

Freddie Mac Presentation

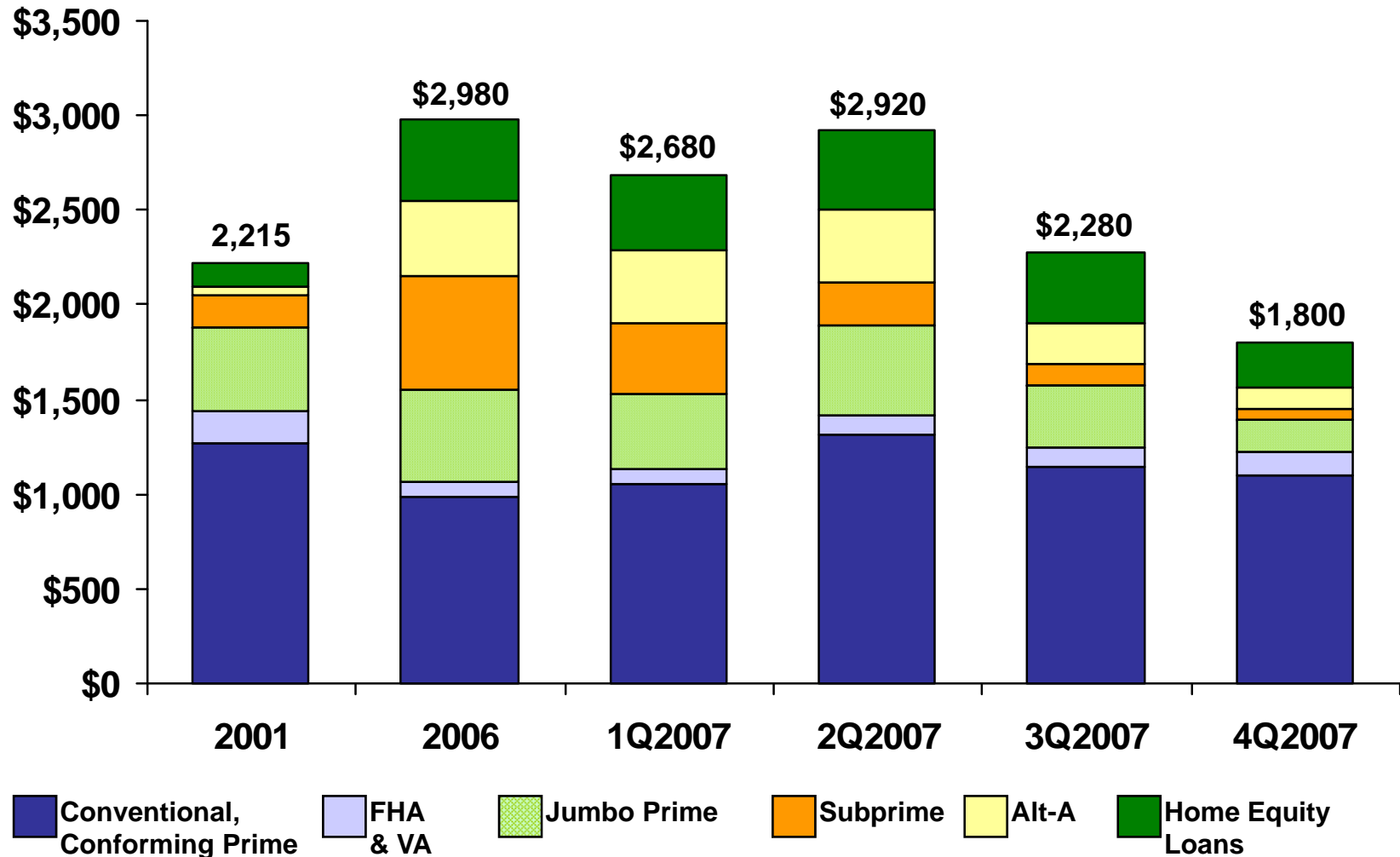
Florida H.O.P.E. Task Force

March 19, 2008

- The subprime market grew from a niche to a major player over just 4 years
- Globally, investors went after yield
- Capital flowed freely
- It all came to a screeching halt

Subprime and Alt-A Originations Shares Declined Rapidly in 2007

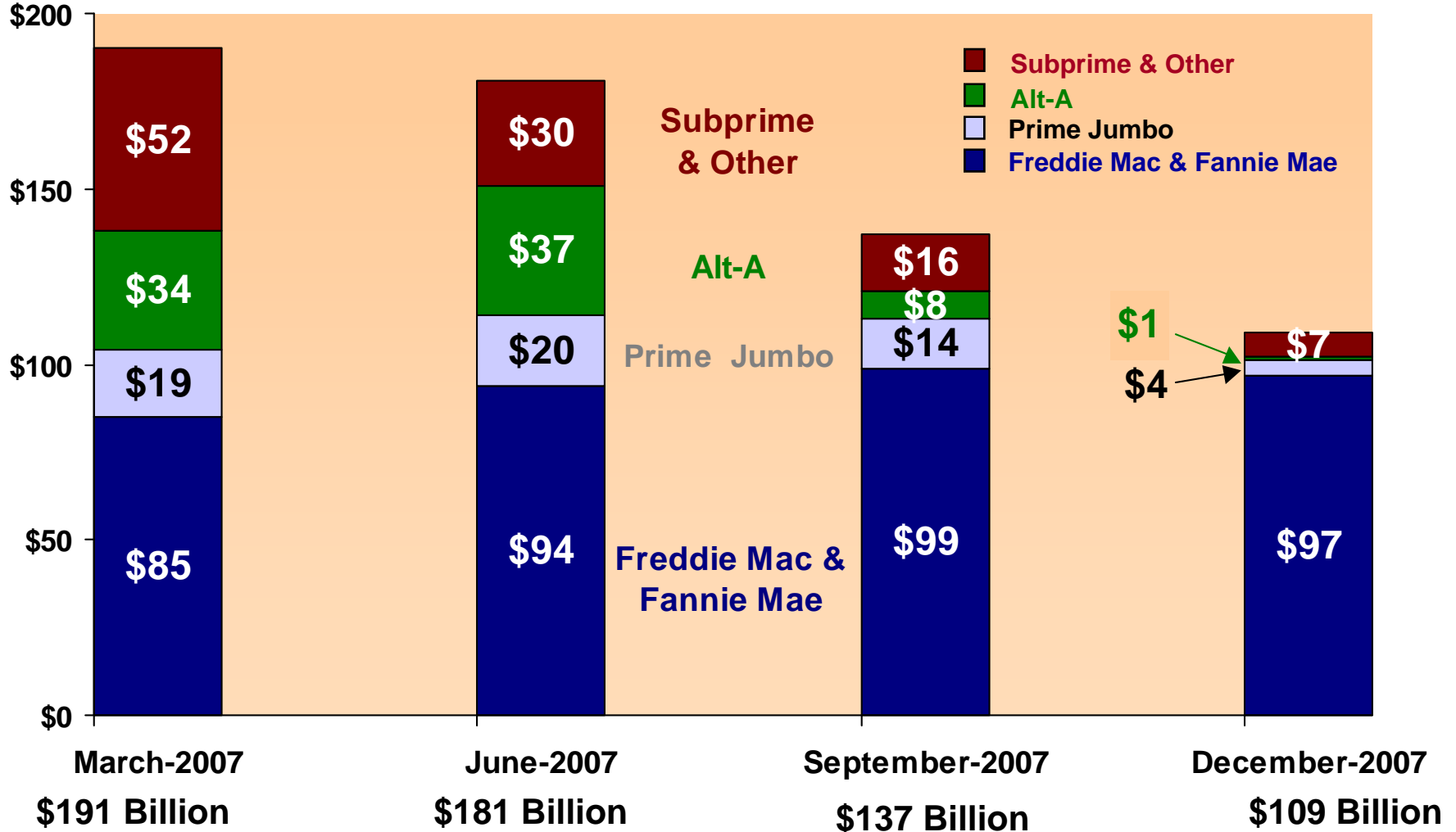
Market Share by Product Segment of Originations (Billions, annualized)



