

Expanding Homeownership Responsibly with Freddie Mac® Home Possible



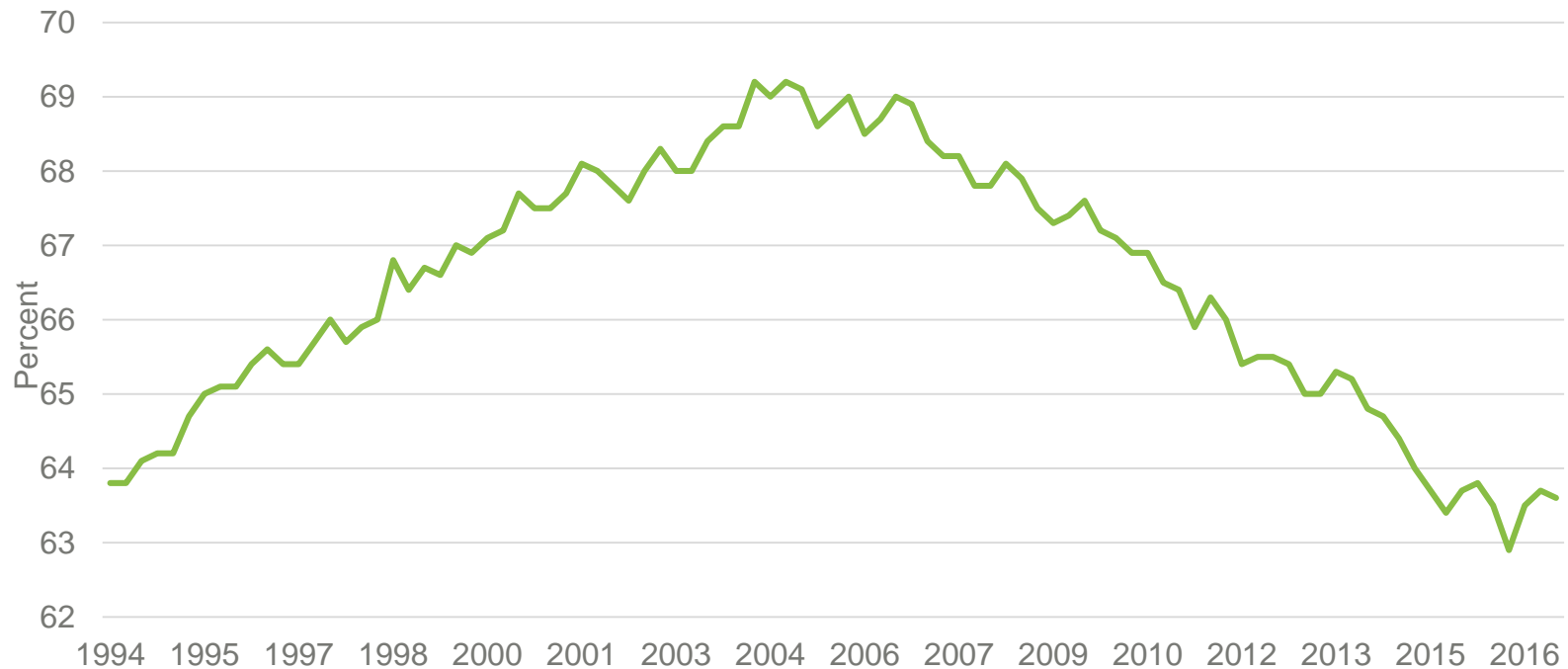
Tallahassee MBA

January 11, 2018

The Homeownership Rate Now Is As Low As It Was in 1968



Homeownership Rate



Source: U.S. Census Bureau

- Offering financing solutions to **help qualified borrowers** become homeowners
 - » For low- and moderate-income households
 - » For first-time homebuyers
- **Supporting underserved** markets
 - » Rural housing
 - » Manufactured housing
- Working with **housing finance agencies**
- Forming **alliances** across the industry to create ownership opportunities
- Conducting **education** and **outreach**
- Providing **resources, training, and tools**

We Can Grow Responsible, Sustainable Affordable Homeownership – Together



Dispelling Myths that May Keep Potential Homebuyers on the Sidelines



Myth	Fact
"A 20% down payment is required"	You can get a mortgage loan with $\geq 3\%$; average $\sim 15\%$; 40% put down $\leq 10\%$
"FHA is the place for low down payment mortgage loans"	Freddie Mac has a range of low down payment products to meet your needs
"I only may use my savings for a down payment"	You may be eligible for down payment assistance; gifts & grants are OK, too
"My credit history isn't good enough"	The lender ultimately decides, but Freddie Mac accepts a wider range of FICO scores
"I don't know where to start – the buying process is complicated"	Not-for-profit, HUD-approved, housing counselors help for free; Freddie Mac offers free CreditSmart® financial education
"I don't make enough money to own"	In fact, you might – check with a lender or other housing professional
"Student debt is the reason few younger adults buy homes"	It may be a factor but often isn't
"I was rejected once, so can't buy"	Find out why – fix issues if you can, try again & you might be approved this time

The State of
the Purchase
Market

Home
Possible®

Resources
for You and
Your Clients

Key Take-
Aways

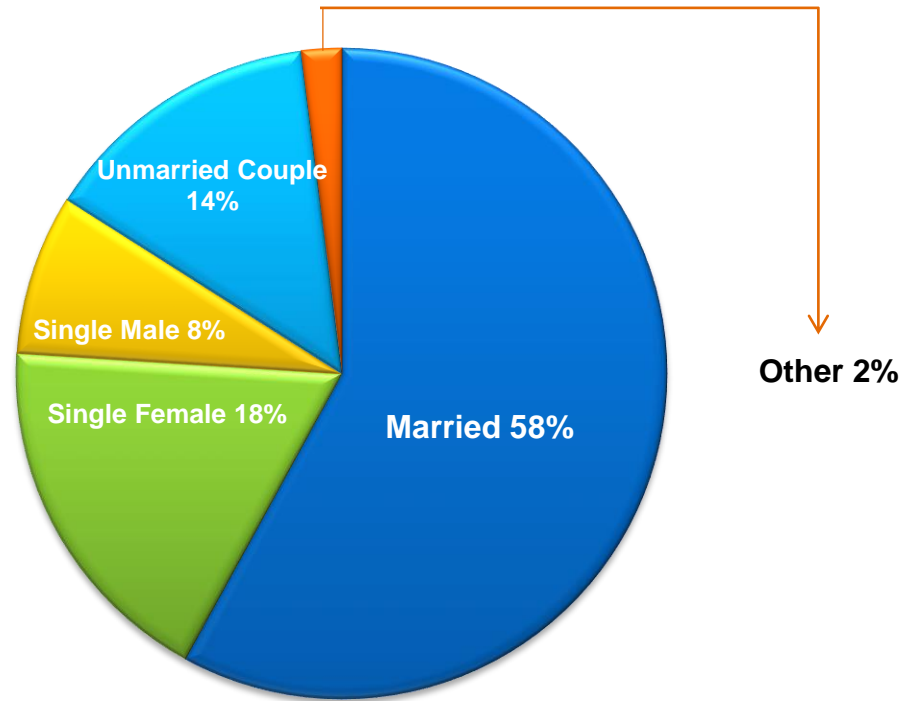
Freddie Mac's low
down payment
product offerings

A background image showing a row of houses in various colors (blue, yellow, white) under a blue sky with clouds. In the foreground, there is a white picket fence. The entire scene is reflected in a blue banner at the bottom.

Expanding Homeownership Responsibly

2016 First-Time Homebuyer Demographics

- Share increased to 35% in 2016 – An increase over last year's near all-time low of 32%
- Median age – 32; Median income - \$72,400
- Down payment sources – 76% savings; 24% gifts from friends or relatives
- 33% used FHA loans, 12% used VA
- Typical FTHB home: 1,650 sq. ft., cost - \$182,500
- FTHBs plan to stay in homes for 10 years



Source: National Association of Realtors
2016 Profile of Home Buyers and Sellers

Household Demographics

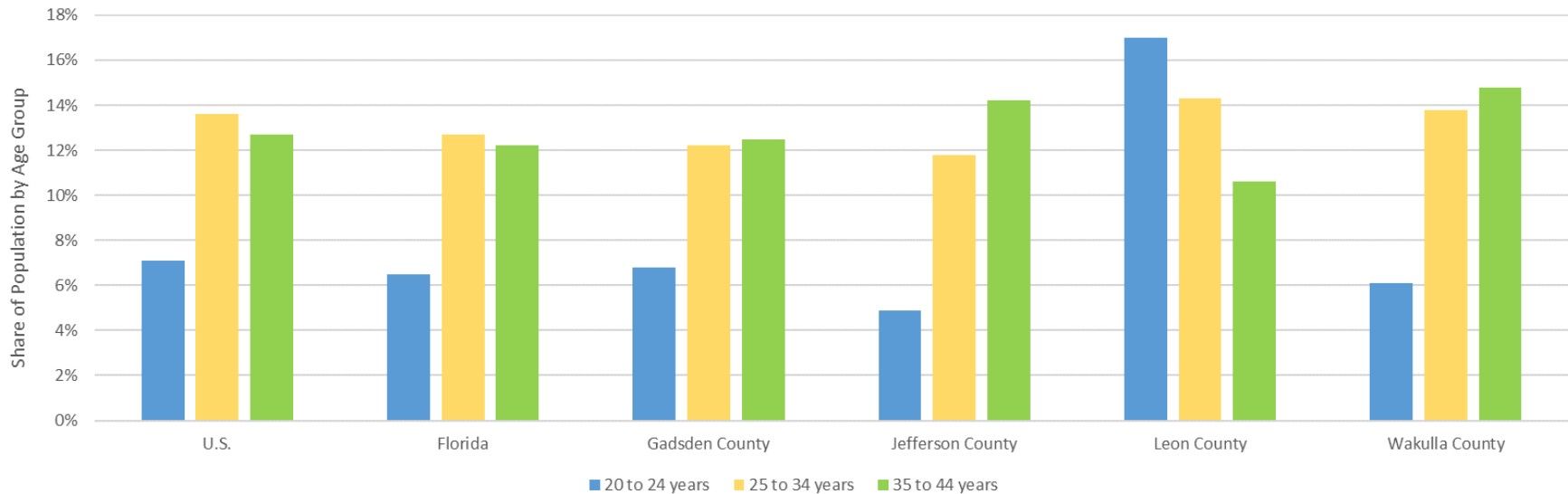
- **Household formations:**
Strong rebound from under 600,000/year in 2009-2011 to more than 1 million/year in 2015-2016
- **Millennials living with parents:**
~35.6%
- **Millennial households:**
16 million in 2015, rising to 49.8 million in 2035
- **Minorities share of household growth 2015-2025:** 75%
- **Households aged 70+:**
↑31 million from 2015-2035

