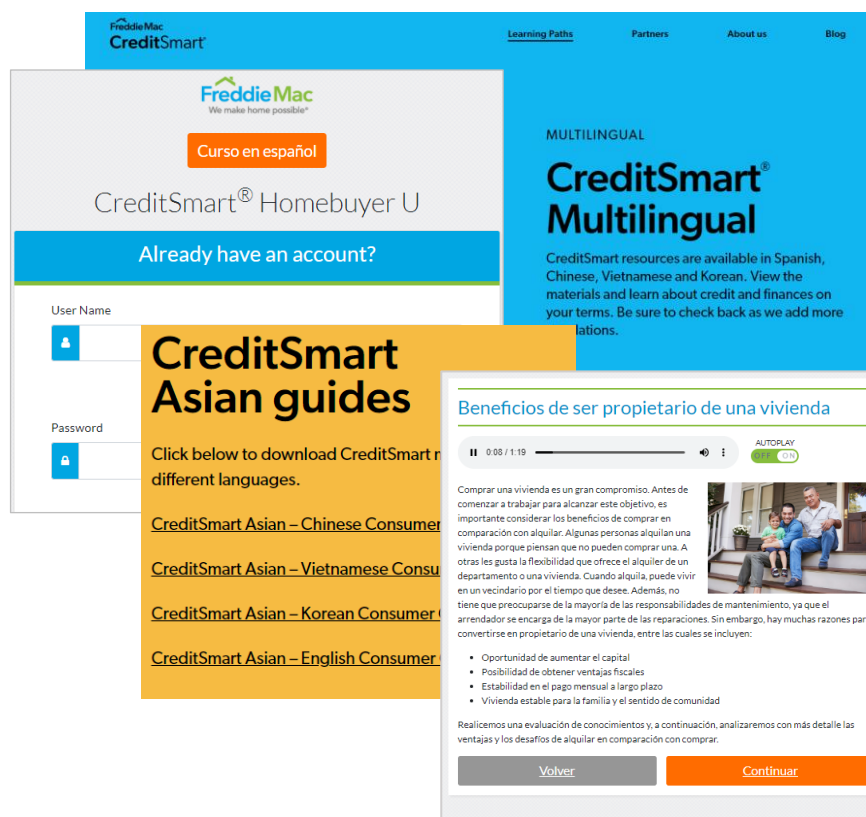
**CreditSmart®
Military**



**CreditSmart®
Multilingual**



**CreditSmart®
Homebuyer U**



Home Possible®

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 including gifts, grants, sweat equity or an approved public agency or nonprofit secondary financing program.
- ✓ Cancellable private mortgage insurance (PMI) after reaching 20% equity.
- ✓ No minimum borrower contribution from personal funds (1-unit only).
- ✓ Allows for non-traditional credit.
- ✓ Not limited to first-time homebuyers.
- ✓ Supports manufactured housing and condos
- ✓ Improved sustainability with homebuyer education that helps borrowers prepare for the responsibilities of homeownership.

**80% AMI
Requirement**



Home Possible®

A Solution for Various Buyer Scenarios



A newlywed couple is short on savings but received enough wedding-gift funds to complete their mortgage down payment.



97% LTV & 3% down payment
Closing cost from gifts
and other sources



A young family is moving to a larger home but won't sell their current house until after closing on the new one.



Ownership of another property



A freelance web designer is ready to buy a home of his own but still needs his parents as co-borrowers.