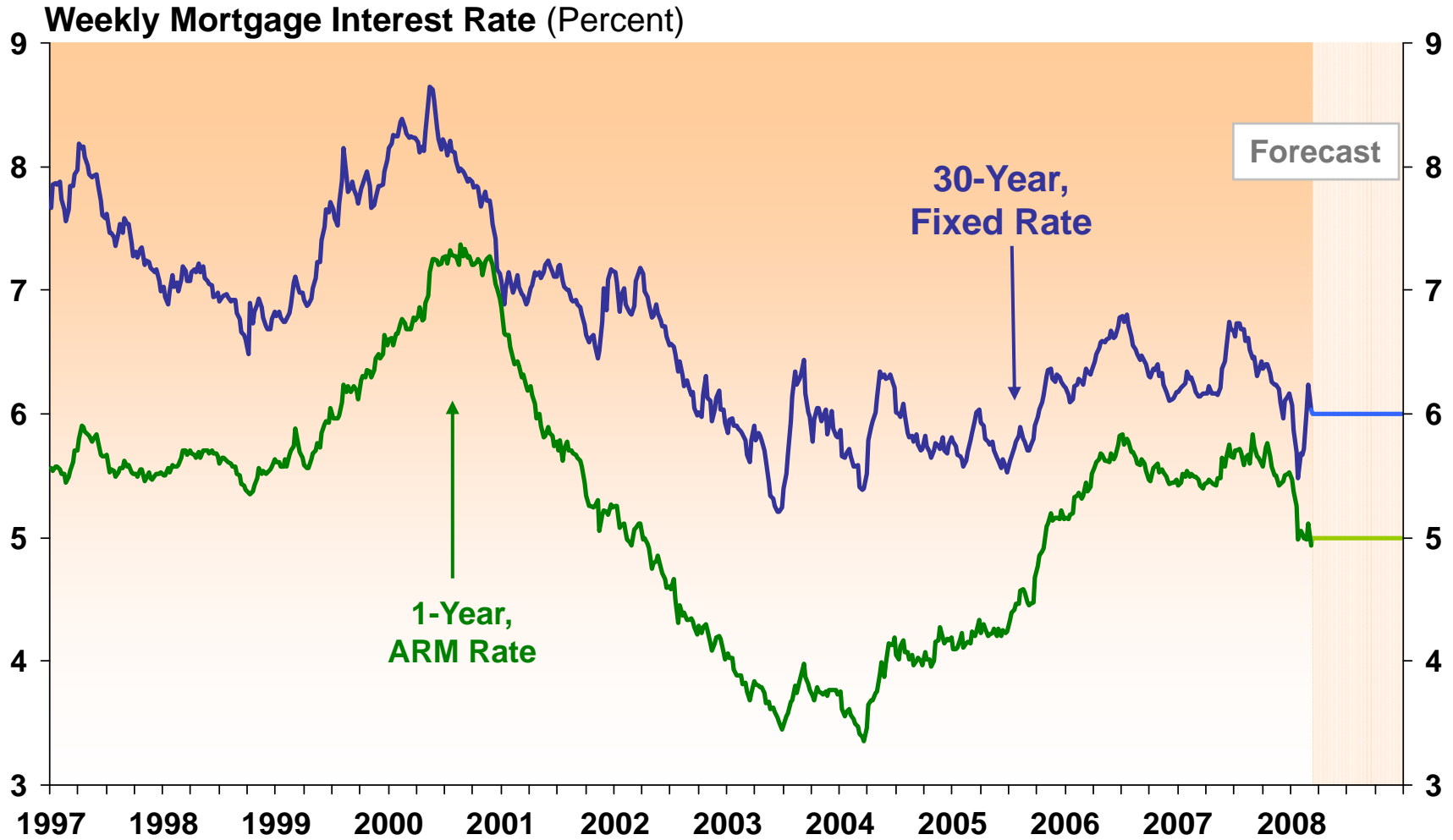
Source: Inside Mortgage Finance (by dollar amount)

Private-Label Mortgage-Backed Security Issuance Has Fallen Sharply

Dollar Amount of Monthly Issuance (Billions)