Source: Joint Center for Housing Studies of Harvard University's
"2017 State of the Nation's Housing"

Housing Market Environment

- **Good news:**
 - » Economy, employment, wages growing – but slowly
 - » Housing starts increasing
 - » Number of underwater homeowners reduced to 3.2 million in 2016
 - » Strong belief in homeownership continues
- **Not-so-good news:**
 - » Lending myths abound
 - » Low inventory
 - » Rising home prices
 - » Rising interest rates

Population and Age Comparison Table and Chart



Population and Age		United States		Counties in Tallahassee, FL MSA			
		United States	Florida	Gadsden County	Jefferson County	Leon County	Wakulla County
Share of Population by Age Group	20 to 24 years	7.1%	6.5%	6.8%	4.9%	17.0%	6.1%
	25 to 34 years	13.6%	12.7%	12.2%	11.8%	14.3%	13.8%
	35 to 44 years	12.7%	12.2%	12.5%	14.2%	10.6%	14.8%
	45 to 54 years	13.6%	13.8%	14.4%	14.4%	11.0%	16.2%
	55 to 59 years	6.7%	6.7%	6.6%	7.4%	5.7%	7.7%
	60 to 64 years	5.9%	6.2%	7.9%	8.9%	5.3%	6.0%
	65 to 74 years	8.3%	10.5%	9.0%	12.4%	6.9%	8.2%
	75 to 84 years	4.3%	6.0%	4.6%	5.9%	3.1%	3.5%
	85 years and over	1.9%	2.6%	1.6%	1.7%	1.3%	1.2%

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

Millennials Dominate the Conversation



Millennials

AVERAGE AGE

26.3 years

AVERAGE INCOME INSIGHT



\$50,908

PERCENT WITH A MORTGAGE



14%

AVERAGE REVOLVING CARD BALANCE



\$4,002

STUDENT LOAN DEBT AS A PERCENTAGE OF TOTAL DEBT
(for those with student debt)

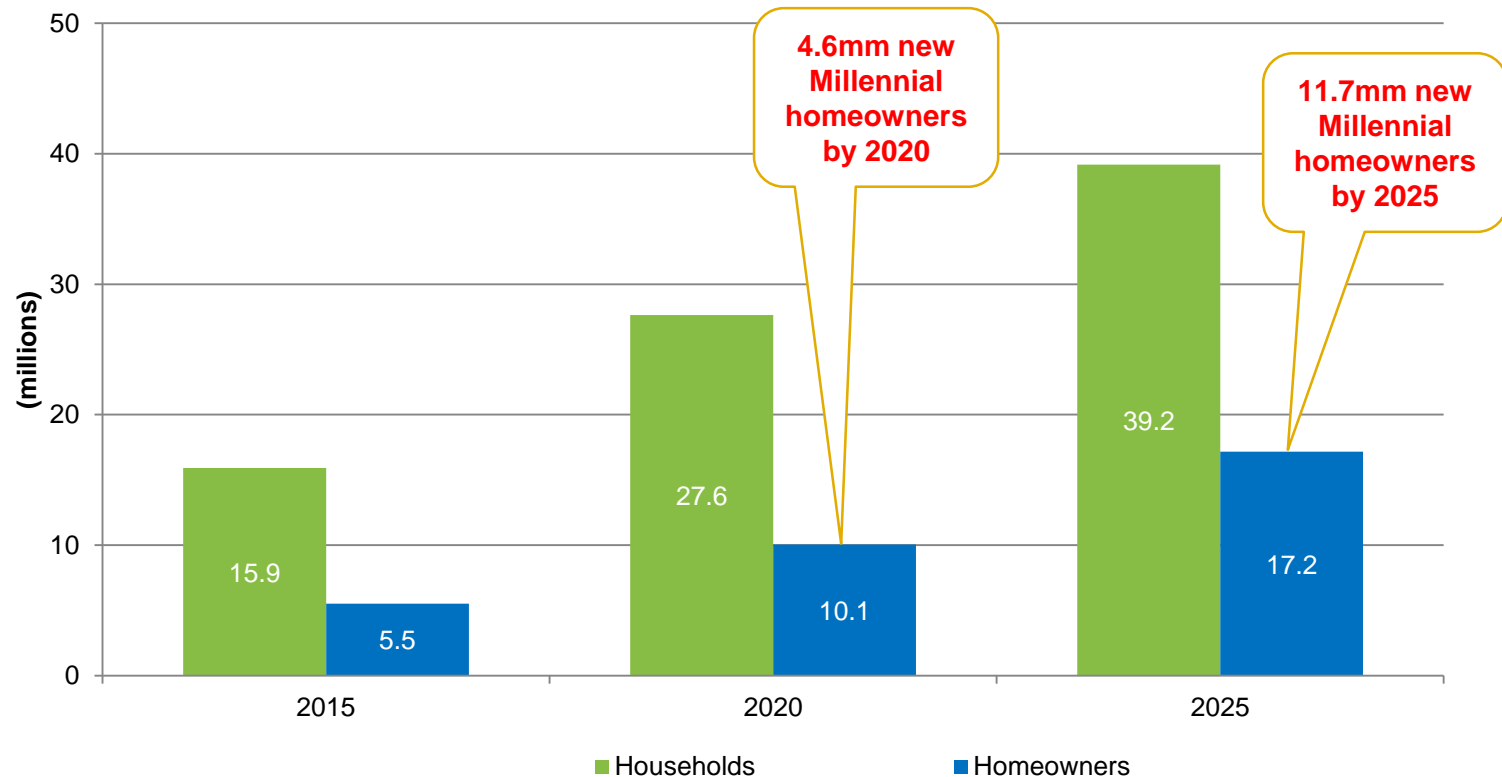


64%

**1 in 5 Millennials
are Hispanic:**



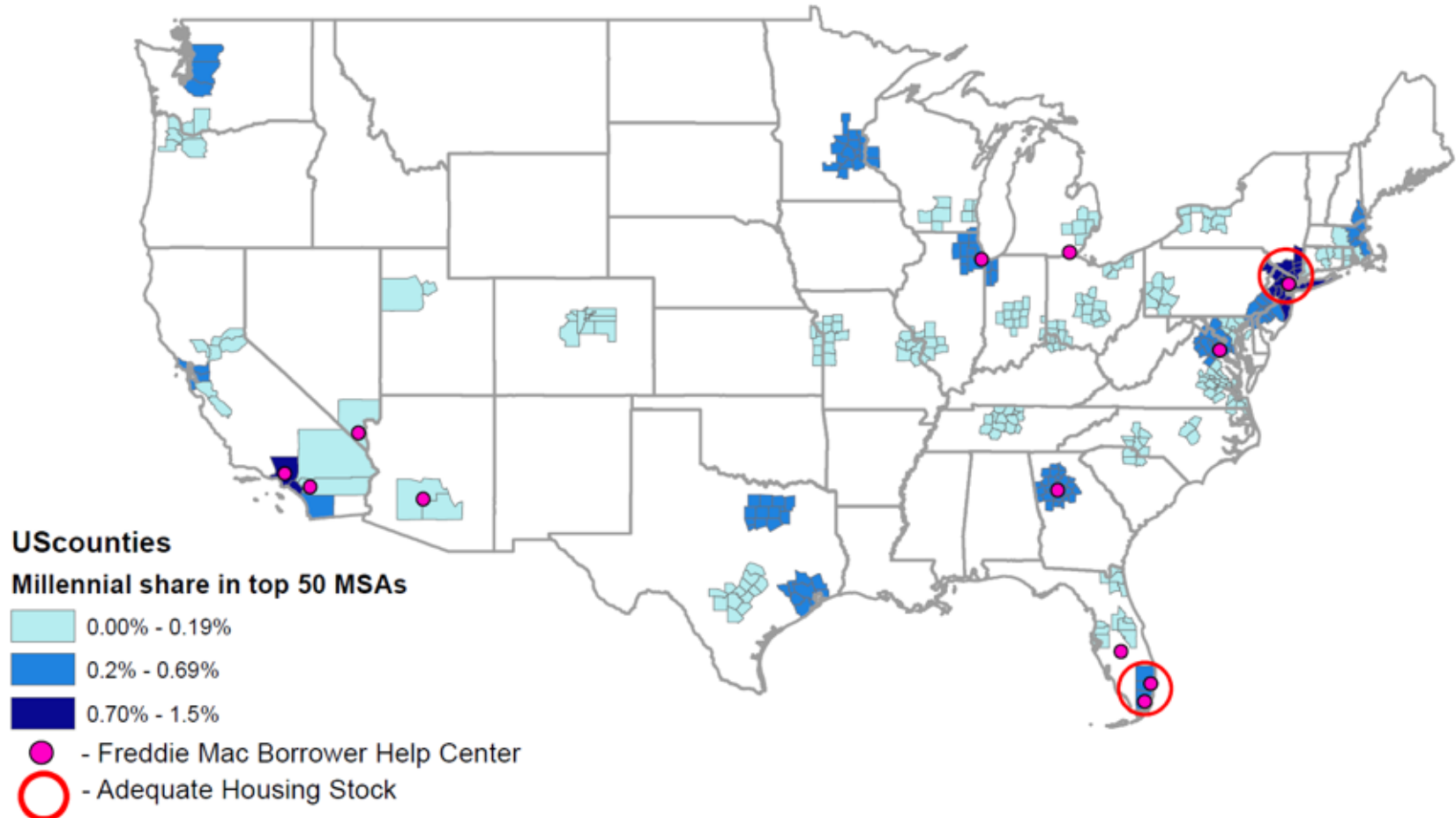
Growth in Millennial Households and Homeowners



Sources: JCHS of Harvard University – chart depicts middle projection (interpolated):
<http://www.jchs.harvard.edu/research/publications/baseline-household-projections-next-decade-and-beyond> ; Collingwood Group.

