

## Making Home Possible in Puerto Rico

Over the past decade, Freddie Mac has invested **\$8.6 billion** in home loans, helping **98,183 Puerto Rico families**.

	Freddie Mac Investment	Homeowners Served	Total Families Served
2007	\$812 thousand	7,743	7,743
Past 10 Years	\$8.6 billion	98,183	98,183

### In 2007 Freddie Mac:

- Enabled 2,242 Puerto Rico homebuyers to purchase their first home.
- Financed loans for 951 low- and moderate-income Puerto Rico families.
- Helped 143 Puerto Rico families avoid foreclosure.
- Funded residential loans with an average mortgage of \$104,896.
- Since 2000, Freddie Mac funded \$132.2 million in mortgage revenue bonds, providing low-cost mortgages to Puerto Rico families.
- Since 1988, Freddie Mac has invested \$70.9 million in low-income housing tax credits, creating 2,973 affordable homes for Puerto Rico families.

Working with our partners, Freddie Mac helps make home possible for Puerto Rico 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

### Mi Propia Hogar:

Freddie Mac launched a marketing and outreach campaign designed to promote homeownership in Puerto Rico. This multi-faceted initiative includes a local distribution of "Nuestro Barrio" (Our Neighborhood), a Spanish-language TV mini-series about Hispanic life in the United States. The series educates viewers on important financial issues including money management, credit, homeownership, predatory lending and foreclosure prevention. The campaign also features "Mi Propia Casa," a bilingual mortgage guide that provides detailed information in Spanish and English about the mortgage process, Freddie Mac's suite of *Home Possible*® mortgages, and financial literacy education utilizing Freddie Mac's *CreditSmart*® Español curriculum. Key participants include R&G Mortgage and Freddie Mac.

**CreditSmart® and CreditSmart® Español:**

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

**Home Possible® Mortgages:**

Through Freddie Mac's *Home Possible* Mortgages, Puerto Rican 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 Puerto Rican communities like teachers, firefighters, healthcare workers, law enforcement officers, and military personnel.

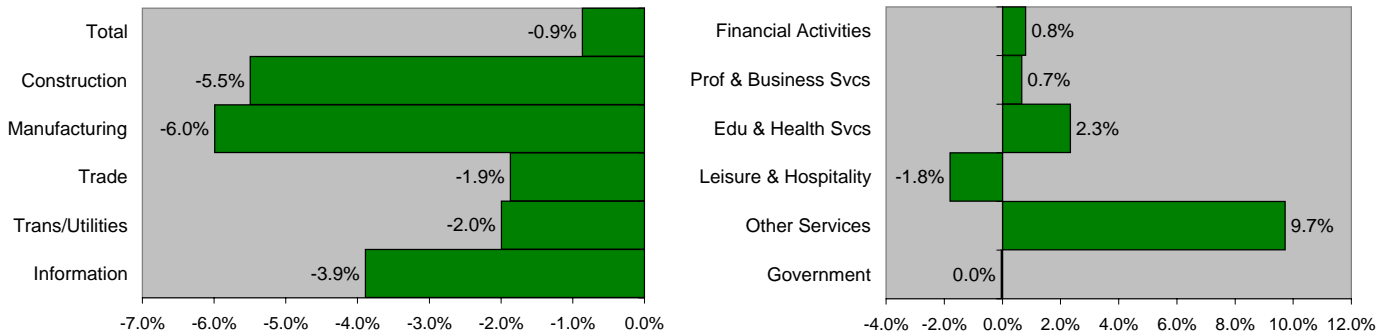
**HomeSteps™:**

*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 Puerto Rico 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).