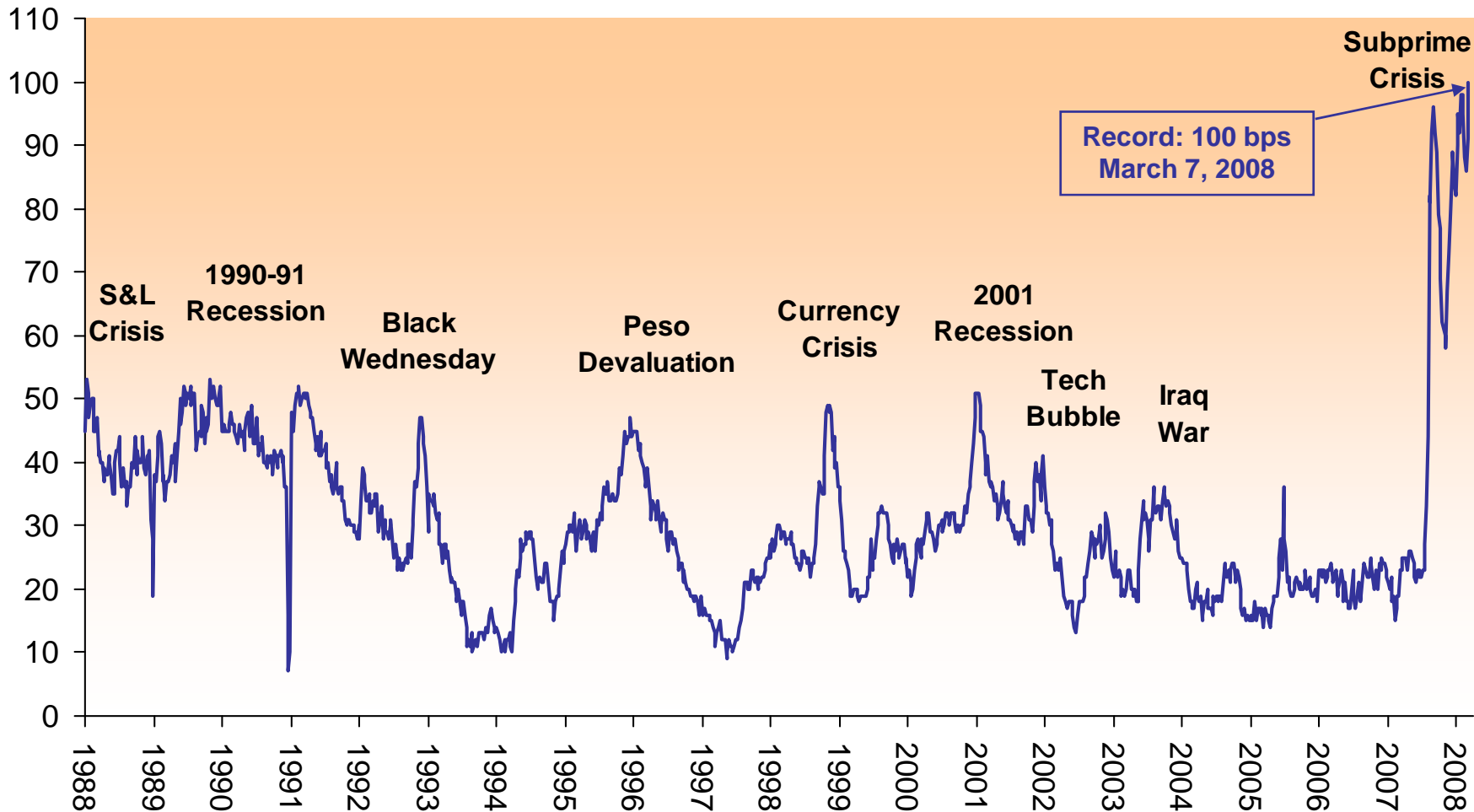


Prime Conforming Mortgage Rates Remain Low By Historical Standards



Jumbo Spreads Have Spiked to Record Levels

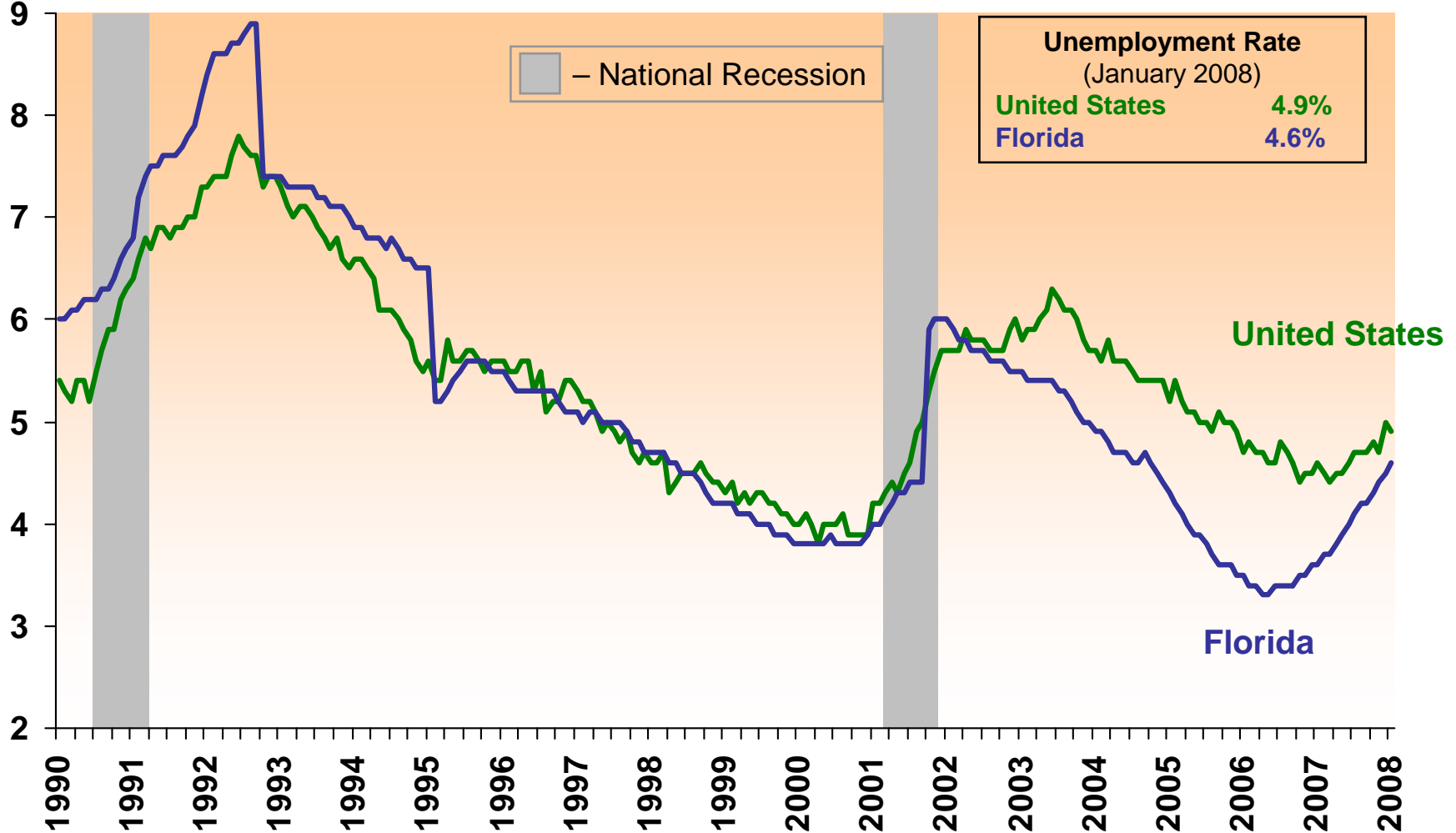
Effective Interest Rate Spread Between Jumbo and Conforming 30-Year Fixed-Rate Mortgages (Basis Points)



Source: HSH Associates (last data: week ending March 7, 2008)
Note: Effective spread adds fees and points to the interest rate.

