

2023 HFA Western Regional Symposium

July 2023

ALL FOR HOME

Freddie Mac
Single-Family

Speaker & Agenda



David Mendez
Affordable Lending Manager

David manages relationships with lenders, housing finance agencies, housing intermediaries and key stakeholders on behalf of Freddie Mac, to educate and better serve, well deserving families.

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HFA Advantage, Tools & Resources

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HFA Panel

Speaker Introduction

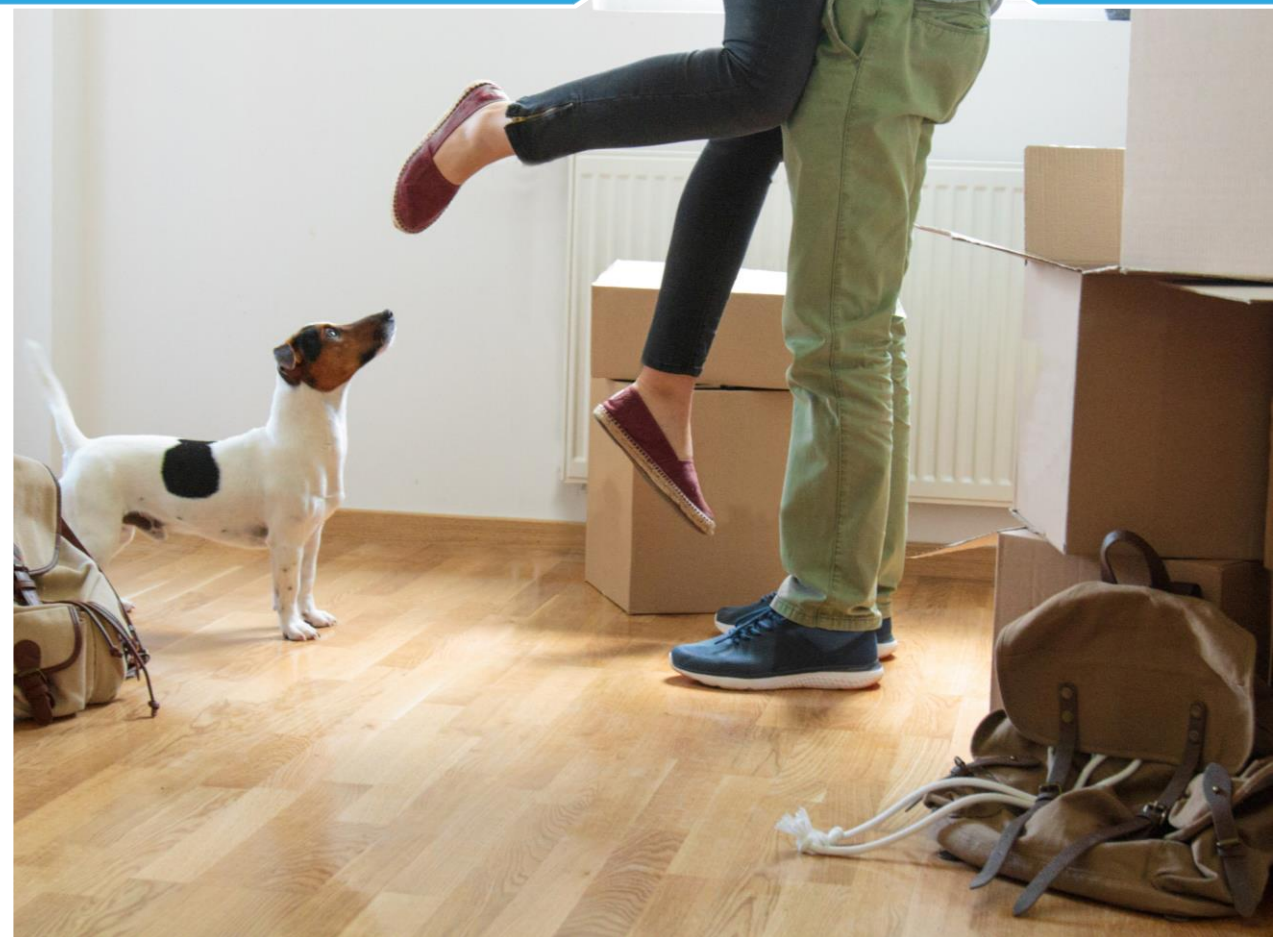


Mike Dawson

Vice President Strategy and Policy
Single-Family Mission and Community Engagement
Freddie Mac

Making Home Possible for 52 Years

- Freddie Mac was [chartered by Congress in 1970](#) and operates in the Secondary Mortgage Market
- [Mission](#) to promote liquidity, stability, affordability and equality in housing – nationwide, in all economic conditions
- [Community mission](#)
 - Stabilize communities
 - Prevent foreclosures
 - Expand credit responsibly
 - Educate future homebuyers and counsel homeowners
 - Support affordable rental housing
- [Three main business lines](#)
 - Single-Family (1- to 4-unit for-sale properties)
 - Multifamily (5+-unit for-rent properties)
 - Capital Markets



Leading the Future of Home

Insights



Insights through research studies, thought leadership, speaking opportunities, expert contributions and data to position our clients and partners for success.