Additional non-occupying
borrowers on 1-unit properties



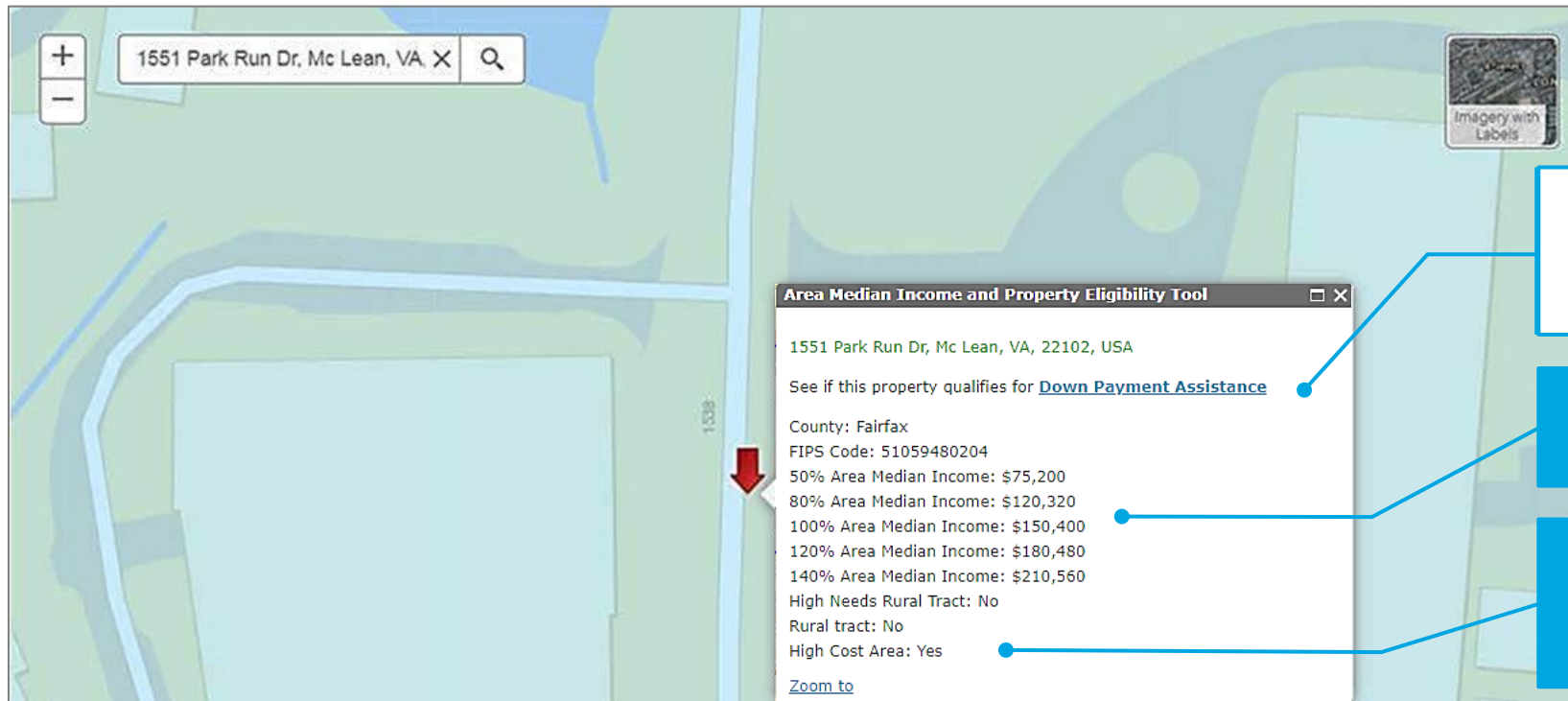
A renter with two long-term roommates wants to make the jump to homeownership and will bring her boarders with her.



Use of rental proceeds
as qualifying income

Home Possible®

Home Possible® Income & Property Eligibility Tool



Down Payment Resource
website allows you to check for
available down payment assistance