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

The free, online guide gives Puerto Rico families knowledge to 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)

## Puerto Rican employment generally fell in 2007, but was strongest in service-related sectors



Source: Bureau of Labor Statistics, % change year ago

Indicators	2002	2003	2004	2005	2006
<b>Gross State Product, C\$B</b>	45	47	50	53	57
% Change	2.3	5.3	6.1	5.9	6.2
<b>Total Non-Farm Employment (ths.)</b>	1,005.0	1,021.6	1,045.9	1,047.7	1,042.8
% Change	-0.4	1.7	2.4	0.2	-0.5
<b>Unemployment Rate (%)</b>	12.3	12.0	10.6	11.3	10.4
<b>Personal Income Growth (%)</b>	2.3	5.2	3.9	6.2	5.6
<b>Population (ths.)</b>	3,859.6	3,877.9	3,895.1	3,911.8	3,927.8
<b>Single-Family Permits</b>	14,293	13,507	13,217	12,269	10,691
<b>Multifamily Permits</b>	5,487	4,774	4,297	5,077	4,027
<b>Existing Median Home Sales Price (ths.)</b>	133.3	136.4	130.0	130.0	135.0
<b>Mortgage Originations (# of SF loans)</b>	87,943	105,505	104,275	101,151	73,373
<b>Personal Bankruptcies (total ch. 7 &amp; 13)</b>	13,405	13,981	12,952	12,662	5,253
<b>Existing Home Sales (ths.)</b>	0.0	0.0	0.0	0.0	0.0
<b>30-Year Fixed Mortgage Rate Average (%)</b>	6.53	5.83	5.84	5.87	6.41
<b>Rental Vacancy Rate (%)</b>	na	na	na	13.8	13.7
<b>Serious Mortgage Delinquency (% All Loans)</b>	1.61	1.49	1.84	1.61	2.01
<b>Foreclosure Rate (% All Loans)</b>	0.66	1.00	1.05	0.75	1.02
<b>Homeownership Rate (%)</b>	na	na	na	74.5	74.1

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

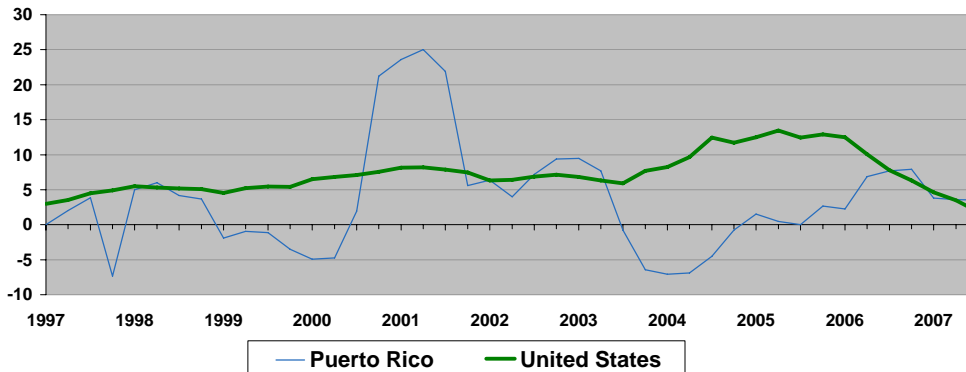
## National Weekly Average Mortgage Interest Rates from Freddie Mac's Primary Mortgage Market Survey®

— 30-Year Fixed Rate — 1-Year ARM



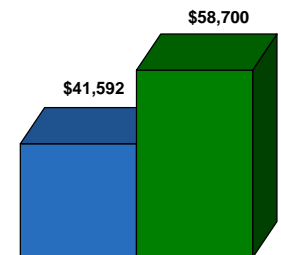
Source: Freddie Mac, Primary Mortgage Market Survey®

## Annual % Change in House Prices



Source: Freddie Mac's Conventional Mortgage Home Price Index for United States; Puerto Rico median home value calculated using CMHPI data.