Education



Events, training and financial literacy curricula to help better prepare borrowers for homeownership and to promote responsible and sustainable behaviors.

Mortgage Products

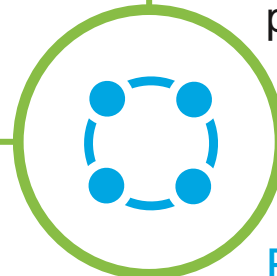


Mortgage offerings that meet borrower needs and scenarios to include: low down payments, refinances, first-time homebuyer, energy-efficient properties, factory-built housing and renovation mortgages.

Business Solutions



Services, resources, tools and technologies that enable housing professionals to serve as trusted advisors and to select the best solutions for their borrower.





Economic Update

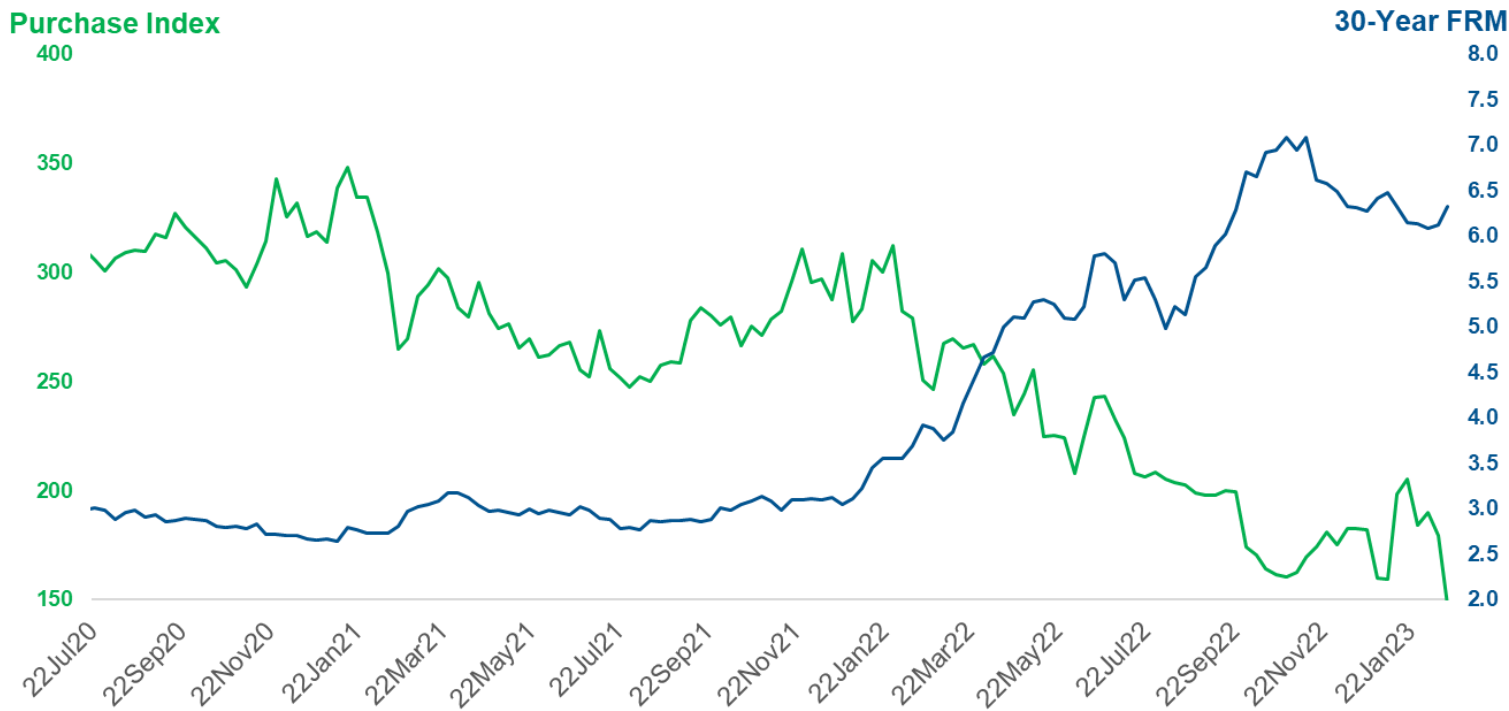
Mortgage Rates in 2022 Rose at the Fastest Annual Pace in History