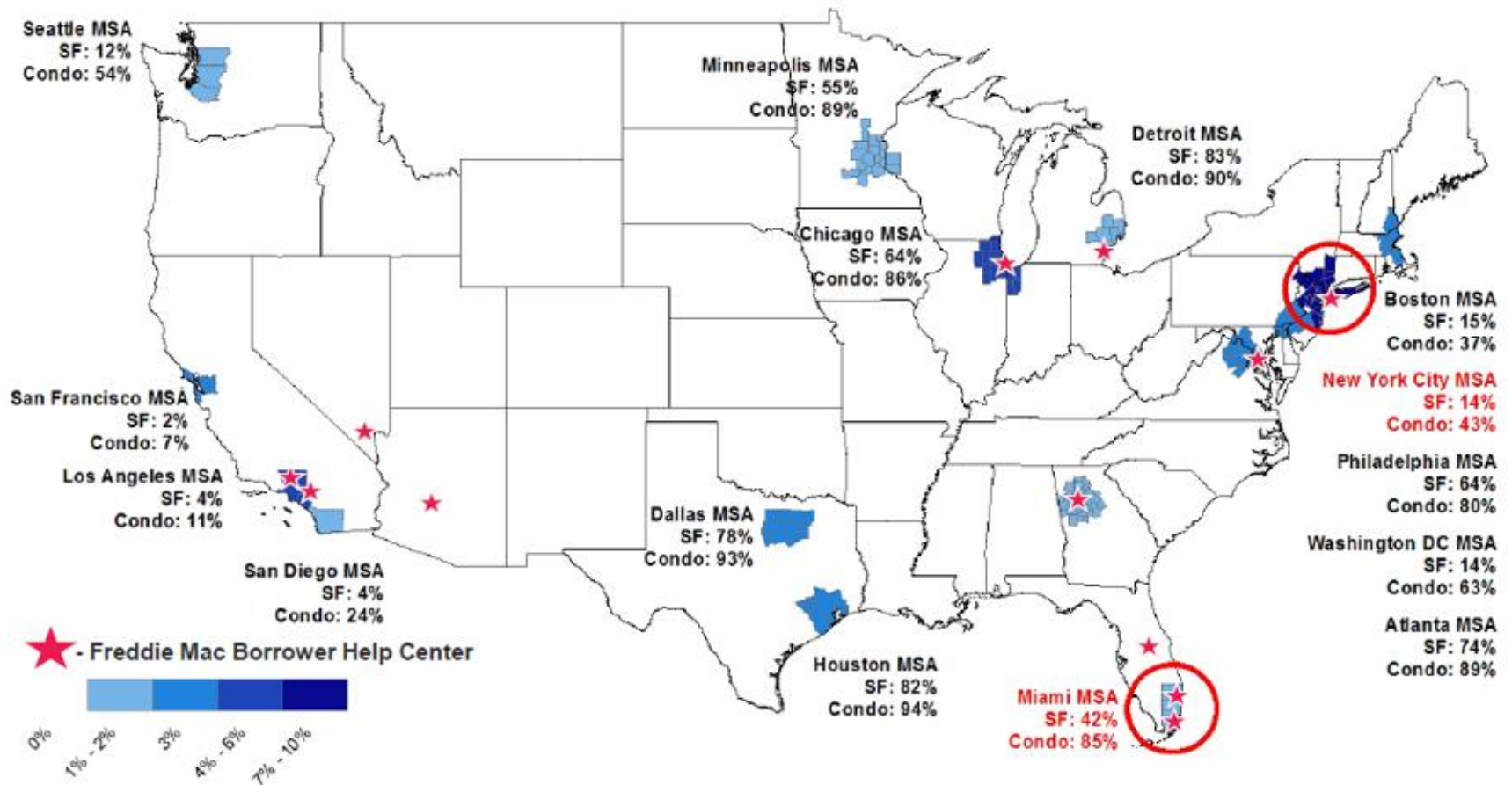
Where Are the Greatest Concentrations of Mortgage-ready Millennials?

50 Metro Areas with the Highest Percentage of Millennials



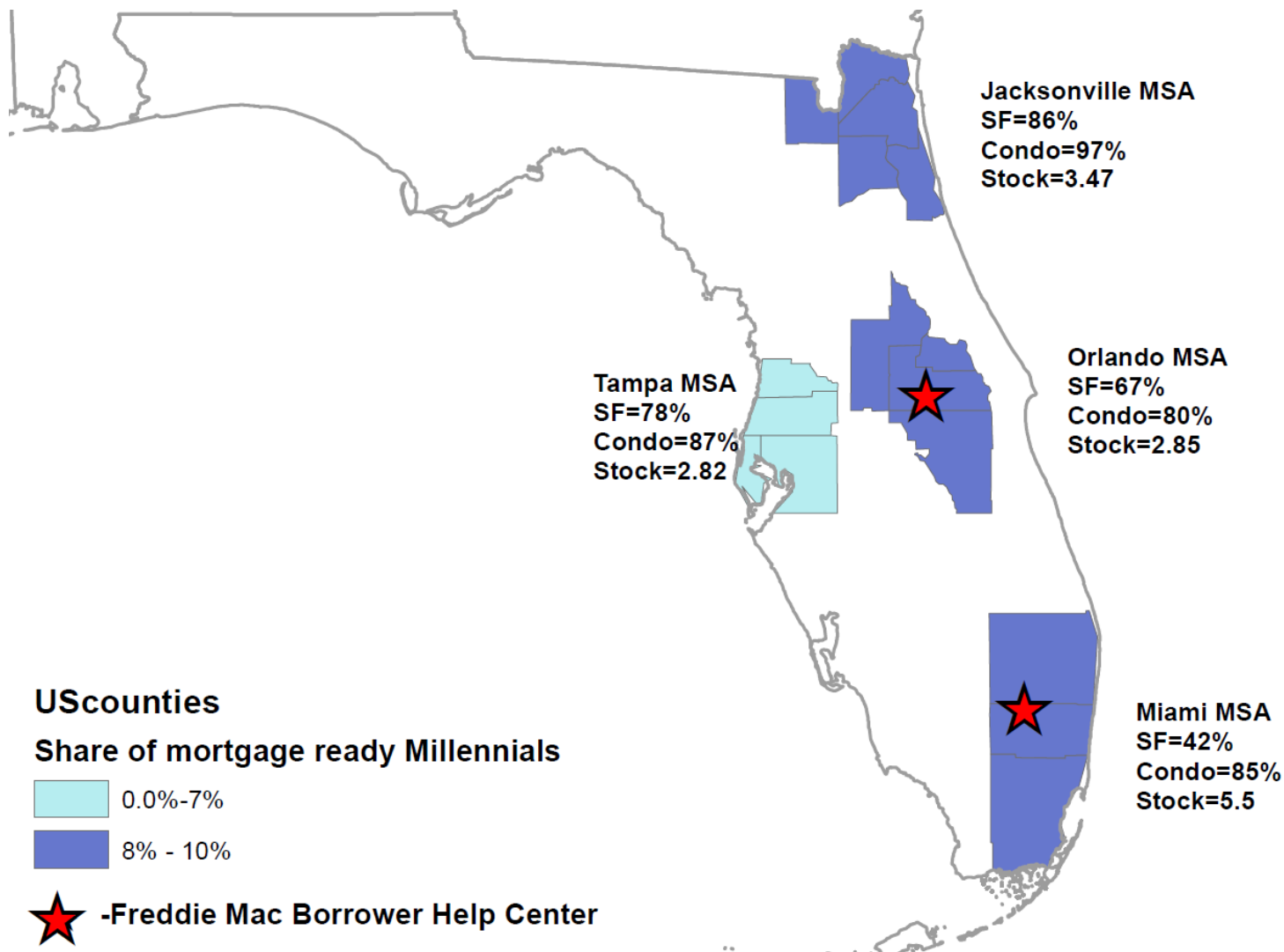
Sources: Experian, Redfin

Affordability Is a Challenge in Many Areas



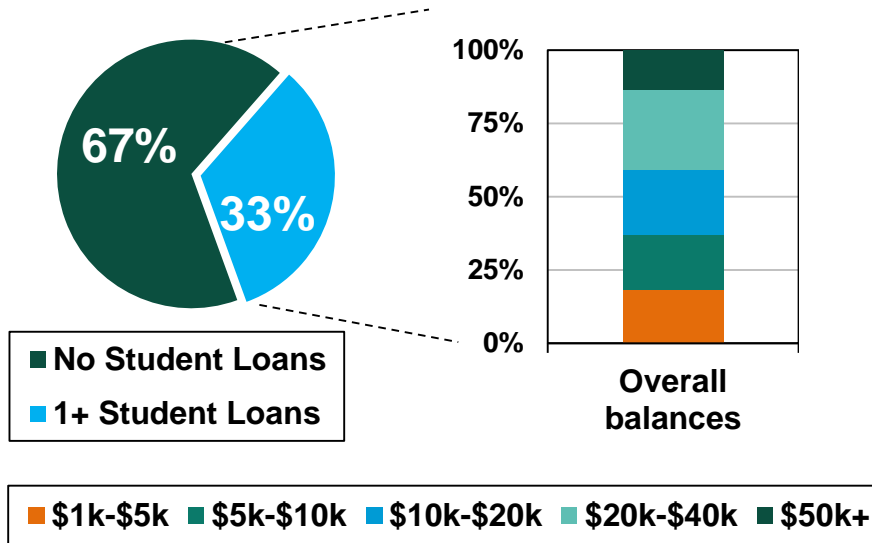
Sources: Experian data, Freddie Mac analysis