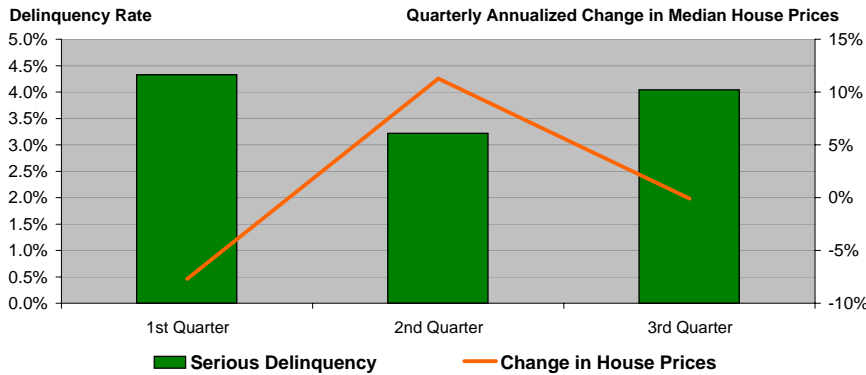
## 2006 Median Family Income



■ Puerto Rico ■ United States

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

## Mortgage Delinquency is high in Puerto Rico and median home values are volatile



Source: First American CoreLogic and Freddie Mac

## 2006 Economic Snapshot

Real GDP Growth	6.2%
Consumer Price Growth (Inflation)	15.3%
Unemployment Rate	10.4%
House Price Appreciation	3.9%
30 Year Fixed average Mortgage rate	6.4%
Homeownership Rate	74.1%

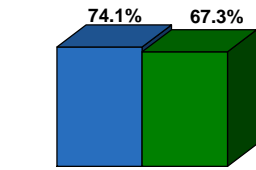
## Homeownership Rates by Race and Ethnicity in Puerto Rico

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	74.1%	--
White, Non-hispanic	71.9%	-2.3%
Black	66.5%	-7.6%
Hispanic	74.6%	0.5%
Asian or Pacific Islander	52.1%	-22.1%

Source: US Census Bureau - American Community Survey

## Homeownership is higher in Puerto Rico than the national average

### 2006 Homeownership Rate



■ Puerto Rico ■ United States

Source: US Census Bureau

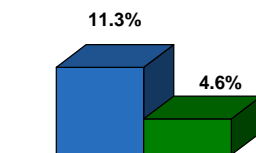
## Characteristics of Subprime Mortgage Originations by Year Puerto Rico

	2002	2003	2004	2005	2006
Adjustable Rate Mortgages (%)	0%	0%	0%	0.2%	0%
Non-Traditional Mortgages (%)	na	na	na	na	na
Non-Owner Share (%)	28%	11%	17%	19%	14%
Share of Low-No Documentation	0%	1%	0%	4%	0%
Debt-to-Income Ratio	na	na	na	na	na
Average Loan-to-Value	83%	85%	87%	89%	89%
Average Fico Credit Score	704	717	713	721	710

Source: First American CoreLogic. First liens only; by dollar amount. Negative amortization shares are not available.

## The unemployment rate is high in PR

### 2007Q3 Unemployment Rate

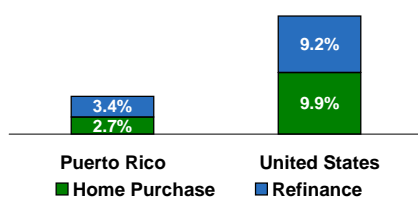


■ Puerto Rico ■ United States

Source: Bureau of Labor Statistics

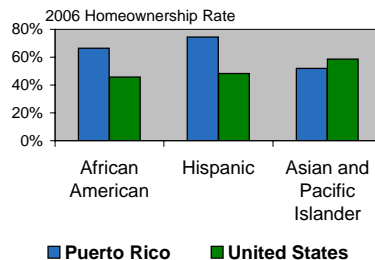
## The Subprime Picture

Subprime share of all 1-4 unit home mortgage loans originated in 2006



Source: Federal Financial Institutions Examination Council

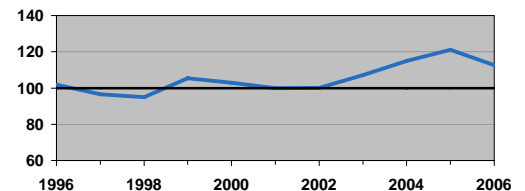
## Homeownership is high among minority groups in Puerto Rico



Source: US Census Bureau - American Community Survey

## State Housing Affordability Index Puerto Rico

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