**Provides income limits based
on property location**

**Provides qualifying tract
information based on
property location**

HomeOne® Benefits

Solution for
Down
Payment
Challenges

No AMI
Restriction

Homeownership
Preparedness

Not Every
First Home
Looks The
Same

3% minimum
down payment

No geographic or
income restrictions

Educational
requirements for
responsible
homeownership

Single-family
homes,
townhouses,
condos

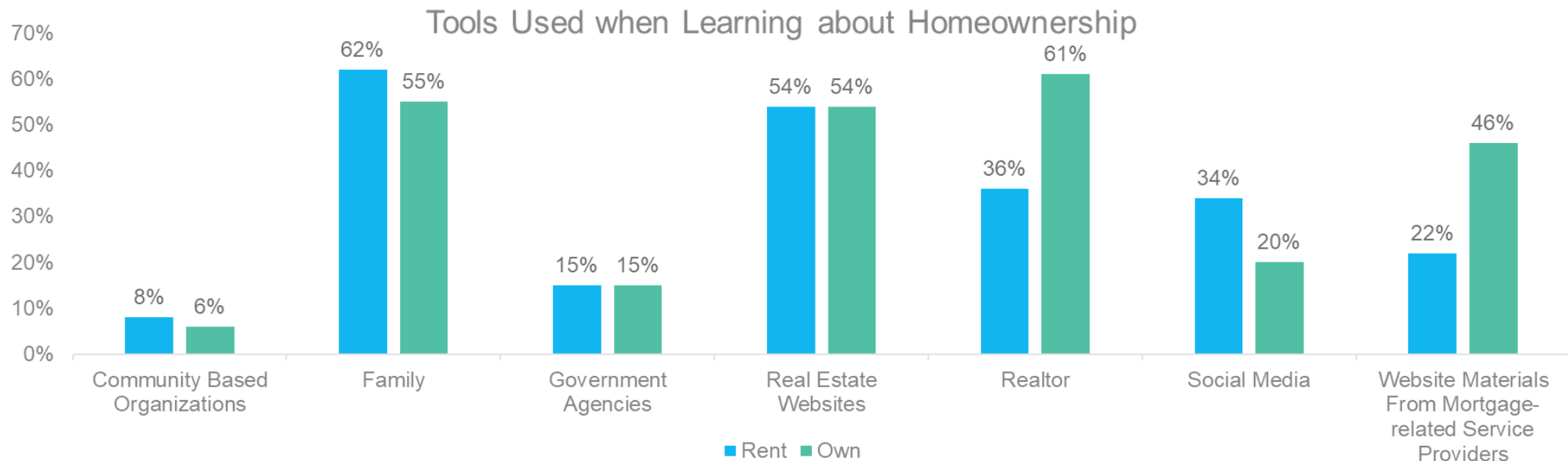


Did You Know?



Real Estate Agents & their websites are the most frequently used sources to learn about Homebuying

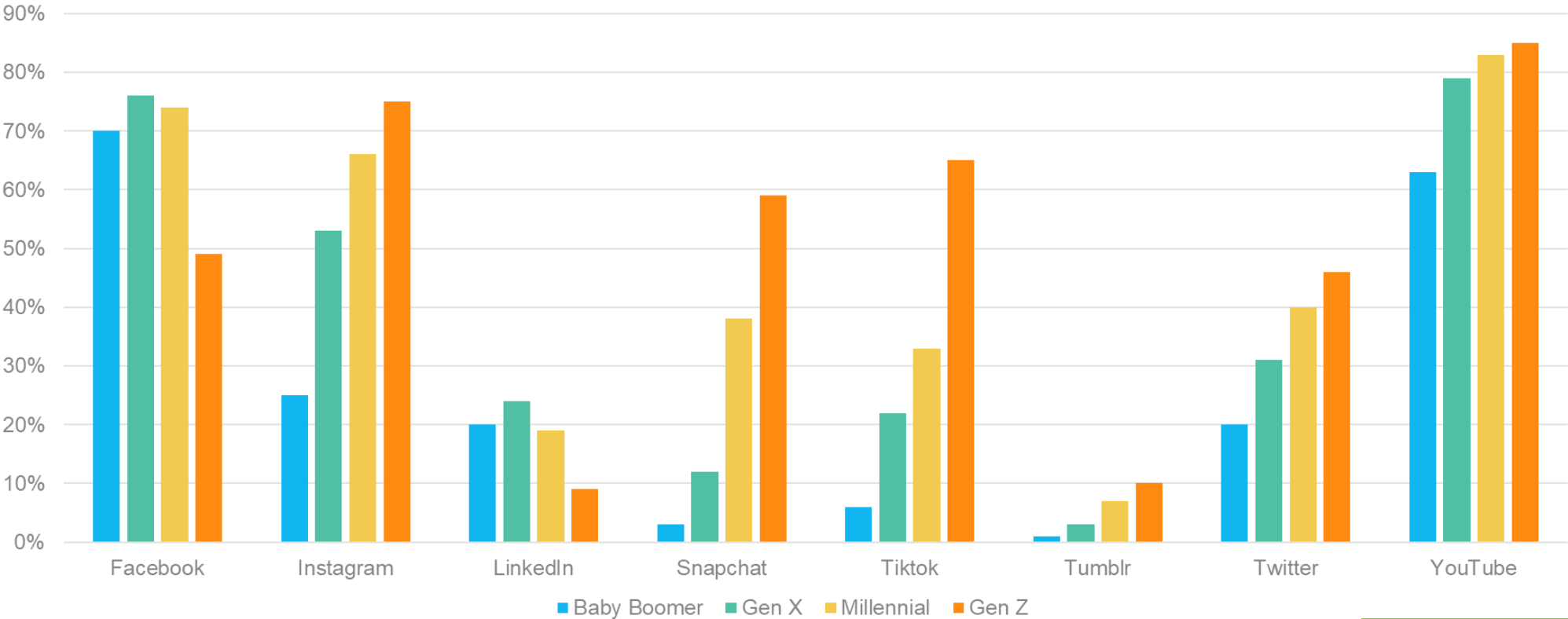
Real estate websites are a common educational sources for both renters and homeowners. However, renters also rely heavily on family while homeowners rely on realtors as an additional source of knowledge.



