



# Making Home Possible in Minnesota

Over the past decade, Freddie Mac has invested **\$134.9 billion** in home loans, helping **968,120 Minnesota families**.

	Freddie Mac Investment	Homeowners Served	Renters Served	Total Families Served
2007	\$10 billion	53,954	7,340	61,293
Past 10 Years	\$134.9 billion	923,621	44,499	968,120

**In 2007 Freddie Mac:**

- Enabled 9,039 Minnesota homebuyers to purchase their first home.
- Financed loans for 37,419 low- and moderate-income Minnesota families.
- Helped 1,131 Minnesota families avoid foreclosure.
- Funded residential loans with an average mortgage of \$178,874.
  
- Since 2000, Freddie Mac funded \$318.9 million in mortgage revenue bonds, providing low-cost mortgages to Minnesota families.
- Since 1988, Freddie Mac has invested \$145.3 million in low-income housing tax credits, creating 5,601 affordable homes for Minnesota families.

Working with our partners, Freddie Mac helps make home possible for Minnesota families every step of the way through the homebuying process.

- Creating opportunities** for successful homeownership through a comprehensive set of borrower education and outreach programs
- Realizing possibilities** by continually evolving our mortgage solutions to meet the individual needs of today's diverse borrowers
- Preserving dreams** by providing essential tools and education to help keep more of America's families in homes they can afford and keep

**CreditSmart®:**

Freddie Mac's *CreditSmart* is an award-winning financial education curriculum that helps consumers understand, build, and maintain better credit. *CreditSmart* training, which is typically provided by a community-based organization, also gives families in Minnesota the knowledge to improve their financial outlook and achieve successful long-term homeownership.

**Buying and Owning a Home: Freddie Mac's Online Guide to the Homebuying Process:**

The free, online guide gives Minnesota families the tools to help manage their finances, improve their credit, and reach their dreams, including homeownership. More information can be found at [http://www.freddiemac.com/corporate/buying\\_and\\_owning.html](http://www.freddiemac.com/corporate/buying_and_owning.html)

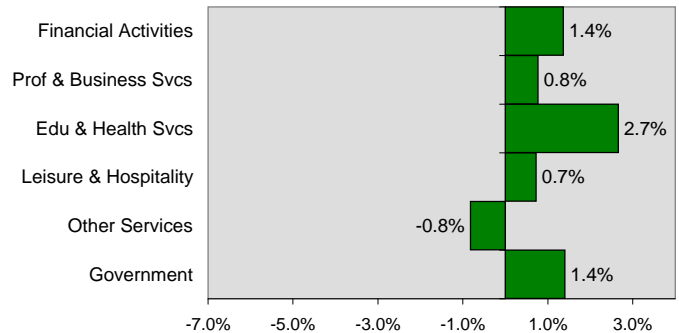
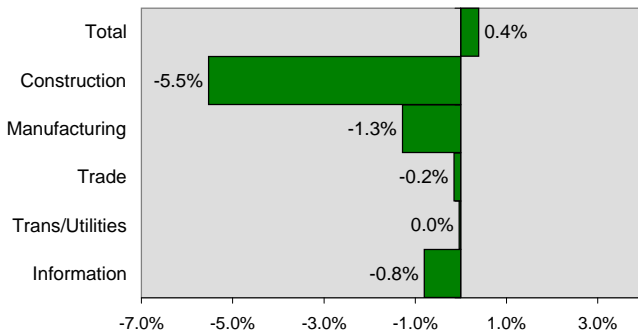
**Home Possible® Mortgages:**

Through Freddie Mac's *Home Possible* Mortgages, Minnesota lenders can meet the home financing needs of borrowers looking for low down payments and flexible sources of funds, including first-time homebuyers, retirees, families in underserved areas, new immigrants and others. *Home Possible* Mortgages also offer greater flexibilities to those who serve Minnesota communities like teachers, firefighters, healthcare workers, law enforcement officers, and military personnel.

**Home Steps™:**

*HomeSteps* is the second largest owner/seller of single-family real estate in America. It is a service brand of Freddie Mac, and its free-of-charge service allows homebuyers to search a database of houses for sale in Minnesota or find a local agent to make the dream of homeownership a reality. More information can be found at [www.homesteps.com](http://www.homesteps.com).