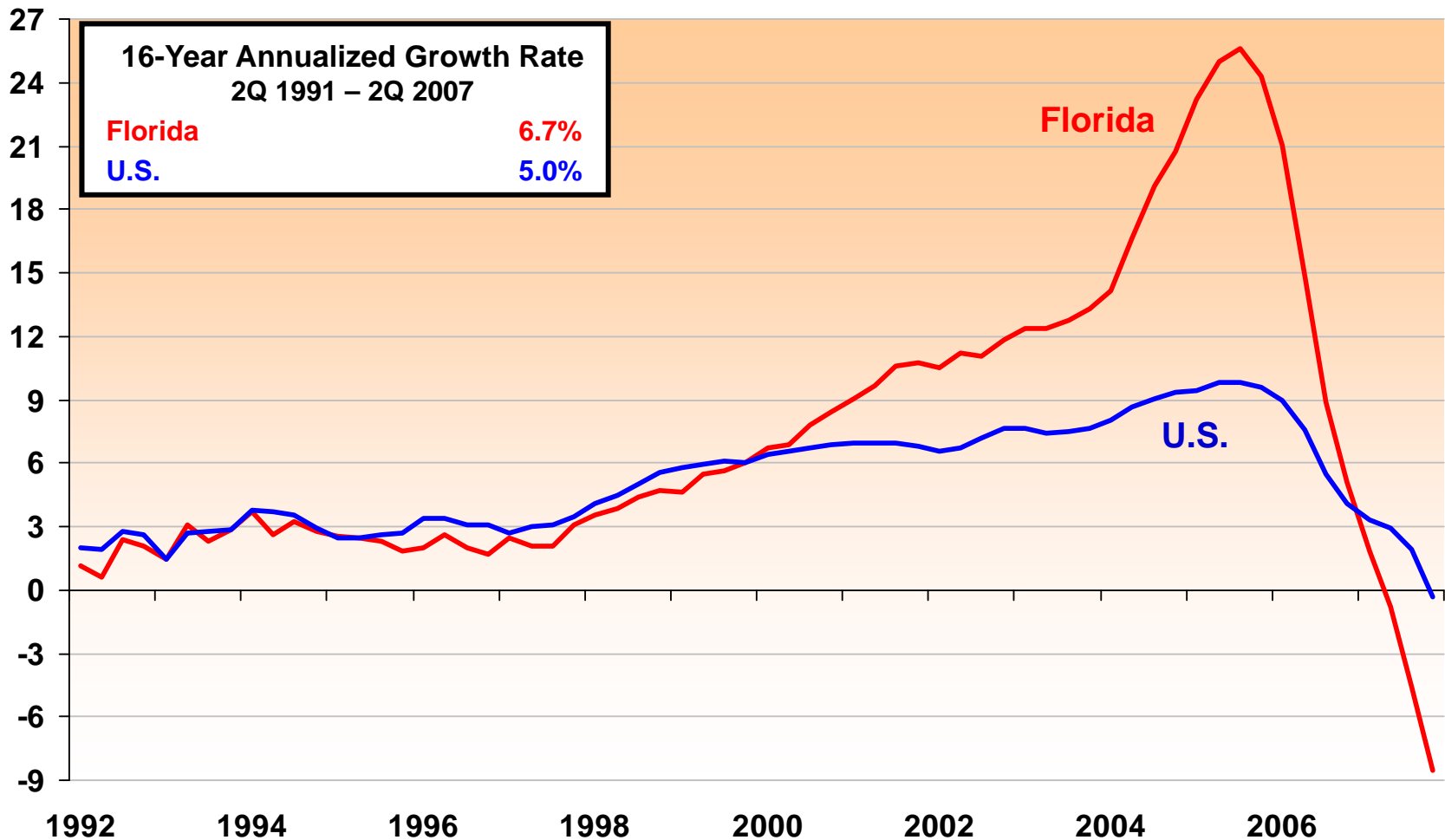
Recent Unemployment in Florida Is Rising but Remains Below the U.S Level

Unemployment Rate (Percent)



House Price Performance in Florida Has Deteriorated Sharply

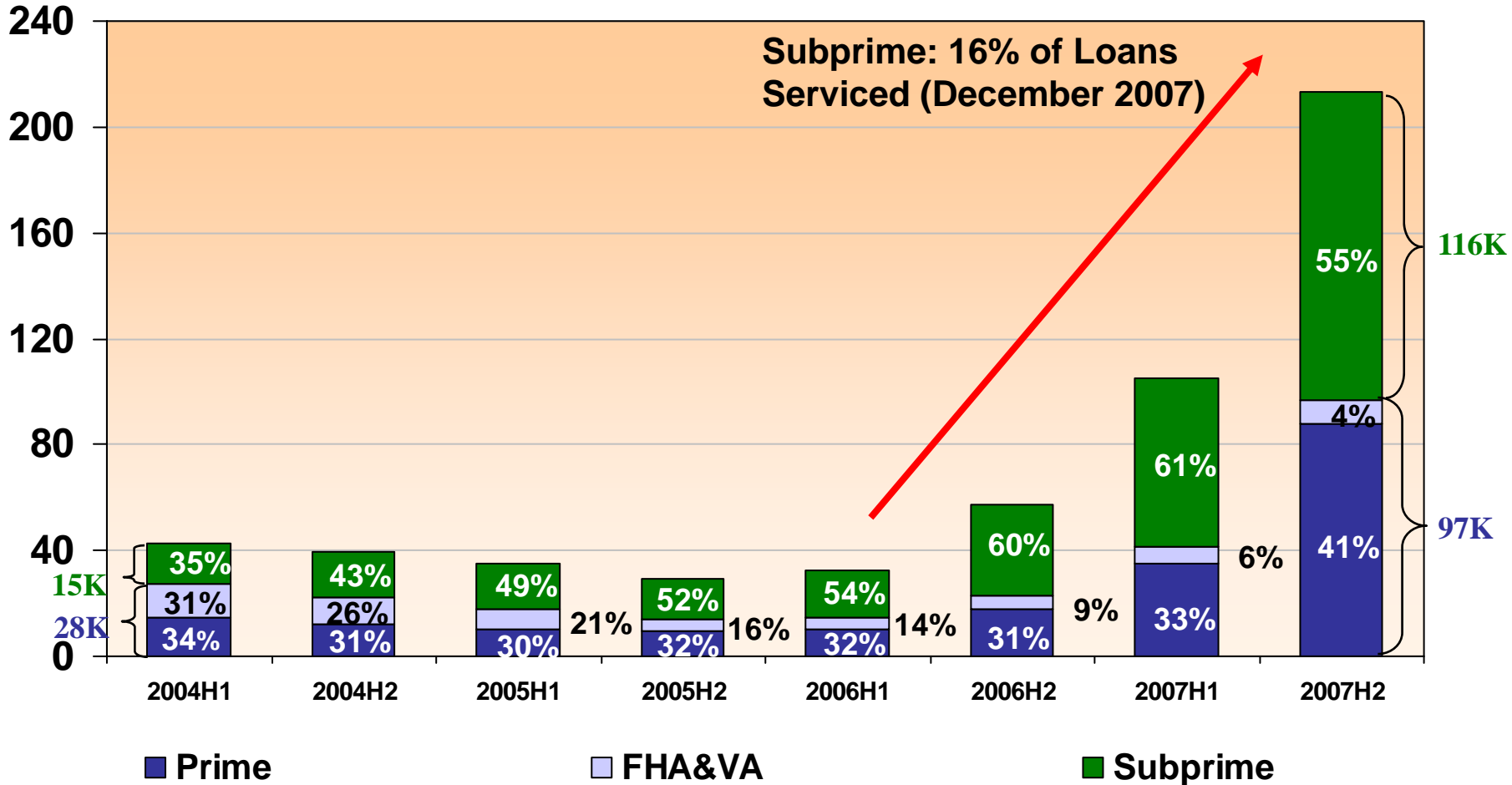
Annual Home Price Growth Rate (percent)