Q: Which of the following educational sources / tools do you have experience using when learning about the homeownership and home purchasing process? Please select all that apply.

Preferred Media Channels

Q: Which of the following social media platforms do you use on a regular basis? Please select all that apply.



Real Estate Professional Resource Center



- Industry Insights



- Enhanced Business Growth Strategies and Tools



- Resources to Share with Clients



- Connections to Expand Professional Networks

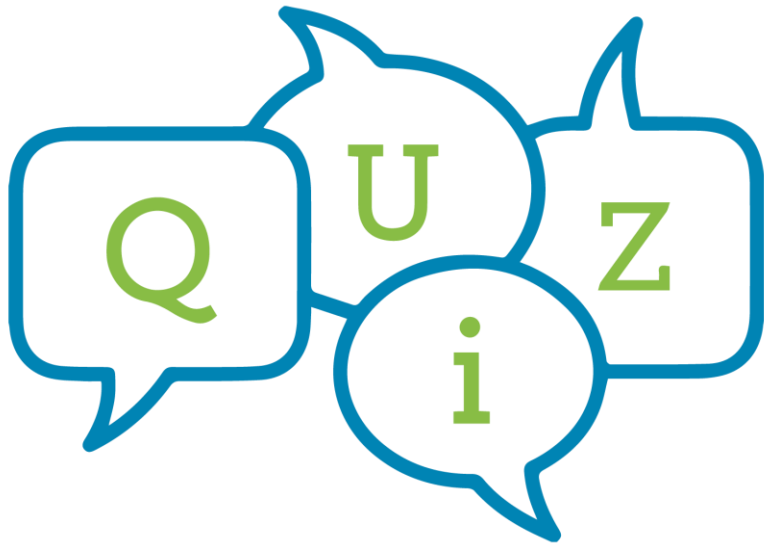


- Latest News, Market Insights and Updates



Take a tour: sf.freddiemac.com/realestatepros

How well did you do?



1. Does Freddie Mac originate loans?
2. What is the AMI limit difference between Home Possible & HomeOne?
3. Most frequented sources for homebuying information from our survey?
4. Name at least one resource you can direct clients to use in order to learn more about financial and homebuying education?

An aerial, black and white photograph of a suburban neighborhood. The image shows a dense collection of houses with varying rooflines, interspersed with numerous trees. A road or driveway runs through the center of the frame. The overall scene is peaceful and residential.

Thank You

New & Upcoming Resources

[Freddie Mac Housing Solutions](#) – ADUs and other products and property types

[Duty to Serve](#): Plan to make financing of manufactured housing and rural housing easier for LMI families

[Freddie Mac First Time Homebuyer Affordability Map](#)

[HeritageOneSM](#)

[Black Wealth Kit](#)

[State of Asia America](#) - Presented by RE/MAX, LLC & Freddie Mac

[eBook – Hispanic Borrowers: A Driving Force in the Housing Market](#)

[Millennial Playbook](#)

[Gen Z: An Optimistic Borrower of the Future](#)

[Customizable Marketing Material](#)

[CreditSmart[®]](#): Suite of financial and homeownership educational resources

[Freddie Mac MyHome](#): Your guide to home - Wherever you are in your housing journey

[Borrower Help Centers](#)