Freddie Mac Primary Mortgage Market Survey ®
30-year FRM (%), U.S. Weekly Average through 2/23/2023



Purchase Apps Continue to Fall on Rising Rates and High House Prices

Purchase Application Loan versus 30-Year Fixed-rate Mortgage Rate



Source: BLS; White House

Primary Mortgage Market Survey



Primary Mortgage Market Survey®

U.S. weekly averages as of 06/22/2023

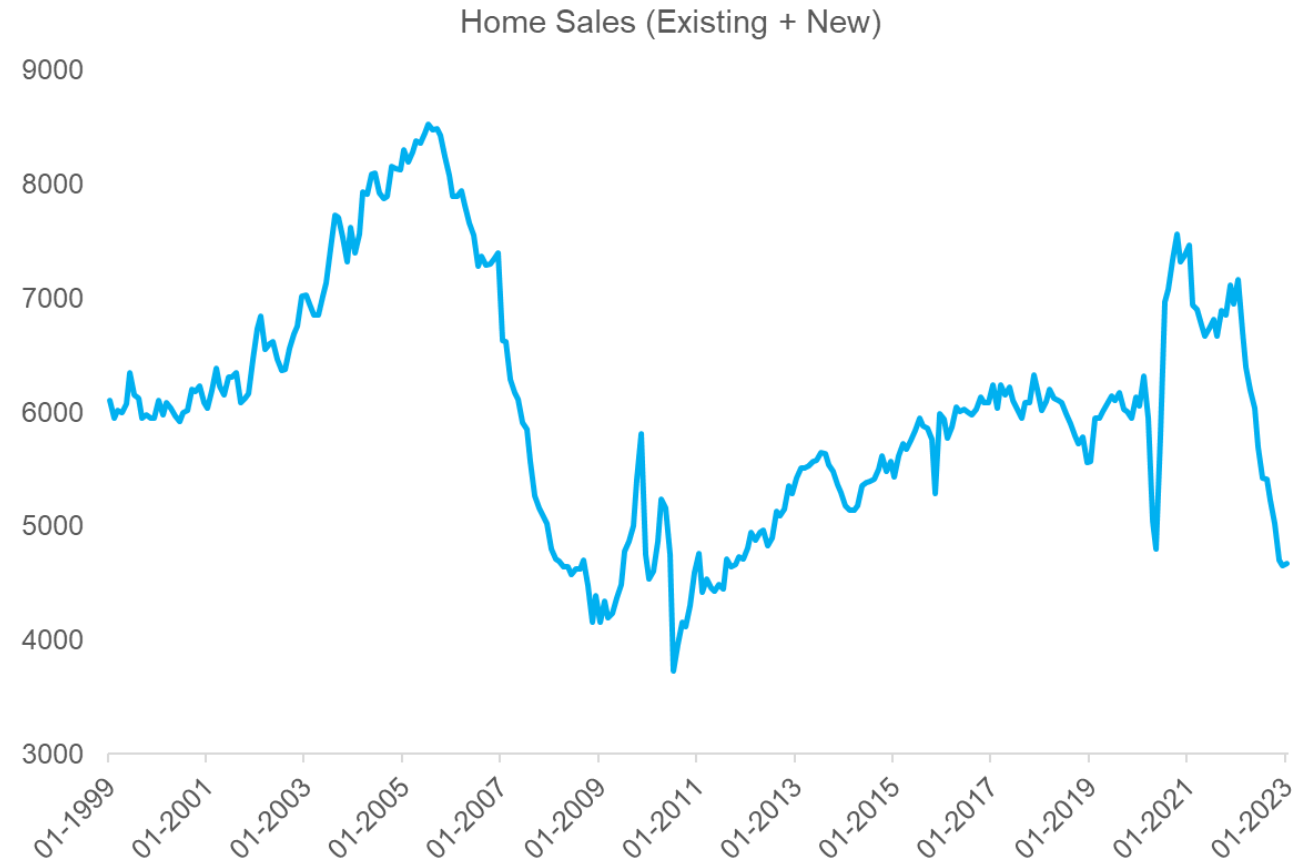


6.67%
30Y FRM

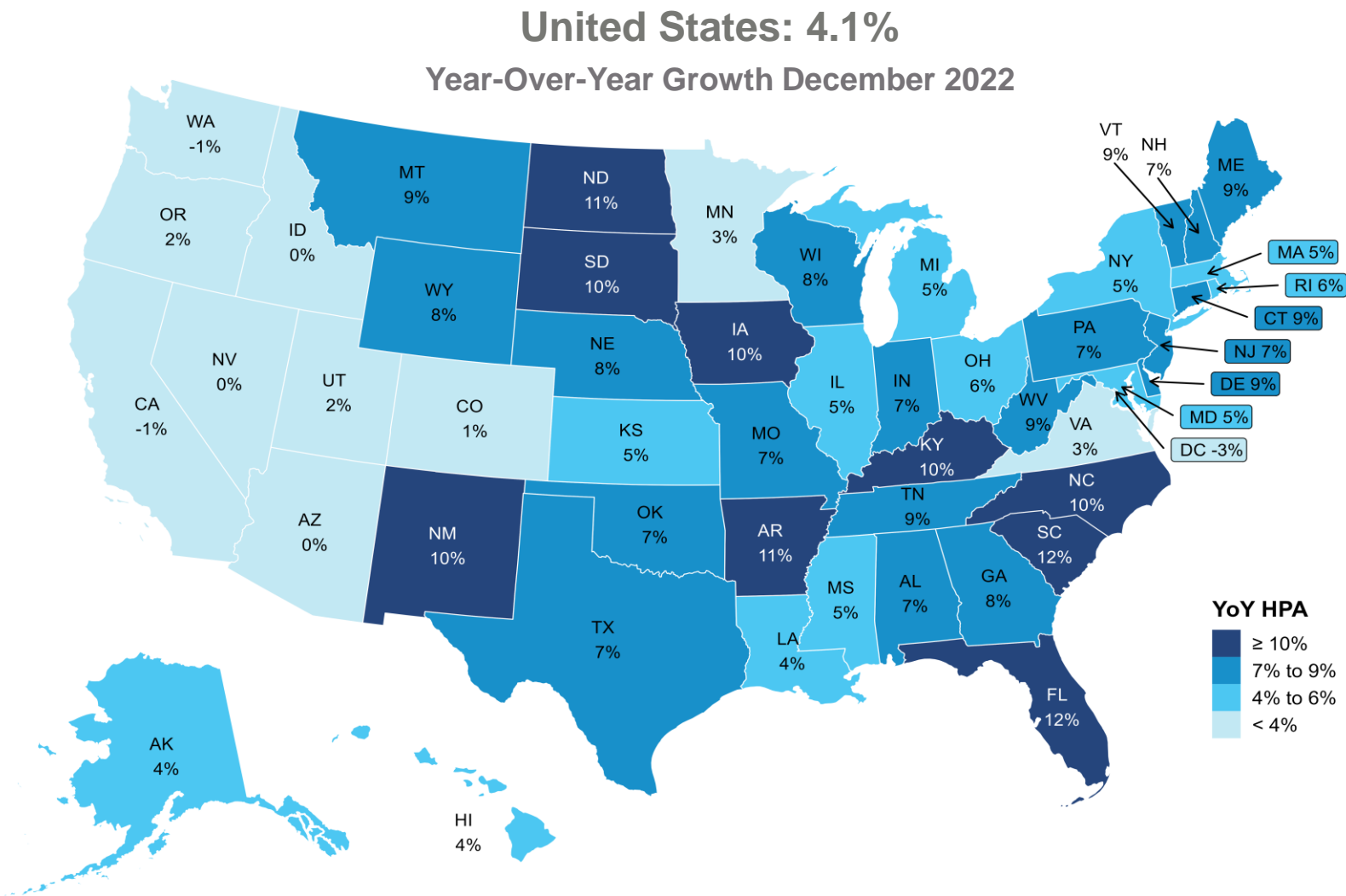
6.03%
15Y FRM

- Recent data suggest that the housing market is stabilizing as it transitions from the surge of activity during the pandemic to a more balanced market.
- Declines in purchase demand continue to diminish while supply remains fairly tight across most markets.
- The consequence is that house prices likely will continue to rise, but at a slower pace for the rest of the summer.

Home Sales Declining Rapidly on Rising Rates



Housing Price Index – YoY December 2022



Housing Finance Agencies Role And Impact



HFAs Role and Impact

For more than 50 years, state housing finance agencies (HFAs) have played a central role in the nation's affordable housing system.



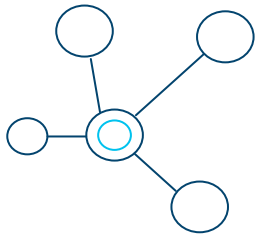
State HFAs have delivered more than \$600 billion in financing for the purchase, development, and rehabilitation of more than 8 million affordable homes and rental apartments.



HFAs serve very low-, low- and middle-income households, first-time homebuyers, and other specialty segments with limited funds for down payment and closing costs.