Source: Office of Federal Housing Enterprise Oversight purchase-only house price Index

In Florida, Subprime Accounted for Over Half of Foreclosures Since Mid-2005

Number of Foreclosures Started in Florida
 (Annualized Rate in Thousands)



Source: Mortgage Bankers Association's National Delinquency Survey
 (Data as of December 2007; number expanded to reflect 85% coverage)

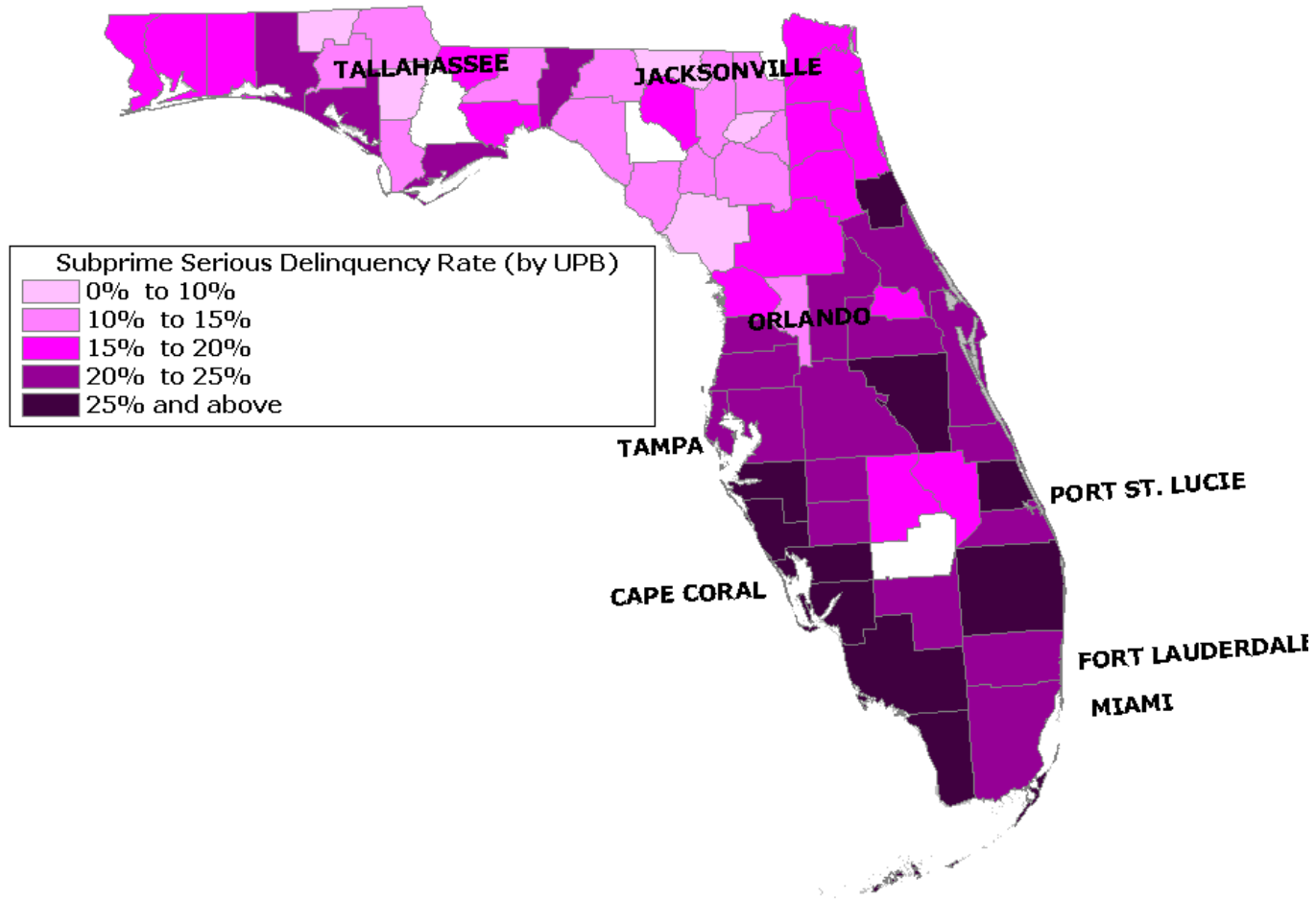
Subprime Performance Is Worse in the Cape Coral, Naples and Port St Lucie Metro Areas

	Serious Delinquency Rate (90 or more days delinquent including in foreclosure, by # of loans)	
	<u>Prime</u>	<u>Subprime</u>
Orlando Area	1.7%	17.9%
Miami Area	2.0%	19.7%
Cape Coral, Naples, Port St Lucie	3.2%	31.5%
Florida - State	1.9%	19.9%
US	1.0%	15.2%

Note: Orlando Area includes Orlando, Ocala, and Gainesville MSAs. Miami Area includes Miami, Fort Lauderdale, and West Palm Beach Metro Divisions. Other than the areas listed, the rest of Florida showed 1.6% serious delinquency rate for prime loans and 18.3% serious delinquency rate for subprime loans.