## Employment growth was strongest in Minnesota's education and health services sector in July 2008

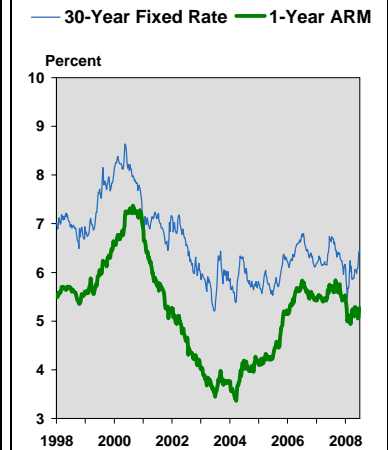


Source: Bureau of Labor Statistics, % change year ago

Indicators	2003	2004	2005	2006	2007
<b>Gross State Product, C\$B</b>	196,738	205,055	207,218	210,361	214,938
% Change	2.9	4.2	1.1	1.5	2.2
<b>Total Non-Farm Employment (ths.)</b>	2,660.3	2,681.0	2,723.3	2,758.2	2,770.8
% Change	-0.2	0.8	1.6	1.3	0.5
<b>Unemployment Rate (%)</b>	4.9	4.6	4.2	4.0	4.6
<b>Personal Income Growth (%)</b>	3.9	6.0	3.6	5.1	6.5
<b>Population (ths.)</b>	5,052.5	5,085.6	5,113.8	5,154.6	5,197.6
<b>Single-Family Permits</b>	32,731	32,580	29,566	20,901	14,508
<b>Multifamily Permits</b>	9,315	9,263	6,943	5,451	3,422
<b>Existing Median Home Sales Price (ths.)</b>	163.0	174.3	185.8	187.6	180.0
<b>Mortgage Originations (# of SF loans)</b>	475,304	276,710	274,328	228,697	n/a
<b>Personal Bankruptcies (total ch. 7 &amp; 13)</b>	19,606	16,598	24,069	7,650	11,376
<b>Existing Home Sales (ths.)</b>	124.5	135.0	135.2	117.9	102.0
<b>30-Year Fixed Mortgage Rate Average (%)</b>	5.83	5.84	5.87	6.41	6.34
<b>Rental Vacancy Rate (%)</b>	7.9	9.1	10.5	8.9	7.6
<b>Serious Mortgage Delinquency (% All Loans)</b>	0.77	0.86	1.01	1.42	1.64
<b>Foreclosure Rate (% All Loans)</b>	0.32	0.30	0.35	0.53	0.70
<b>Homeownership Rate (%)</b>	76.6	75.3	75.8	76.3	n/a

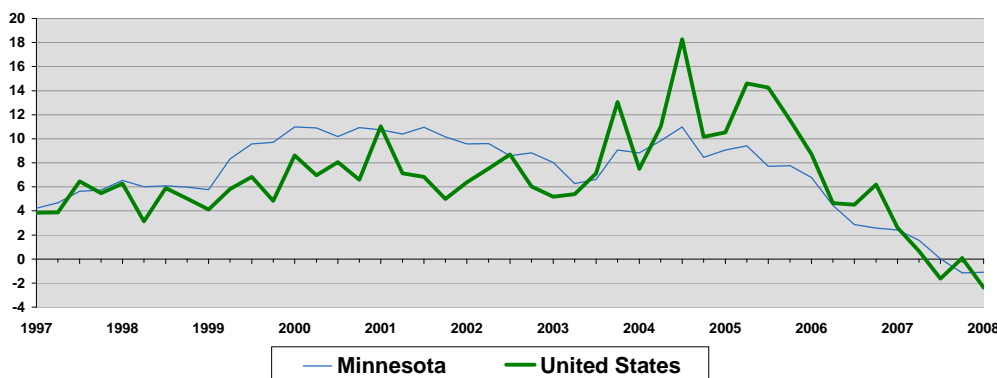
Sources: Moody's Economy.com, Bureau of Economic Analysis, Bureau of Labor Statistics, US Census Bureau, Federal Housing Finance Board, US District Courts, National Association of Realtors, First American CoreLogic, Federal Financial Institutions Examination Council, Freddie Mac

## National Weekly Average Mortgage Interest Rates from Freddie Mac's Primary Mortgage Market Survey®



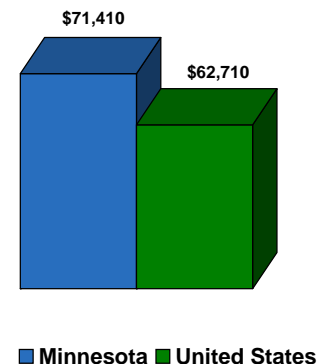
Source: Freddie Mac, Primary Mortgage Market Survey®