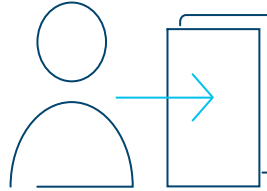
Source: NCSHA- State Housing Finance Agencies: The Center of the Affordable Housing System, 2022

HFAs: Opportunities for You

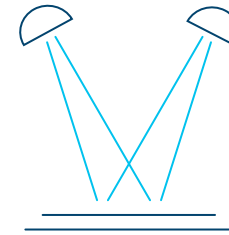


Reach more potential borrowers through HFA programs that:

- Provide low down payment options.
- Offer preferential pricing.



Most HFAs offer down payment assistance programs to further support borrower needs.



[Freddie Mac HFA Advantage[®]](#) is a competitive alternative to FHA financing offered exclusively to HFAs.

HFA Value Proposition

Housing Finance Agencies are easier to work with than ever before!



Freddie Mac HFA Advantage



HFA Advantage[®] Mortgage

One-four-unit primary residences

Purchase and no cash-out refinancing

Non-occupying borrowers

Manufactured Housing

Flexible funding options for down payment and closing costs

High loan-to-value (LTV) conventional offering that's **an excellent alternative to FHA** lending requirements and mortgage premiums.

Adopts the requirements of Home Possible[®] but with **added flexibilities for HFAs.**

HFA-established income limits

Available to first-time homebuyers, repeat buyers, and borrowers seeking no cash-out refinances

Loan Product Advisor[®], manual UW, or alternative UW system subject to prior approval

Flexible MI options available

No Credit Fees in Price

No reserves required

Why Choose HFA Advantage[®] Mortgage over FHA?

HFA Advantage[®]



MI ends when LTV < 80%



Custom Level MI*: monthly premium



MI only required if the LTV is 80% or higher



No upfront MIP

OR

OR

OR

OR

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 up front, an HFA Advantage mortgage with PMI lets the borrower build equity faster

Mortgage Insurance

*Custom Level Mortgage Insurance for loans made to borrowers with qualifying incomes less than or equal to 80% AMI.

This document reflects our understanding of the FHA requirements as of August 2022. We make no claims, promises, or guarantees about the accuracy or completeness of this information.

HFA Advantage[®] Mortgage – Mortgage Insurance

LTV Ratio	Mortgage Insurance Coverage For Borrowers Earning ≤ 80% AMI	Mortgage Insurance Coverage For Borrowers Earning > 80% AMI*
Greater than 95% up to 97%	18%	35%
Greater than 90% up to 95%	16%	30%
Greater than 85% up to 90%	12%	25%
Greater than 80% up to 85%	6%	12%

*Custom MI options may be available; consult with your HFA.

The Value of Affordable Seconds

Affordable Seconds®

What is it?

A subsidized secondary financing option for first lien mortgages

What's the value?

- Can increase your originations for very low- to low-income borrowers
- Provides the borrower with additional sources for down payment, closing, financing, and prepaid costs

Can I use with HFA Advantage?

Affordable Seconds are eligible for HFA Advantage¹

Freddie Mac DPA One®

A one-stop shop that maximizes down payment assistance program utilization nationwide and increases incremental originations by seamlessly connecting and matching DPA programs, lenders, counselors and borrowers

Loan Officer Experience

We help loan officers **quickly find, understand and match** the best DPA programs to their borrowers by giving loan officers all the DPA **program information** they need **in one place** right **when they need it the most**.

Easy borrower data entry with both guided approach and quick search

Best matching results returns all eligible programs that have been loaded into DPA One by Freddie Mac.

Easy to understand program details with most up to date program information that standardizes lexicon

Program comparison of up to three programs with differences highlighted

Share program with borrower in pdf format via email from DPA One



DPA Provider Experience

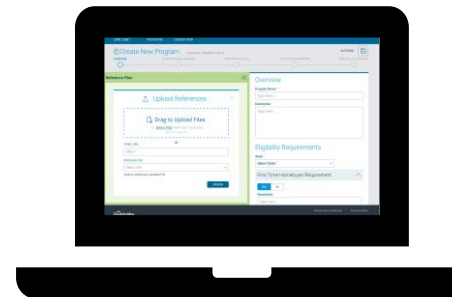
We help DPA program providers **reduce submission errors** and **program requirement questions** from lenders by giving DPA program providers a **single, standardized, insights-rich place** to manage all DPA program information.