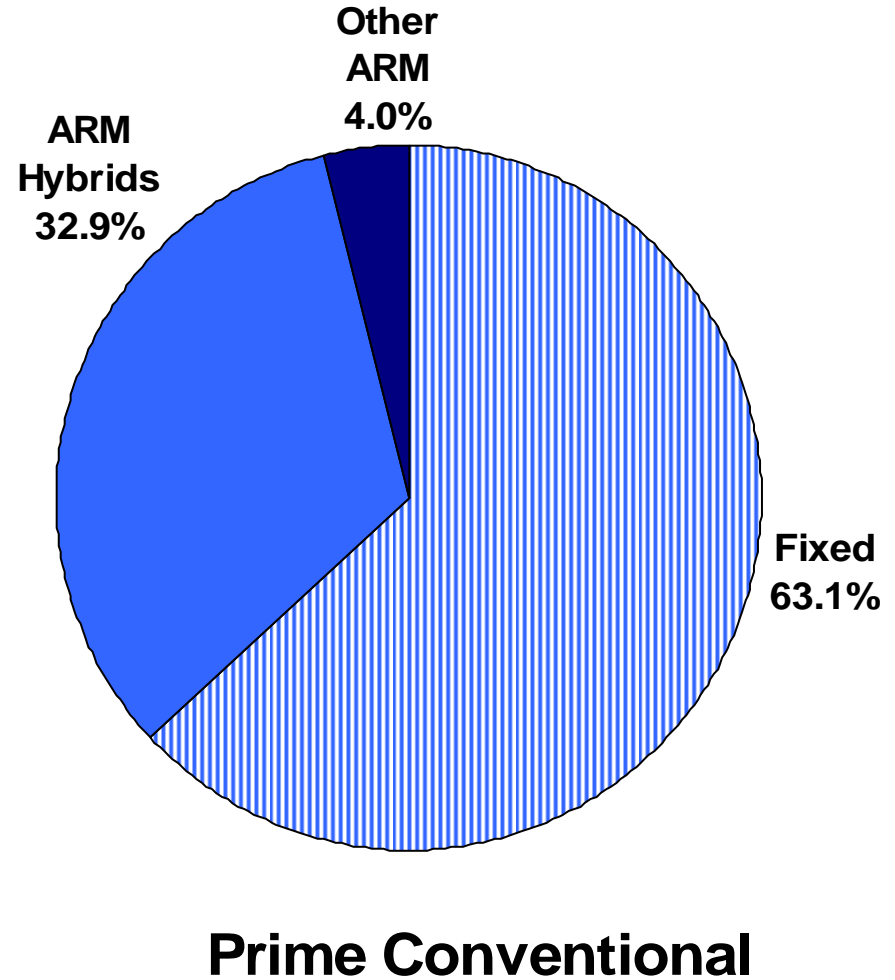
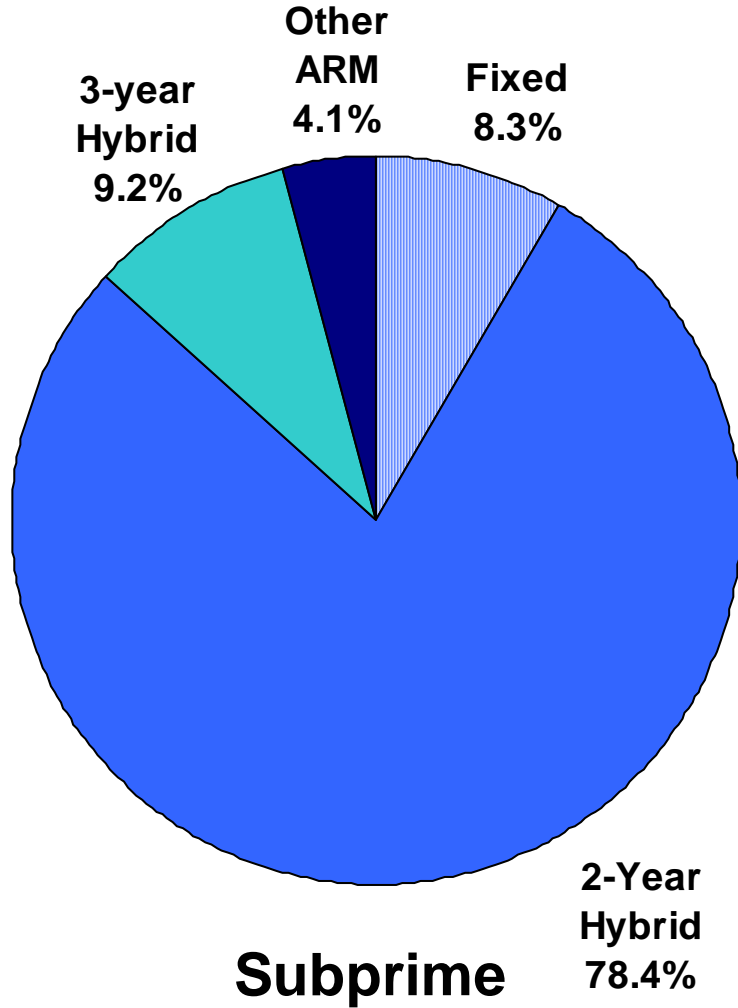
Source: LoanPerformance TrueStandings. Data through December 2007.

Subprime Performance Is Worse in the Cape Coral, Naples and Port St Lucie Metro Areas



Note: County samples with less than 50 observations were not included in this analysis
 Source: LoanPerformance TrueStandings. Data through December 2007.