Mortgage Ready Millennials, their affordability, housing stock in Florida (selective MSAs)

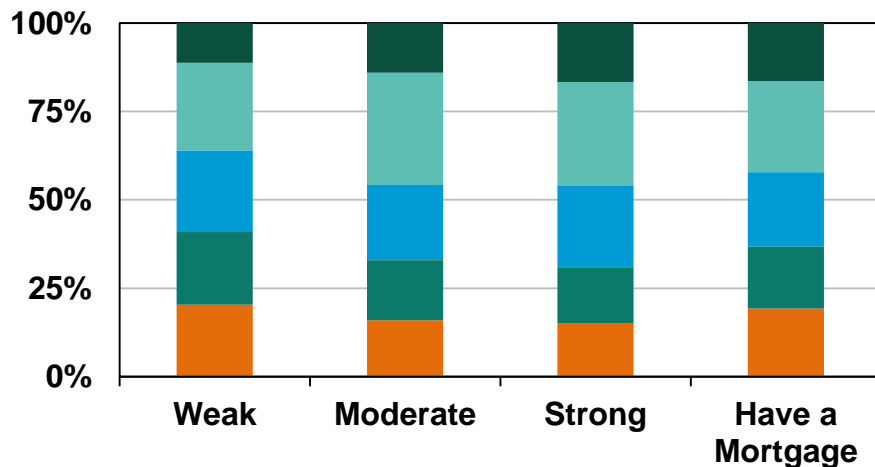


Millennial Student Loan Impact

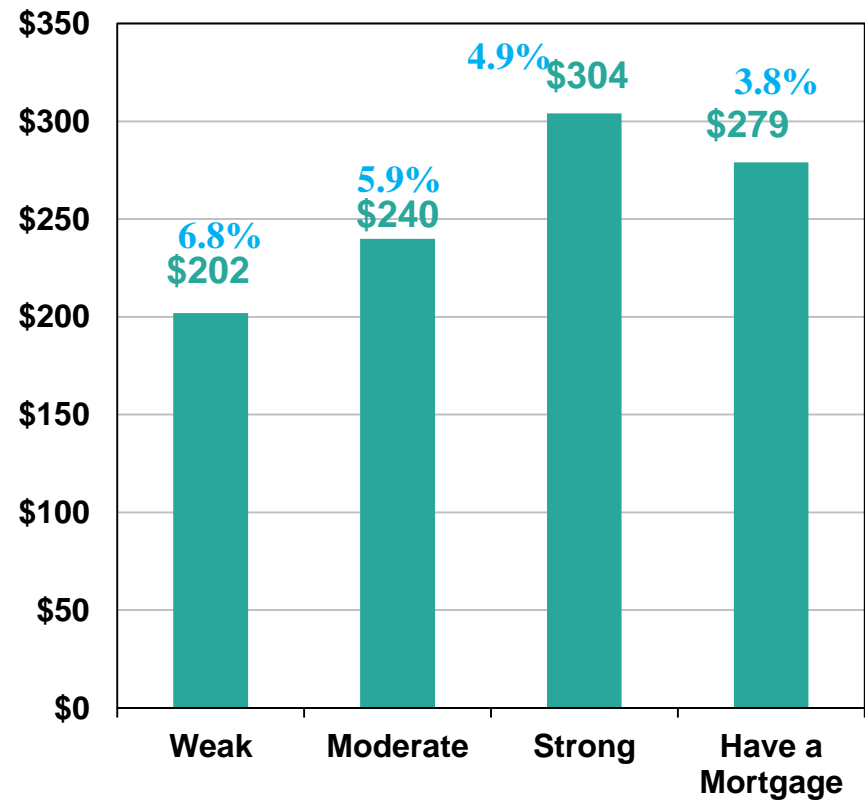
Student loan debt burden



Student loan balances by segment



Monthly student loan payment and % of gross monthly income



Generation X Is Comparatively Small But Still Important

- 26% of the 2015 purchase market
- 26% were first-time homebuyers in 2015
- Many buy for **more space**
- ~20% have children younger than 18 living at home
- Many carry **student debt**

Source: National Association of Realtors March 2016 report, "Home Buyers and Sellers Generational Trends"



Baby Boomers Control the Market



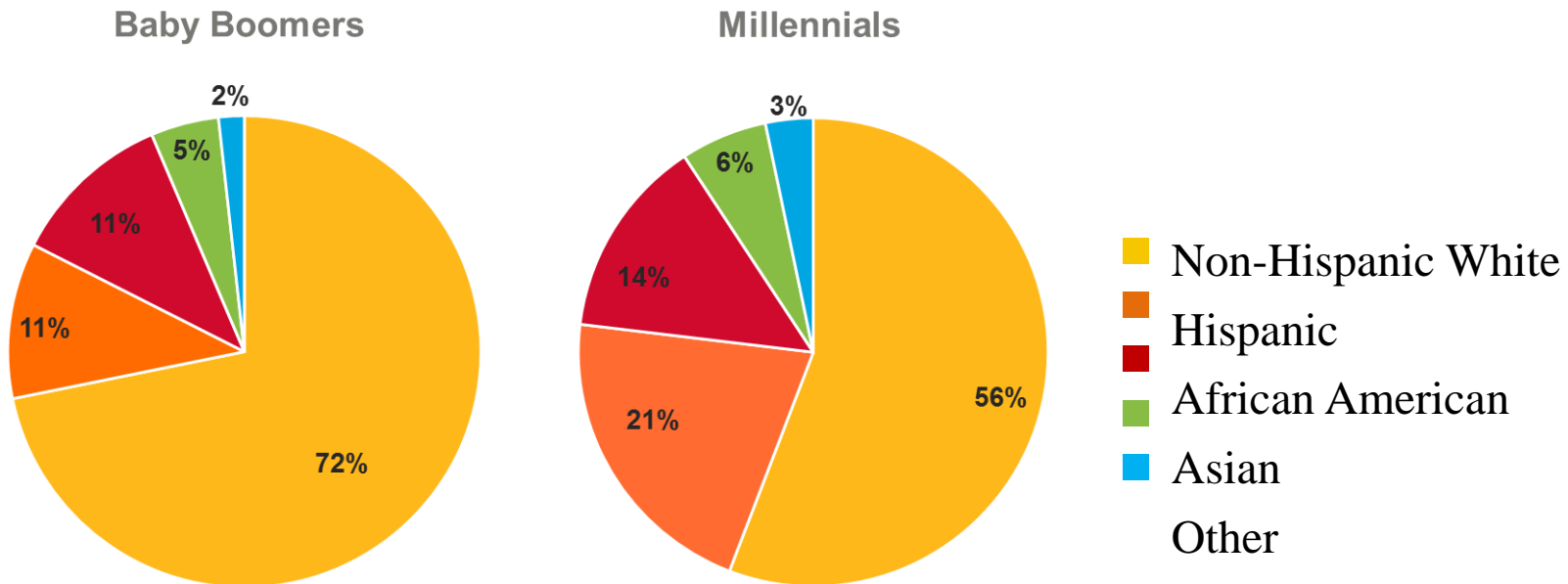
- **1/4** of the U.S. population
- **69 million** own homes
- **2/3** of the equity in single-family homes
- **63%** want to age in place
- **40%** plan to move at least once;
13% within 4 years