Easy to update existing programs with edit program, draft creation, publish, schedule publish, revision tracking

Version tracking, display, archive of programs in DPA One

Create new program from scratch or by copying existing program

Easy to import information by using side-by-side intuitive UI



DPA One has 227 DPA Providers, 394 Programs and 57 Loan Officers actively using as of June 2023

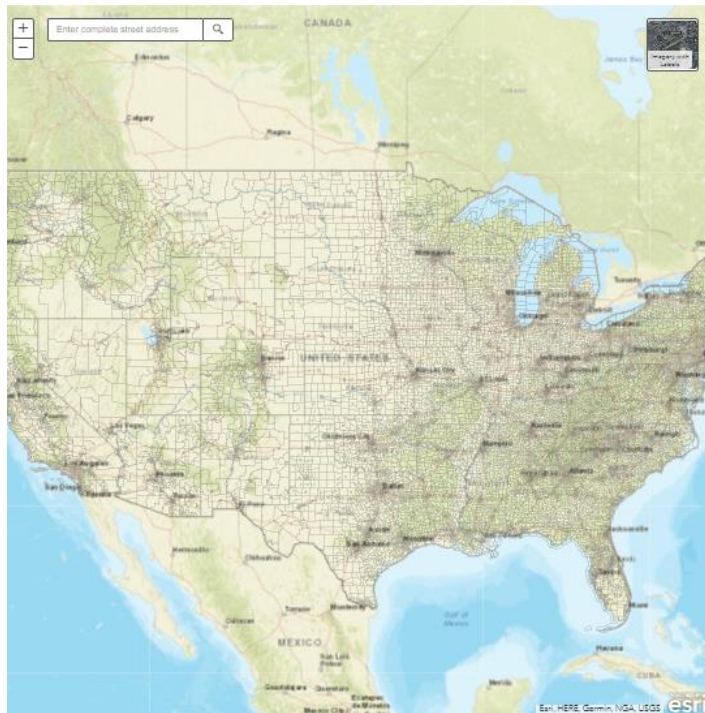
Tools and Resources



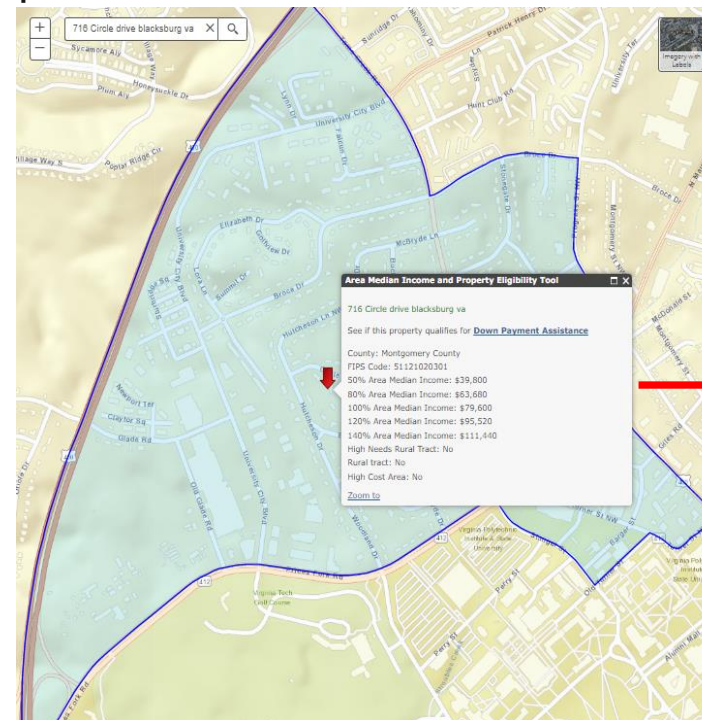
Area Median Income and Property Eligibility Tool

A user-friendly [map-based tool](#) to help determine AMI levels.