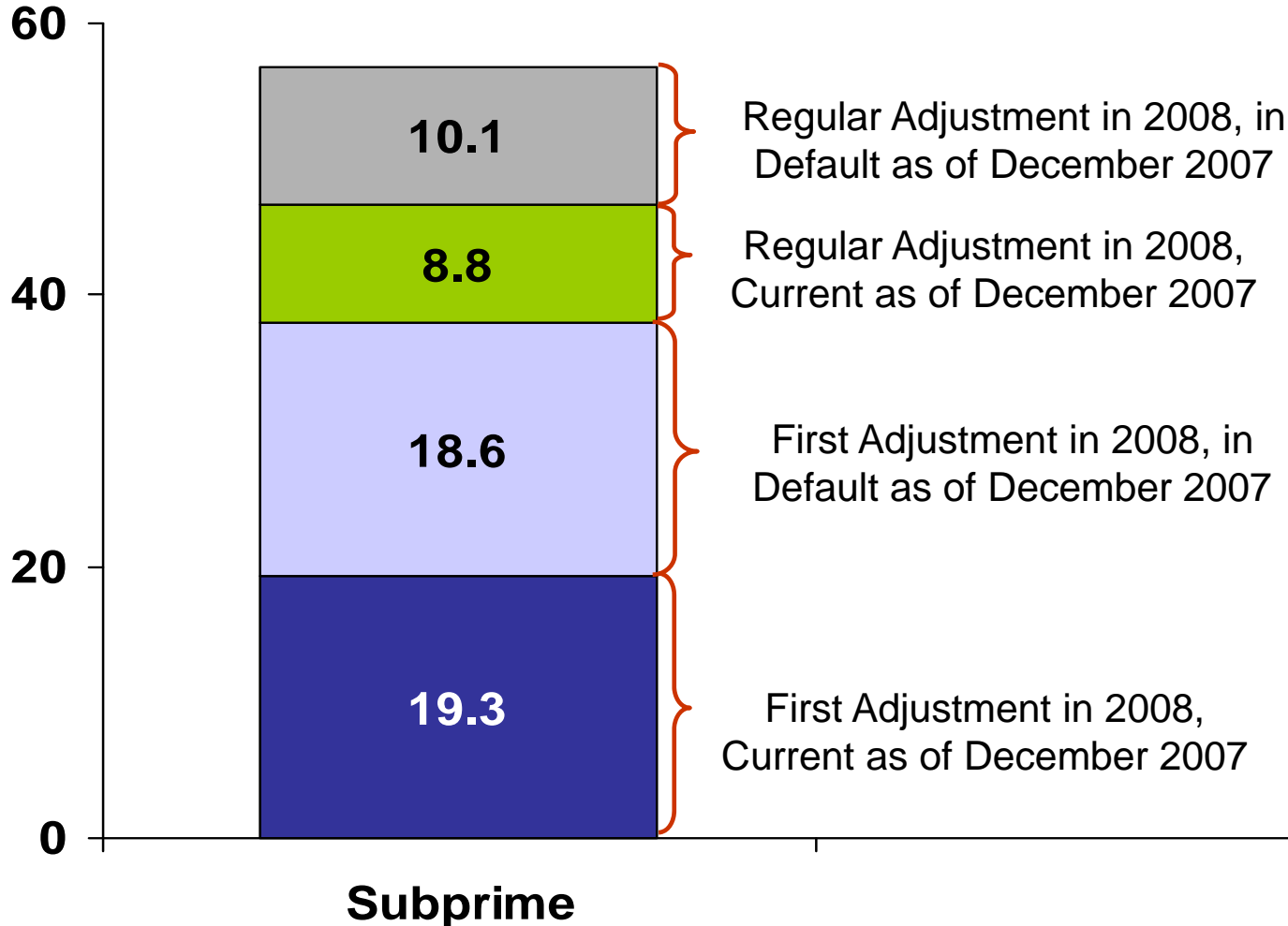
In Florida, Hybrid ARMs Dominate Subprime Home-Purchase Loan Originations in 2006



Source: LoanPerformance, a subsidiary of First American Real Estate Solutions, FHFB MIRS
 First liens only; by dollar amount

In Florida, about One-Half of Subprime ARMs were in Default at End of 2007

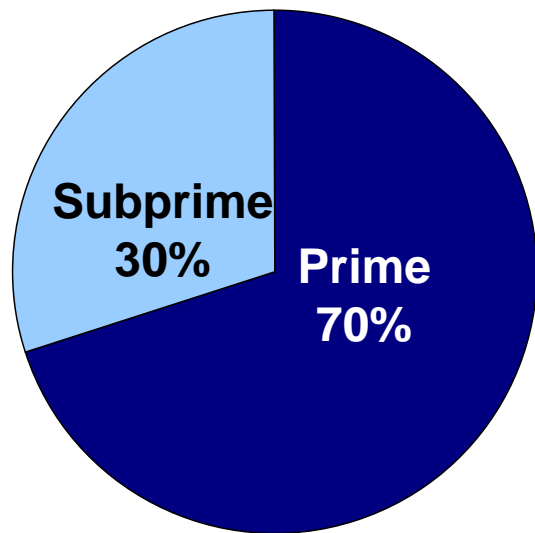
Amount of ARMs Scheduled to Have a Reset (\$ in Billions, UPB Outstanding as of December 2007)



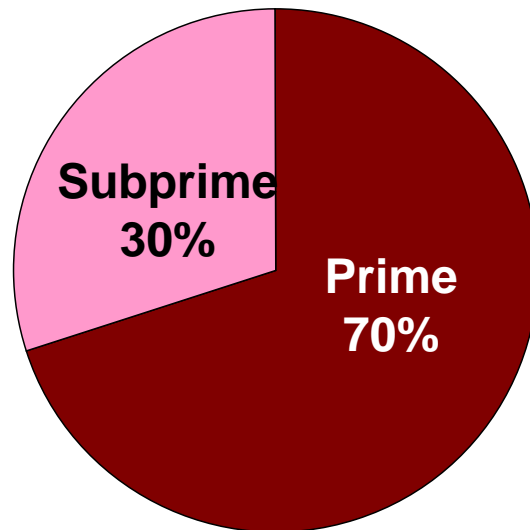
Source: LoanPerformance ABS Securities, Freddie Mac; "Default" includes loans delinquent 30 or more days or that are in foreclosure.

In Florida 26% of White Borrowers Took Subprime Loans in 2006

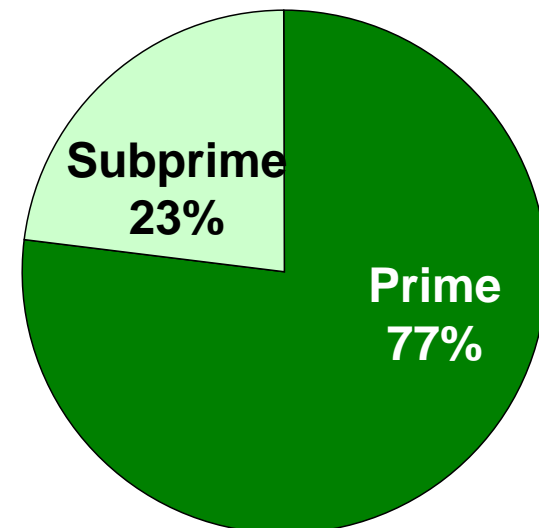
Low Income
(Income $\leq 0.8 \times \text{MFI}$)



Moderate Income
($0.8 \times \text{MFI} < \text{Income} \leq 1.2 \times \text{MFI}$)



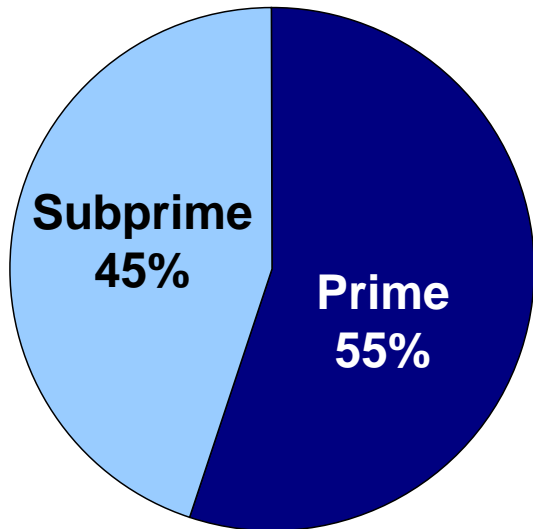
Higher Income
(Income $> 1.2 \times \text{MFI}$)