Millennials Are the Most Racially Diverse Generation In U.S. History

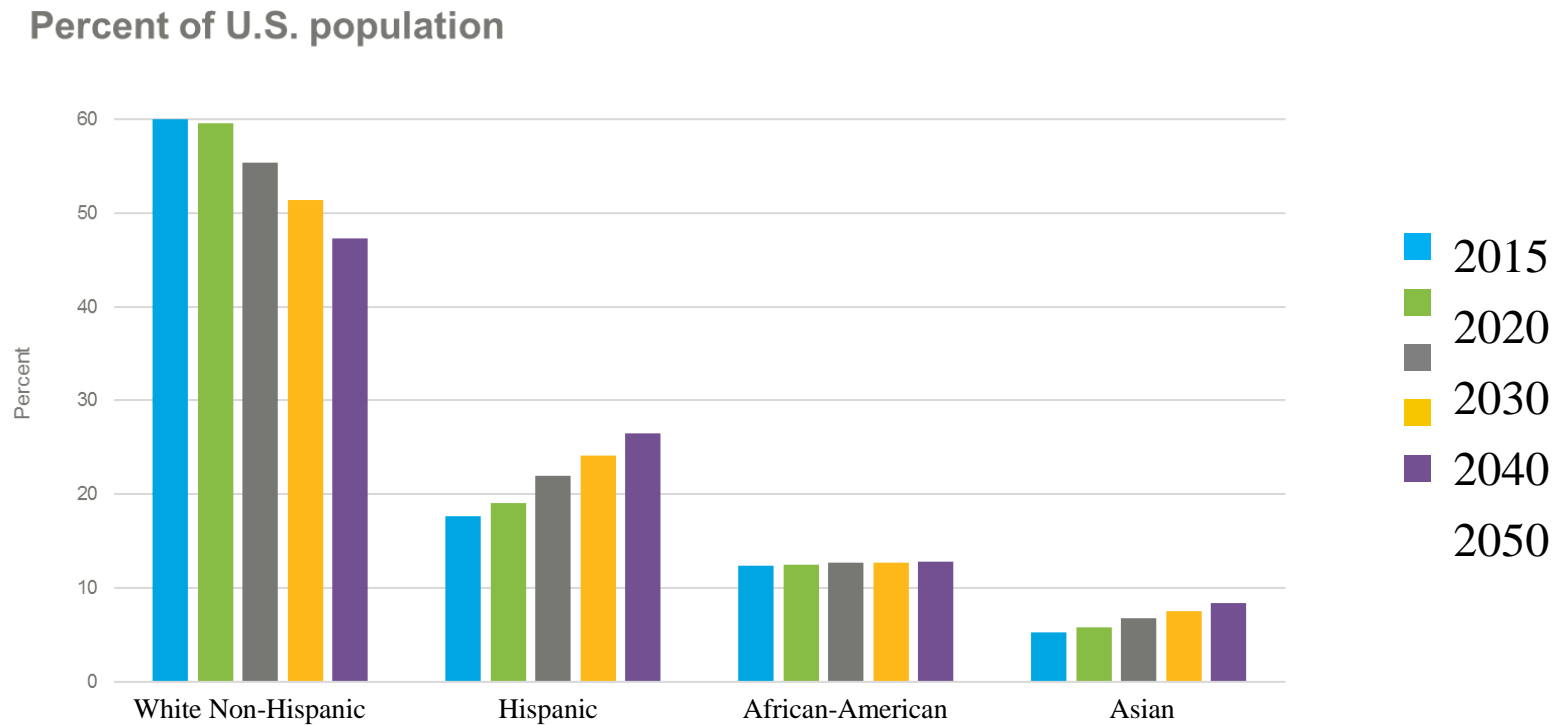


Percent of population by race /ethnicity



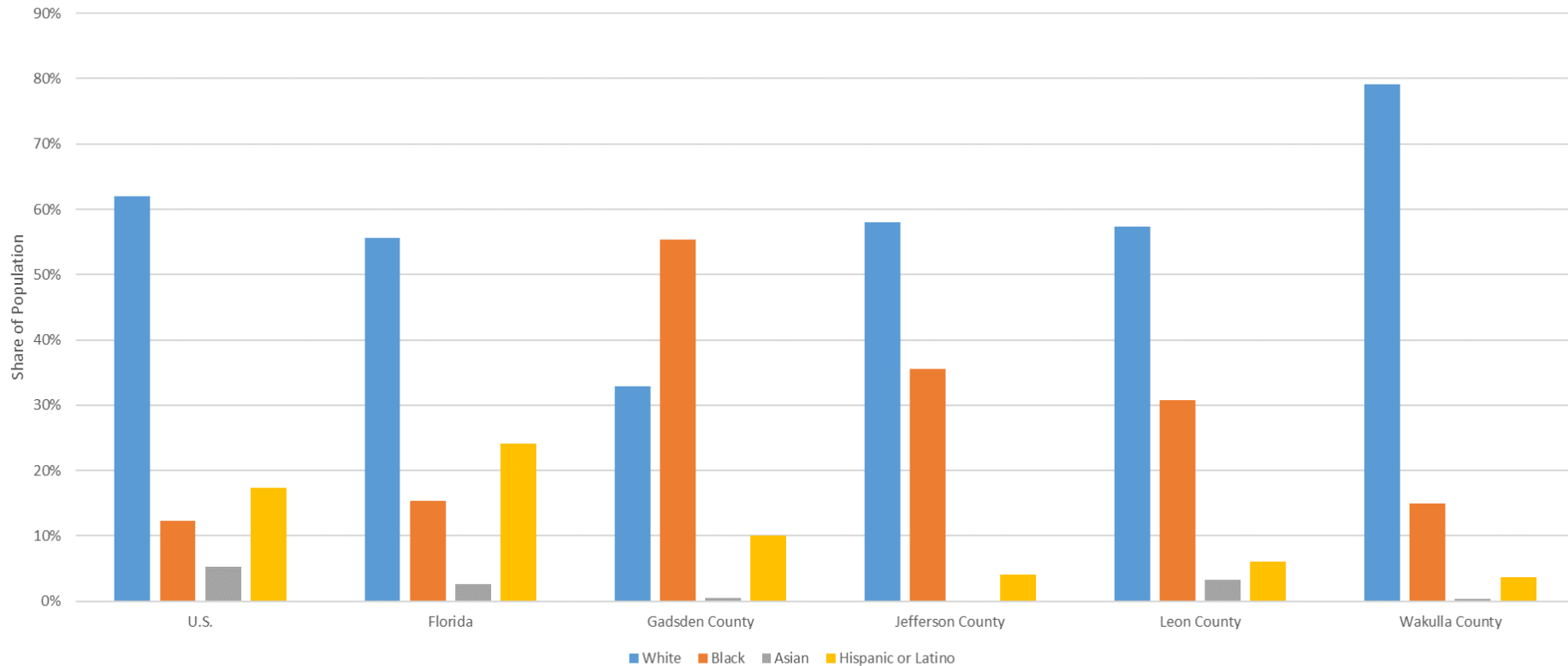
Source: U.S. Census Bureau

The U.S. Will Become More Diverse



Source: U.S. Census Bureau

Minority Share Comparison Chart and Table



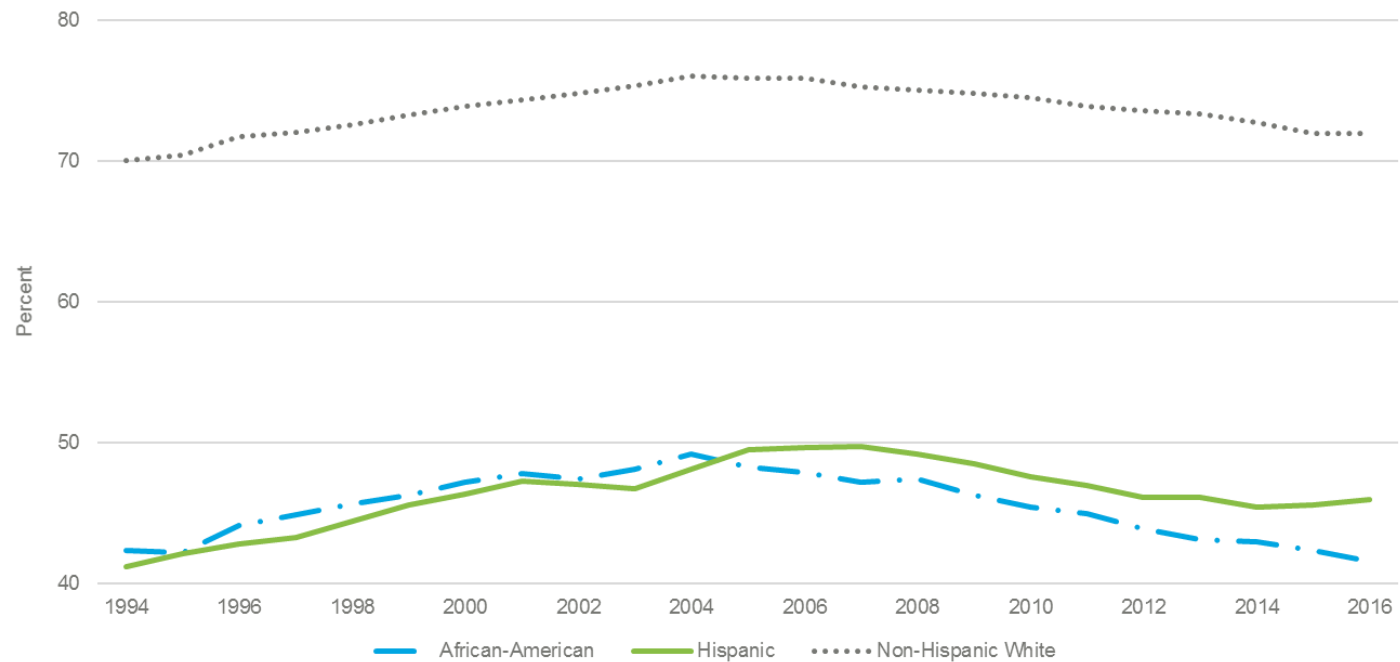
Share of Population by Minority	Counties in Tallahassee, FL MSA						
	United States	Florida	Gadsden County	Jefferson County	Leon County	Wakulla County	
White	62.0%	55.6%	32.9%	58.0%	57.4%	79.1%	
Black	12.3%	15.4%	55.3%	35.6%	30.8%	15.0%	
Asian	5.2%	2.6%	0.5%	0.0%	3.3%	0.4%	
Hispanic or Latino	17.3%	24.1%	10.0%	4.0%	6.1%	3.7%	