## Annual % Change in House Prices



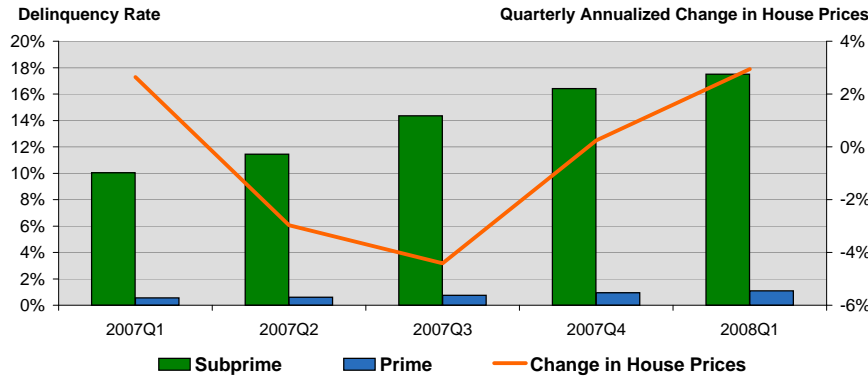
Source: Freddie Mac's Conventional Mortgage Home Price Index

## 2008Q1 Median Family Income



Source: US Census Bureau, Moody's Economy.com

**Serious mortgage delinquencies are high and rising among prime and subprime borrowers in Minnesota, although home prices have risen recently**



Source: First American CoreLogic and Freddie Mac

## National Rankings

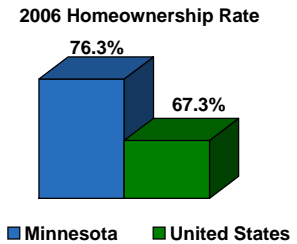
<b>Homeownership Rate</b>	<b>1</b>
1 = Highest	
<b>Mortgage Delinquency Rate</b>	<b>36</b>
1 = Most Delinquent	
<b>Median Family Income</b>	<b>8</b>
1 = Highest	
<b>Adjustable Rate Mortgage Share</b>	<b>37</b>
1 = Highest Share	
<b>Housing Affordability</b>	<b>13</b>
1 = Most Affordable	
<b>Employment Growth</b>	<b>32</b>
1 = Highest Growth	

## Homeownership Rates by Race and Ethnicity in Minnesota

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	76.3%	--
White, Non-hispanic	79.2%	2.9%
Black	28.7%	-47.6%
Hispanic	51.2%	-25.1%
Asian or Pacific Islander	59.3%	-17.0%

Source: US Census Bureau - American Community Survey

## Homeownership is higher in MN than the national average



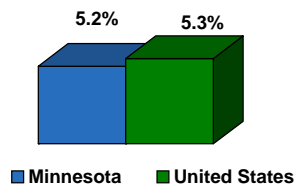
Source: US Census Bureau

## Characteristics of Nonprime Mortgage Originations by Year Minnesota

	2003	2004	2005	2006	2007
Adjustable Rate Mortgages (%)	71%	84%	83%	79%	61%
Non-Traditional Mortgages (%)	8%	35%	56%	51%	55%
Non-Owner Share (%)	18%	17%	19%	19%	30%
Share of Low-No Documentation	45%	48%	51%	60%	66%
Debt-to-Income Ratio	39%	40%	40%	41%	40%
Average Loan-to-Value	88%	85%	82%	82%	83%
Average FICO Credit Score	670	680	682	683	706

Source: First American CoreLogic. First liens only; by dollar amount. Nonprime loans include subprime and Alt-A loans in ABS securities.

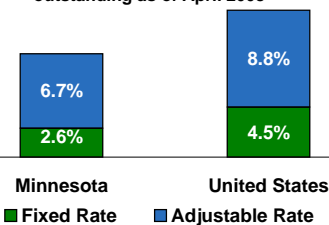
## Unemployment is lower in MN July 2008 Unemployment Rate



Source: Bureau of Labor Statistics

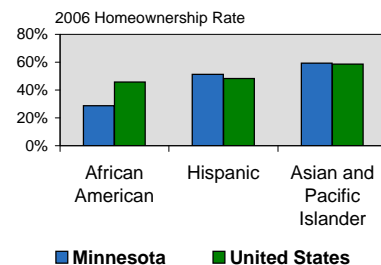
## The Subprime Picture

Subprime dollar share of all loans outstanding as of April 2008



Source: First American CoreLogic

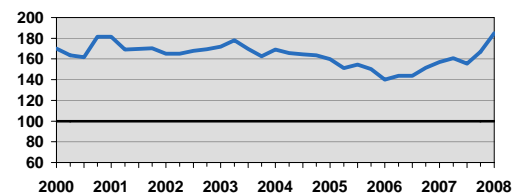
## Homeownership among Hispanics is higher in MN than US



Source: US Census Bureau - American Community Survey

## State Housing Affordability Index Minnesota

Share of the median-priced home affordable to the median-income family with a 30-year fixed-rate mortgage and 20% downpayment.



Source: Moody's Economy.com