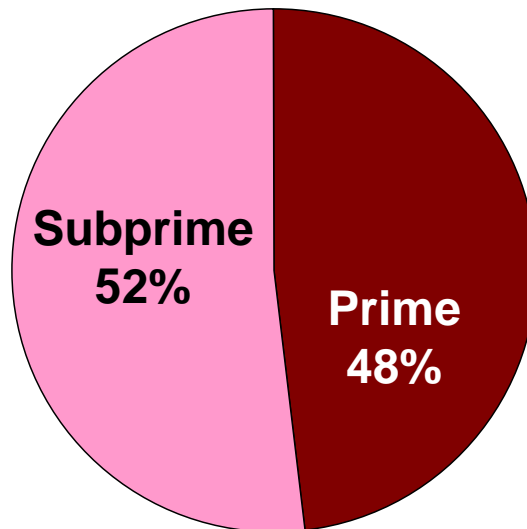
Loans originated to White non-Hispanic borrowers

In Florida 49% of Black and Hispanic Borrowers Took Subprime Loans in 2006

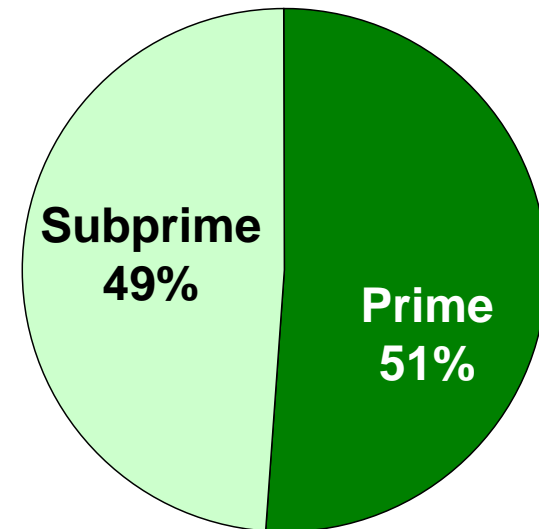
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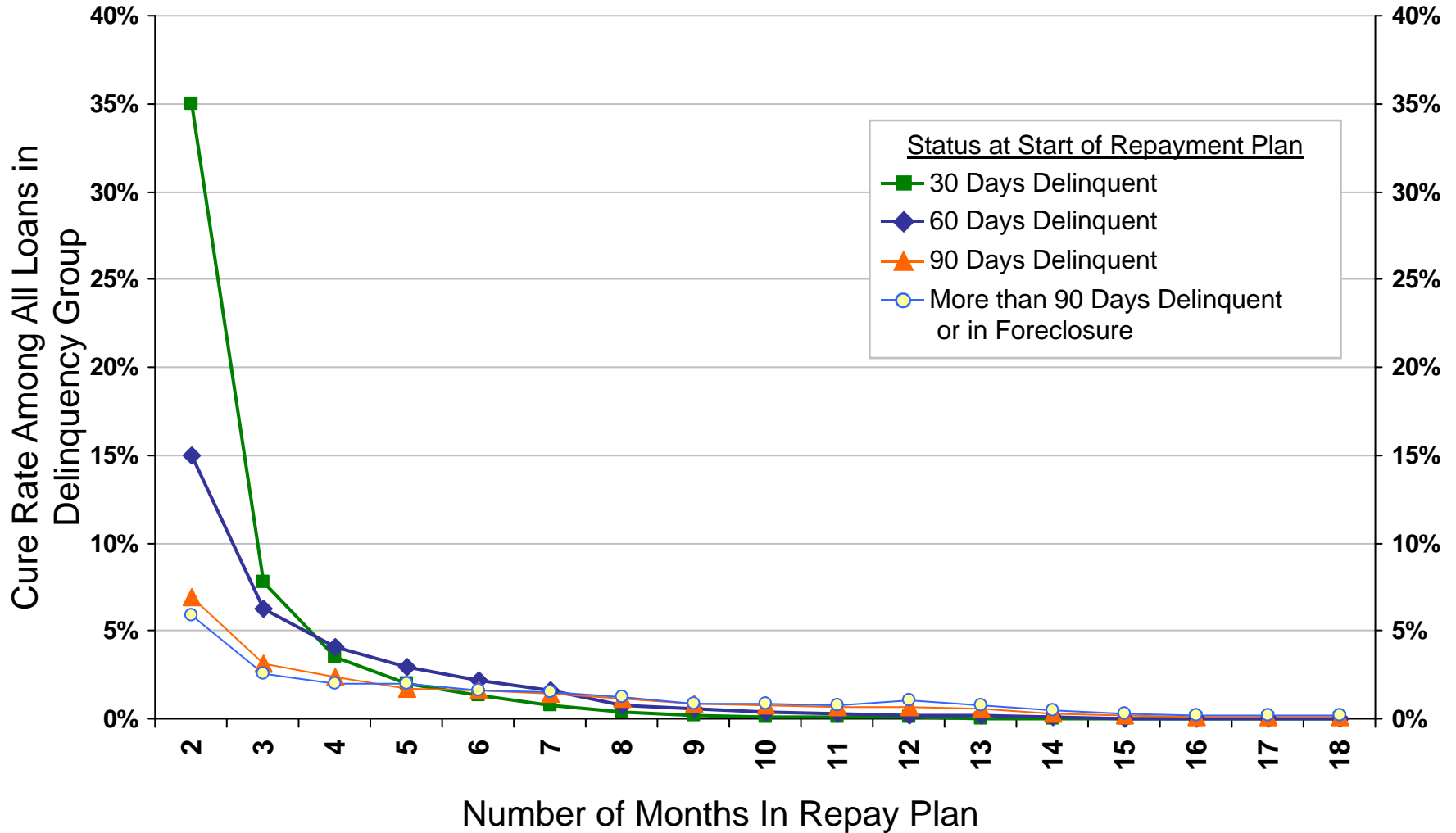


Higher Income
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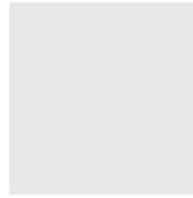


Loans originated to African-American and Hispanic borrowers

Cure Rate Of Loans in Repayment Plans by Length of Plan and Severity of Delinquency at Start of Plan



Source: Authors' estimations on a sample of Freddie Mac loans that entered repayment plans in 2000 to 2006 with performance measured through August 2007.



Where to Get More Information

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Contact me at michael_cohen@freddiemac.com

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