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

Homeownership Rates by Race/Ethnicity



Homeownership rates



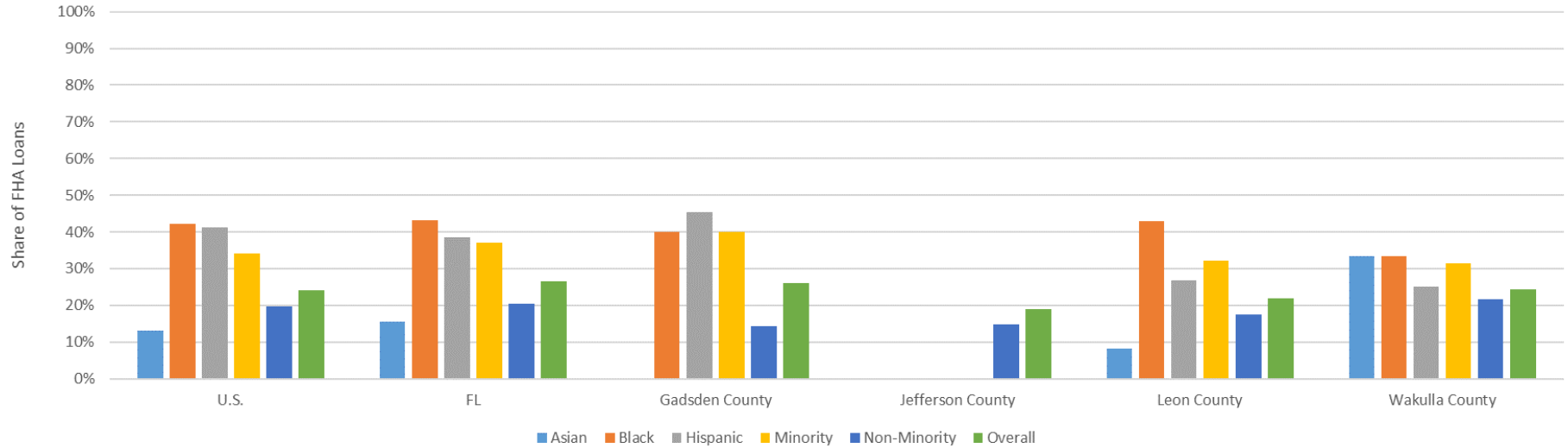
Source: U.S. Census Bureau: Housing Vacancies & Homeownership Rates

The Size of the Future Market

Group	Household projections (millions)			
	2015	2035	Change	% change
Millennials	16	50	34	+213
Baby Boomers	46	38	-8	-17
Hispanics	16	27	11	+69
African-American	16	20	4	+25
Total	93	134	41	+44

Source: JCHS Household projection

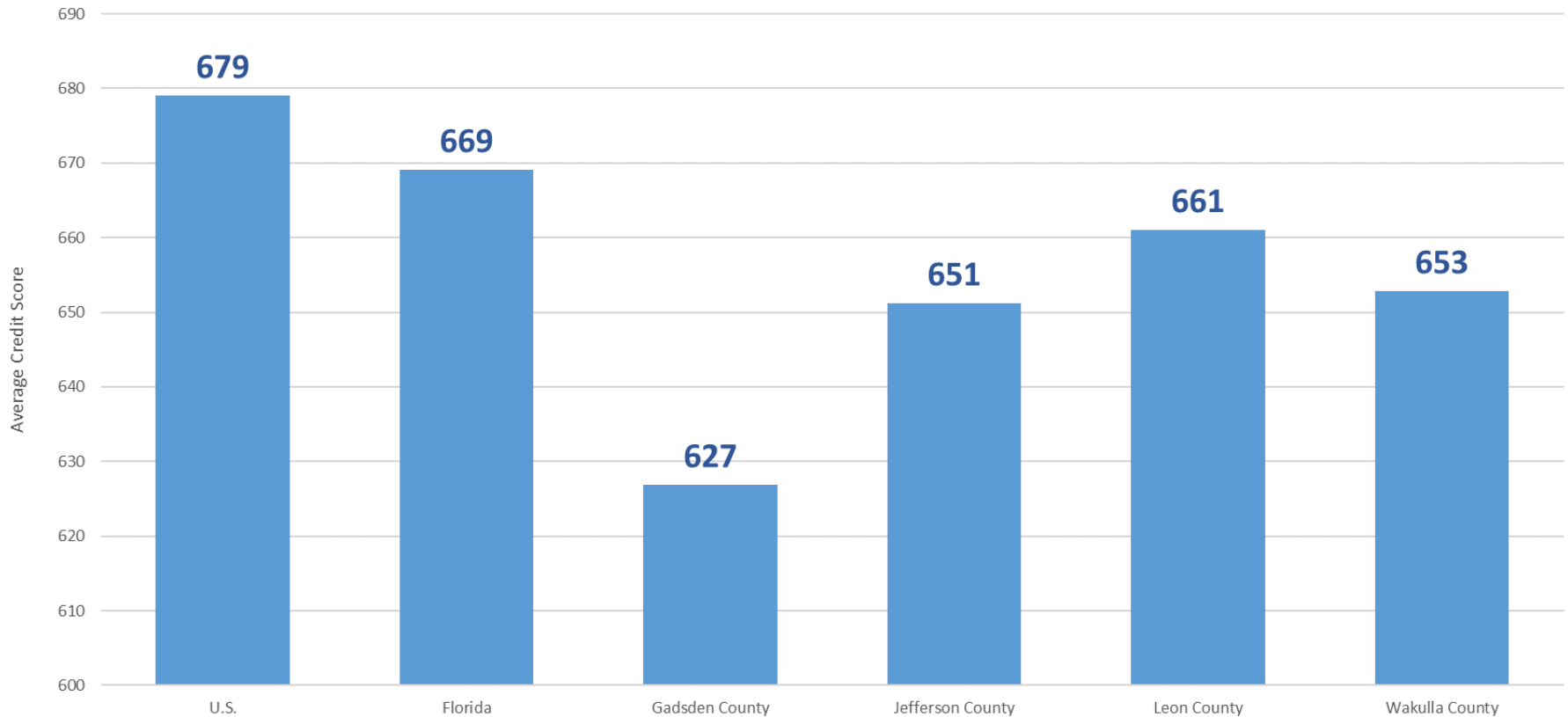
FHA Loan Share Comparison Chart and Table by Minority



Share of FHA loans by minority group					Counties in Tallahassee, FL MSA			
	US Conforming Loan Count	U.S.	Florida Conforming Loan Count	FL	Gadsden County	Jefferson County	Leon County	Wakulla County
Asian	180,723	13.2%	6,750	15.5%	-	-	8.1%	33.3%
Black	193,998	42.3%	16,699	43.1%	40.0%	0.0%	43.0%	33.3%
Hispanic	327,868	41.2%	42,368	38.4%	45.5%	-	26.8%	25.0%
Minority	714,978	34.2%	65,419	37.1%	40.0%	0.0%	32.2%	31.4%
Non-Minority	2,033,000	19.7%	127,925	20.5%	14.3%	14.9%	17.5%	21.6%
Overall	3,120,697	24.1%	218,707	26.6%	25.9%	19.0%	22.0%	24.4%

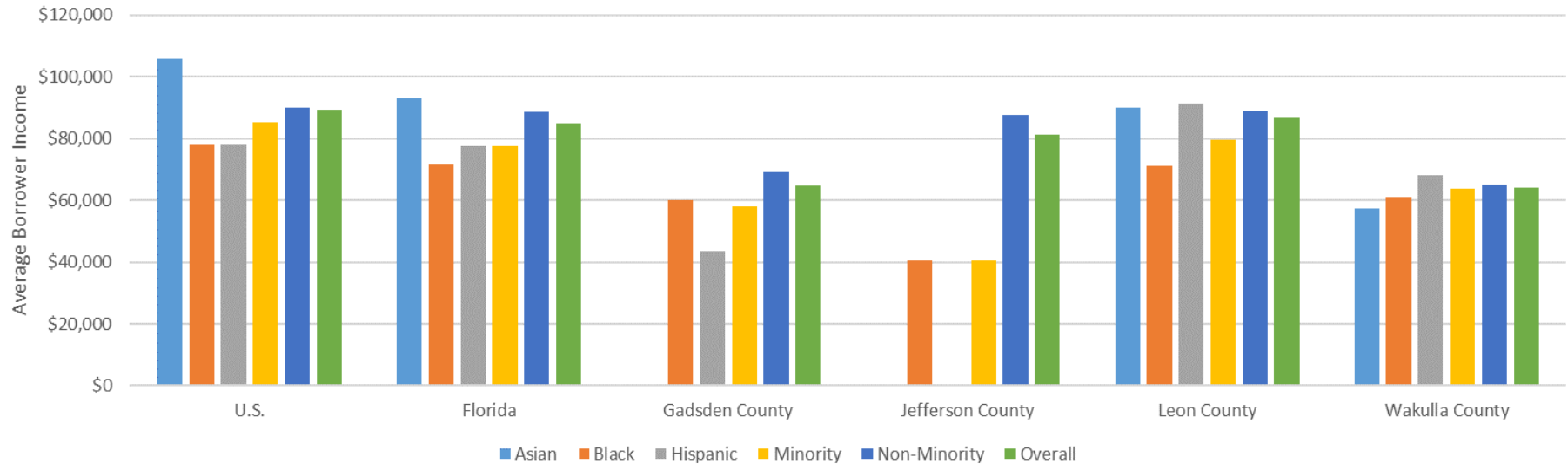
Source: Data comes from 2016 HMDA originations and purchases for single family and manufactured housing properties, excluding redundant loans purchased by commercial banks, savings banks, savings associations, and affiliated institutions. Figures also exclude jumbo loans, home improvement loans, loans 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 Credit Score Comparison Chart



Source: Experian data as of December 2015. Data combines anonymized individual credit bureau data with marketing data to obtain race/ethnicity associated with each individual and is weighted by American Community Survey's (ACS) Public Use Microdata Sample (PUMS) data. The credit scores are average vantage 3.0 scores by state and county.