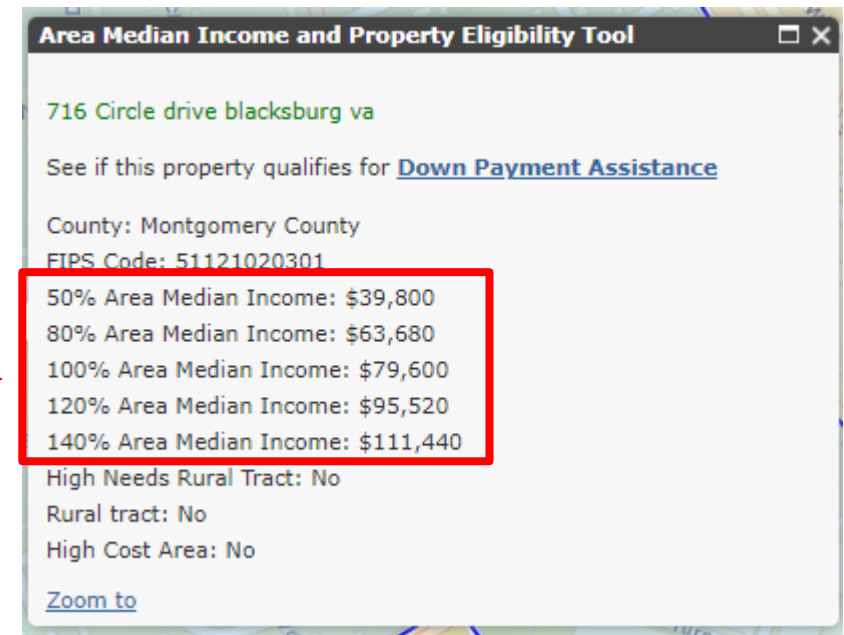
1. Enter a property's address



2. Receive a map location of property with pertinent information



3. Understand AMI requirements of the property to determine loan eligibility along with other valuable information



Freddie Mac HFA Resource Center

Visit the [HFA Resource Center](#) today!

A digital information hub designed to support and provide HFA professionals with resources and tools including:

- Hot Topic articles
- Popular resources
- Freddie Mac's Home Starts Here podcast series
- Events Calendar
- And more... all in one centralized location.

And don't forget to sign up to [receive the latest insights, updates and communications](#) from Freddie Mac!

Get the latest Freddie Mac updates in your inbox.

Enter your email address to be sure you always have the latest news from Freddie Mac Single-Family.

Your Email Address

Sign Up

HFA Resource Center

An information hub designed for HFA staff and their business partners

Hot Topics

We've compiled Freddie Mac's most current affordable and equitable housing research, insights, and thought leadership in one convenient place. Click any of the links below to explore more about how we can work together to help aspiring homebuyers overcome barriers and achieve responsible, sustainable homeownership.

Freddie Mac Salutes Home Possible RISE Award® for HFA Advantage Volume Winners

The Freddie Mac HFA Advantage mortgage is a low-down payment offering like the Freddie Mac Home Possible® mortgage but has additional flexibilities for HFAs. Meet these organizations who are using all the mortgage tools in their toolkit to make homeownership a reality for the borrowers of the future.

Closer Collaboration with HFAs Can Grow Business in Underserved Communities

Created to finance affordable housing activities, housing finance agencies (HFAs) are public entities that offer first mortgage loan products and down payment assistance. How can HFAs help pave the way for homeownership?

2022 State of Affordability

What are the key trends, challenges and opportunities in the housing market in 2022? Get up to speed on today's market and learn how the industry can collaborate to prompt impactful change and better serve homebuyers.

What Drove Home Price Growth and Can it Continue?

Home prices, the best single indicator of whether market conditions favor buyers or sellers, jumped 33% nationally over the past two years. What is behind the strength of the housing market, and can it continue?

Understanding Mortgage Readiness: A Roadmap for Getting More Americans into Homes

By knowing what it means to be mortgage ready, the homebuyers can better understand the process and the resources available to them.

Together, We're Making an Impact Through Affordable Lending

This year, we have ambitious goals to increase homeownership opportunities for all.

Housing Finance Agencies: A Key Partner in Equitable Housing

Different stakeholders within the mortgage and housing industry play a role in decreasing barriers to homeownership. Kasey Kier, Assistant Commissioner at Minnesota Housing, and Pamela Thurman, Director, Freddie Mac's Single-Family Equitable Housing Team discuss ways to address the array of complex issues communities of color face in attaining, sustaining and building wealth through homeownership.

[CHECK OUT THIS PODCAST EPISODE](#)

HOME STARTS HERE PODCAST



Freddie Mac CreditSmart®

Empower your clients through education

CreditSmart is a suite of **free** financial capability and homeownership education resources designed to empower consumers with the skills and knowledge to support them through every stage of their homeownership journey.

Every person has a unique homeownership journey which is why **CreditSmart offers different paths to education and financial wellness.**



CreditSmart® Essentials*



CreditSmart® Homebuyer U*



CreditSmart® Coach



CreditSmart® Military



CreditSmart® Multilingual

*Available in English and Spanish

800-FREDDIE

Customer Service Menu Guide

1-800-FREDDIE [373-3343]

EFFECTIVE APRIL 1, 2021



1 If you are a Freddie Mac approved Seller/Servicer or business partner

2 If you are a homeowner or renter

3 To become a Freddie Mac approved Seller/Servicer or business partner

SUPPORT FOR:

- | | |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 All login, password or other access related issues | 1 Loan Advisor applications
2 Servicing Gateway
3 All other applications |
| 2 Underwriting guidelines | 1 Affordable lending, HFA Advantage, or Home Possible
2 All other questions |
| 3 Loan Advisor tools | 1 Loan Product Advisor
2 Loan Selling Advisor or Delivery
3 Loan Closing Advisor, Loan Quality Advisor or Correspondent Assignment Center
4 Condo Project Advisor
5 All other Loan Advisor tools |
| 4 Loan Servicing | 1 COVID-19 guidelines and updates
2 Investor reporting and edits
3 All other servicing-related questions |