Average Borrower Income Comparison Chart and Table by Minority



Average borrower income by minority group			Counties in Tallahassee, FL MSA			
	U.S.	Florida	Gadsden County	Jefferson County	Leon County	Wakulla County
Asian	\$106K	\$93K	-	-	\$90K	\$57K
Black	\$78K	\$72K	\$60K	\$41K	\$71K	\$61K
Hispanic	\$78K	\$78K	\$44K	-	\$91K	\$68K
Minority	\$85K	\$78K	\$58K	\$41K	\$79K	\$64K
Non-Minority	\$90K	\$89K	\$69K	\$88K	\$89K	\$65K
Overall	\$89K	\$85K	\$65K	\$81K	\$87K	\$64K

Source: Data comes from 2016 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.

Features and
Benefits

General
Requirements

Income and
Property
Eligibility

Resources



Home Possible Mortgages – Features and Benefits



Responsible, high LTV mortgage options for first-time homebuyers, low- and moderate-income borrowers and move up buyers

Borrower Profile	Key Features	Borrower Benefits
<ul style="list-style-type: none">▪ First-time homebuyers▪ Repeat homebuyers▪ Families in underserved areas▪ New immigrants▪ Very-low and low-to-moderate income borrowers	<ul style="list-style-type: none">▪ Maximum LTV/TLTV:<ul style="list-style-type: none">▪ Home Possible Advantage - 97% LTV / 105% TLTV▪ Home Possible – 95% LTV / 95% TLTV▪ Eligible annual income of up to 100% of Area Median Income (higher in high cost areas)▪ No income limit in Underserved Areas▪ Homebuyer education only required for one borrower when all borrowers are First-Time Homebuyers	<ul style="list-style-type: none">▪ Low down payment▪ No minimum borrower contribution from personal funds▪ Flexible down payment and closing cost funding options▪ No cash-out refinancing▪ No reserves required on 1 unit owner-occupied properties (2 months reserves on 2-4 units)▪ Homebuyer education available at no cost to the borrower

Home Possible Mortgages Features*



Feature	Home Possible 95%LTV / 95% TLTV	Home Possible Advantage 97%LTV / 105% TLTV
Eligible Mortgages	<ul style="list-style-type: none"> – 15-, 20- and 30-year fixed – 5/1, 7/1 and 10/1 CMT- and LIBOR-indexed ARMS – Construction Conversion and Renovation Mortgages 	<ul style="list-style-type: none"> – 15-, 20- and 30-year fixed – Construction Conversion and Renovation Mortgages
Occupancy	1- to 4-unit primary residence	1-unit primary residence
Property Type	1- to 4- units: Single-family, Condos, PUDs, Manufactured Housing (1-unit primary residences only)	1-unit: Single-family, Condo, PUD
Other Income	<ul style="list-style-type: none"> – Boarder income (1-unit properties only): Up to 30% of qualifying income from this source allowed if 12 months documentation of recent rent payments and continued rental arrangement included – Rental income: (2- to 4-unit properties): Can be used to qualify (Not available with Home Possible Advantage) 	Same

* See Freddie Mac *Single-Family Seller/Service Guide* for details.

Home Possible Mortgages Features*



Feature	Home Possible 95%LTV / 95% TLTV	Home Possible Advantage 97%LTV / 105% TLTV
Underwriting Method	Loan Product Advisor® or Manual – Loan Product Advisor flags Home Possible eligible loans	Same
No Credit Score Borrowers	Borrowers with no credit score can be evaluated through Loan Product Advisor	Not Available
Fund Sources for Down Payment & Closing Costs	Affordable Seconds®; Gift from a family member; Grants from a non- profit or Employer Assisted Housing program	Same

* See Freddie Mac *Single-Family Seller/Service Guide* for details.

- To expand homeownership opportunities to more borrowers, Freddie Mac has updated Loan Product Advisor so you can assess mortgages for borrowers with no credit score.
 - » Purchase or no cash out refinance
 - » 1-unit primary residence
 - » Fixed rate only
 - » 95% LTV/ TLTV/ HTLTV
 - » Must not be:
 - ✓ Manufactured home
 - ✓ Super conforming
- If a transaction does not meet the above requirements, Loan Product Advisor will return an incomplete message(s).

Homeownership Education

Purchase Transactions Required:

- When all borrowers are first-time homebuyers, at least one qualifying borrower must participate in a homeownership education program before the Note Date*
 - » A copy of a *Homeownership Education Certification*, or another document with comparable information, is to be retained in the mortgage file
- 2- to 4-unit primary residence: At least one qualifying borrower must participate in a landlord education program before the Note Date*
 - » A copy of a certificate evidencing successful completion of the landlord education program must be retained in the Mortgage file



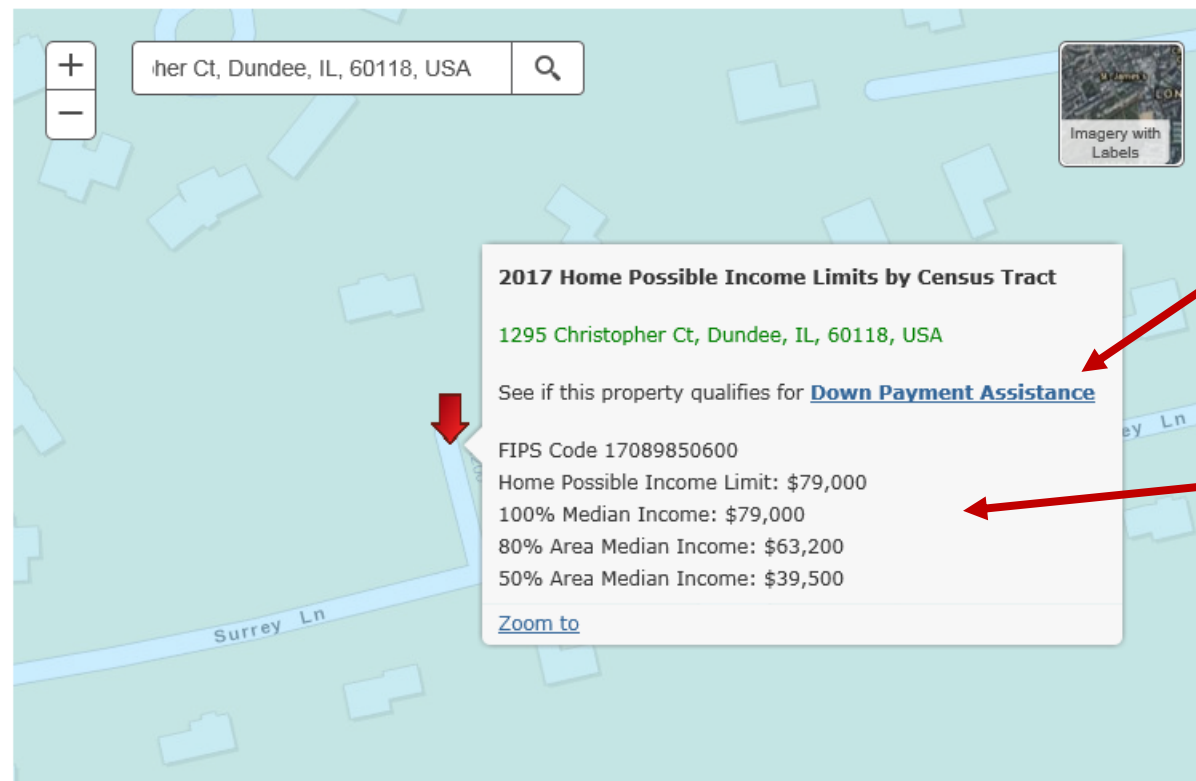
This requirement stresses the importance of utilizing a curriculum that contains the minimum core content specified by the National Industry Standards for Homeownership Education and Counseling. These standards help ensure quality education and counseling is delivered with fairness and respect to homebuyers and homeowners.

Home Possible Income & Property Eligibility

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 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.



1295 Christopher Ct, Dundee, IL, 60118, USA

2017 Home Possible Income Limits by Census Tract

1295 Christopher Ct, Dundee, IL, 60118, USA

See if this property qualifies for [Down Payment Assistance](#)

FIPS Code 17089850600

Home Possible Income Limit: \$79,000

100% Median Income: \$79,000

80% Area Median Income: \$63,200


50% Area Median Income: \$39,500

[Zoom to](#)





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

Provides Home Possible income limits based on property location

Search Results for Property Address: 929 Wheelwood Way, Richmond, VA



We make home possible®

Connect With Us
   

Single-Family

- Become a Freddie Mac Seller/Servicer
- Originate and Underwrite
- Sell and Deliver
- Loan Advisor Suite
- Mortgage Products
 - Home Possible Income & Property Eligibility**
 - How to Read Your Results
 - Home Possible Income & Property Requirements
- Servicing
- The Guide and Forms
- Single-Family News Center
- Subscription Center
- The Learning Center
- Housing Professionals

Home Possible Income & Property Eligibility

Enter the property address or zip code in the search field below to determine if your borrower can qualify for a Freddie Mac Home Possible® or Home Possible Advantage® mortgage based on their income and property location.

+

Way, Richmond, Virginia, USA

-

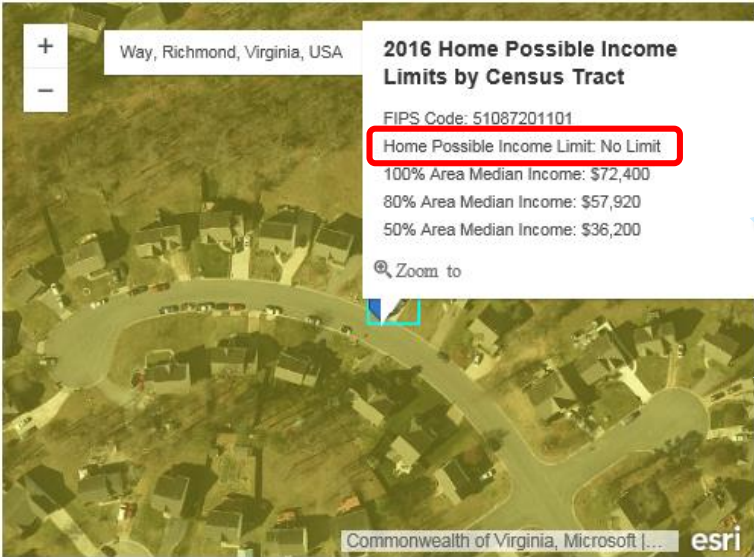
2016 Home Possible Income Limits by Census Tract

FIPS Code: 51087201101

Home Possible Income Limit: No Limit

100% Area Median Income: \$72,400
80% Area Median Income: \$57,920
50% Area Median Income: \$36,200

Zoom to



Commonwealth of Virginia, Microsoft [...]

esri

Underserved Area

What is an “Underserved Area”?



Underserved Areas are determined at the census tract or county level on the basis of median income, minority population level and disaster area designation. An Underserved Area is defined as any of the following:

- **Low income tract:** Census tracts or block numbering areas in which median income does not exceed 80% of the AMI.
- **Disaster area designation:** Disaster areas are designated at the **county** level by FEMA. A county will be treated as a designated disaster area for three years, beginning January 1* after the FEMA designation.
- **Minority census tracts:** Census tracts that have a minority population of at least 30%.

When a property is located in a designated Underserved Area, AMI requirements do not apply. The Home Possible Income Limit shown in the eligibility tool will say “No Limit”.

* Although the FEMA designation for a disaster area is effective in January, disaster area designations are not updated in Loan Product Advisor until new data is provided by FHFA (generally in 2nd quarter)

Resources to Support Your Customer's Business



For more information on Home Possible



Single-Family Business

[FreddieMac.com/homepossible](#)

Single-Family

- Become a Freddie Mac Seller/Servicer
- Originate and Underwrite
- Sell and Deliver
- Affordable Lending
- Loan Advisor Suite
- Uniform Mortgage Data Program (UMDP)
- Mortgage Products**
 - Home Possible Income & Property Eligibility
- Servicing
- The Guide and Forms
- Single-Family News Center
- Subscription Center
- The Learning Center

Home Possible® Mortgages

Home Possible Eligibility Updated, Origination Simplified

On November 15, we updated borrower income and eligibility requirements for Freddie Mac Home Possible mortgages to simplify the origination process. Review *Single-Family Seller/Servicer Guide (Guide) Bulletin 2017-26* [PDF] for details and take the [tutorial](#) to see how

Home Possible Income & Property Eligibility Tool

Freddie Mac's map-based [Home Possible Income & Property Eligibility](#) tool makes it easy to determine if your borrower meets

Single-Family Business

[FreddieMac.com/learn](#)

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The Learning Center

Freddie Mac Learning

Comprehensive Training Library

- How do I Sign Up?
- How do I Browse the Learning Catalog?
- How do I attend a Webinar?

Self-Paced Tutorials

Webinars




Learn From Our Subject Matter Experts

Job Aids

Need Assistance?

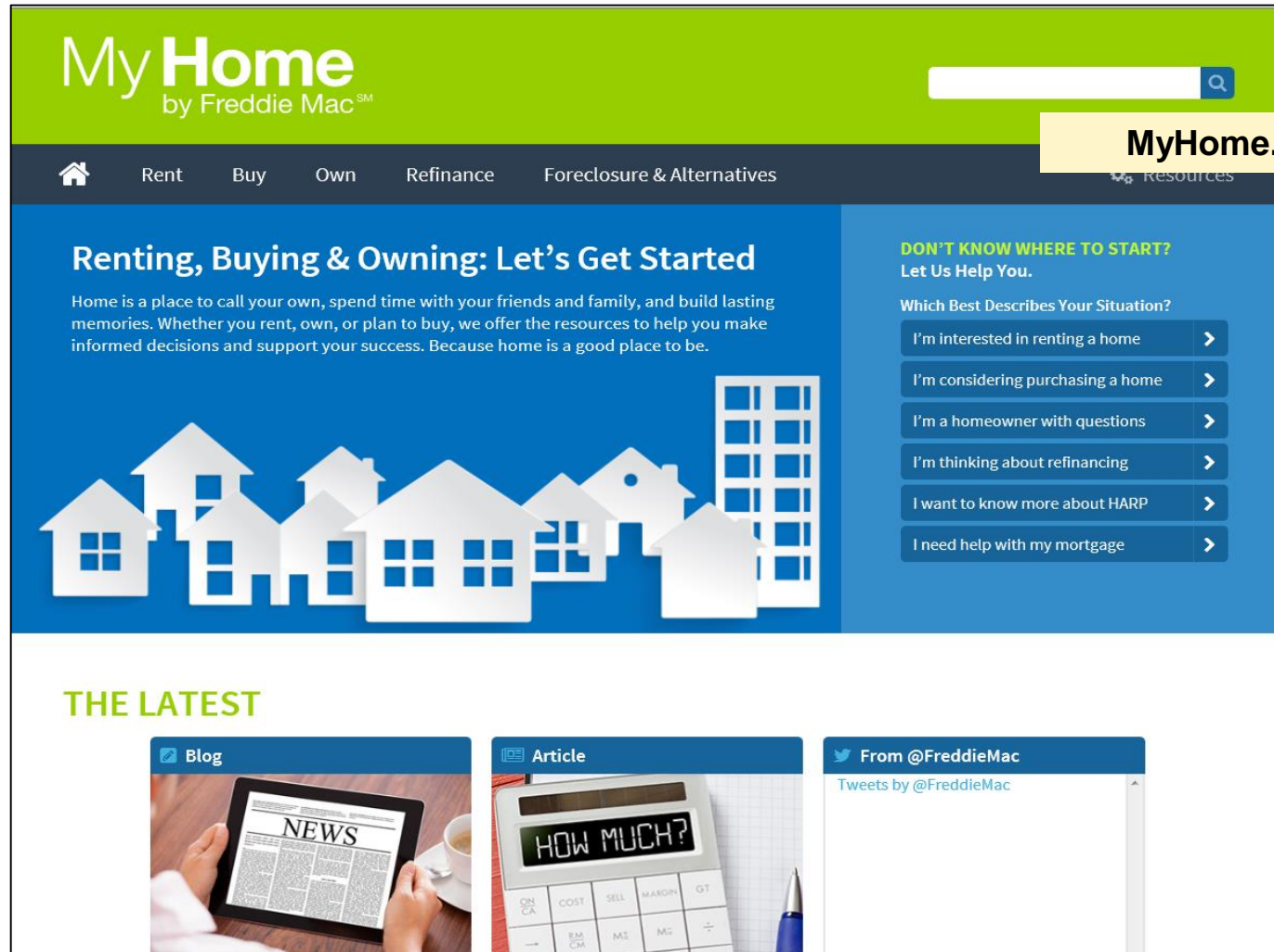
Freddie Mac Learning "How To" Tips

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

<p>Single-Family</p> <ul style="list-style-type: none"> Become a Freddie Mac Seller/Servicer Originate and Underwrite Sell and Deliver Affordable Lending Loan Advisor Suite Uniform Mortgage Data Program (UMDP) Mortgage Products Home Possible Income & Property Eligibility Servicing The Guide and Forms Single-Family News Center Subscription Center The Learning Center Loan Advisor Suite 	<h2>The Learning Center</h2>	
	<p>Freddie Mac Learning</p>  <p>Comprehensive Training Library</p> <ul style="list-style-type: none"> ■ How do I Sign Up? ■ How do I Browse the Learning Catalog? ■ How do I attend a Webinar? 	<p>Webinars</p>  <p>Learn From Our Subject Matter Experts</p>
	<p>Self-Paced Tutorials</p> 	<p>Job Aids</p> 
	<p>Need Assistance?</p> <p>Freddie Mac Learning "How To" Tips</p>	

www.FreddieMac.com/learn

Website for consumers on renting, buying and owning a home



The screenshot shows the homepage of MyHome.FreddieMac.com. The header is green with the 'MyHome by Freddie Mac' logo and a search bar. Below the header is a dark blue navigation bar with links: Home, Rent, Buy, Own, Refinance, Foreclosure & Alternatives, and Resources. The main content area has a blue background with the heading 'Renting, Buying & Owning: Let's Get Started'. Below this heading is a paragraph about home ownership and a graphic of white house silhouettes. To the right, there is a section titled 'DON'T KNOW WHERE TO START? Let Us Help You.' with a list of six buttons: 'I'm interested in renting a home', 'I'm considering purchasing a home', 'I'm a homeowner with questions', 'I'm thinking about refinancing', 'I want to know more about HARP', and 'I need help with my mortgage'. At the bottom, there is a section titled 'THE LATEST' with three columns: 'Blog' (showing a tablet with a newspaper), 'Article' (showing a calculator with 'HOW MUCH?' on the display), and 'From @FreddieMac' (showing a tweet).

MyHome.FreddieMac.com

Q&A