Specialists trained in HFA Advantage

Review individual loan scenarios

Assist with LPA Feedback

Contact Information

 David Mendez

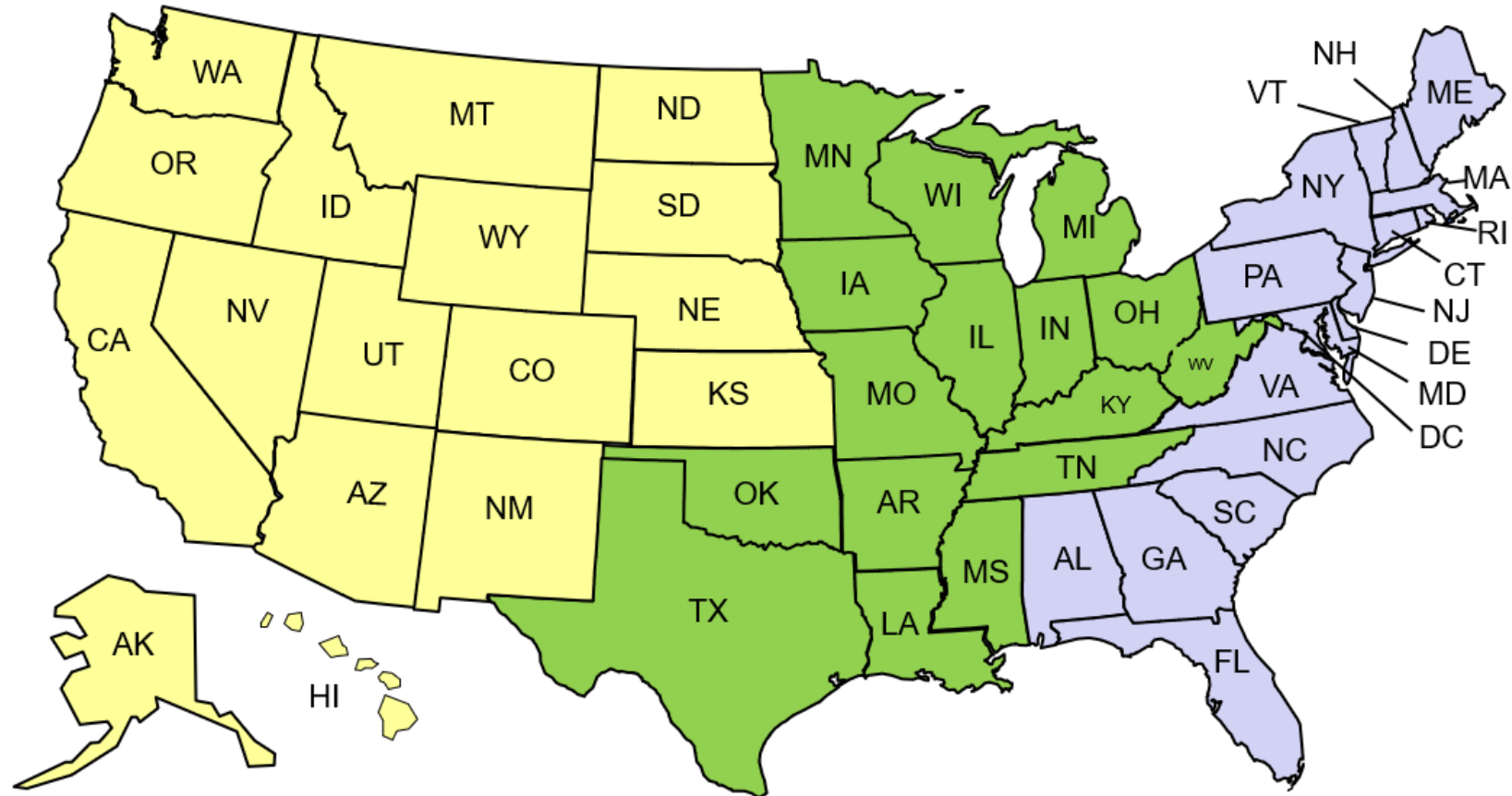
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Panelists



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Lending

Caliber Home Loans
Newrez



Kristy Stecker
VP National Accounts

Mortgage Guarantee
Insurance Company



Mark Suderman
Director of Participating
Lender Business

Idaho Housing and
Finance Agency



Nicole Johnson
Community
Development Champion

Tuscon IDA



Thank you