



FREDDIE MAC'S ROLE IN NEVADA'S HOUSING

Nevada Legislative Commission's Subcommittee to Study the Availability and Inventory of Affordable Housing

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EXHIBIT B Housing

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☒ Entire document provided

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Research Library (775/684-6827) or e-mail
library@lcb.state.nv.us. Meeting Date 4/10/06

What is Freddie Mac?

- Freddie Mac is a shareholder-owned corporation created by Congress to expand opportunities for homeownership and affordable rental housing
- Our Congressional charter specifies four public purposes:
 - Provide stability in the secondary market for residential mortgages
 - Respond appropriately to the private capital market
 - Provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate- income families)
 - Promote access to mortgage credit throughout the nation (including central cities, rural areas, and underserved areas)
- Since our inception, Freddie Mac has made home possible for one in six homebuyers and nearly four million renters in America

Congressional Charter Restrictions Ensure Singular Focus on Housing

- Congressional Charter limits Freddie Mac to the residential mortgage market
 - Unlike other private companies, Freddie Mac must support the residential mortgage market in all economic environments
- Dictates the size of mortgage that Freddie Mac can buy (\$417,000 for single family homes in 2006 – the “conforming” market)
- Prohibits us from certain activities, such as originating mortgages
- Requires us to achieve challenging affordable housing goals

We Bring Tremendous Benefits to America's Families

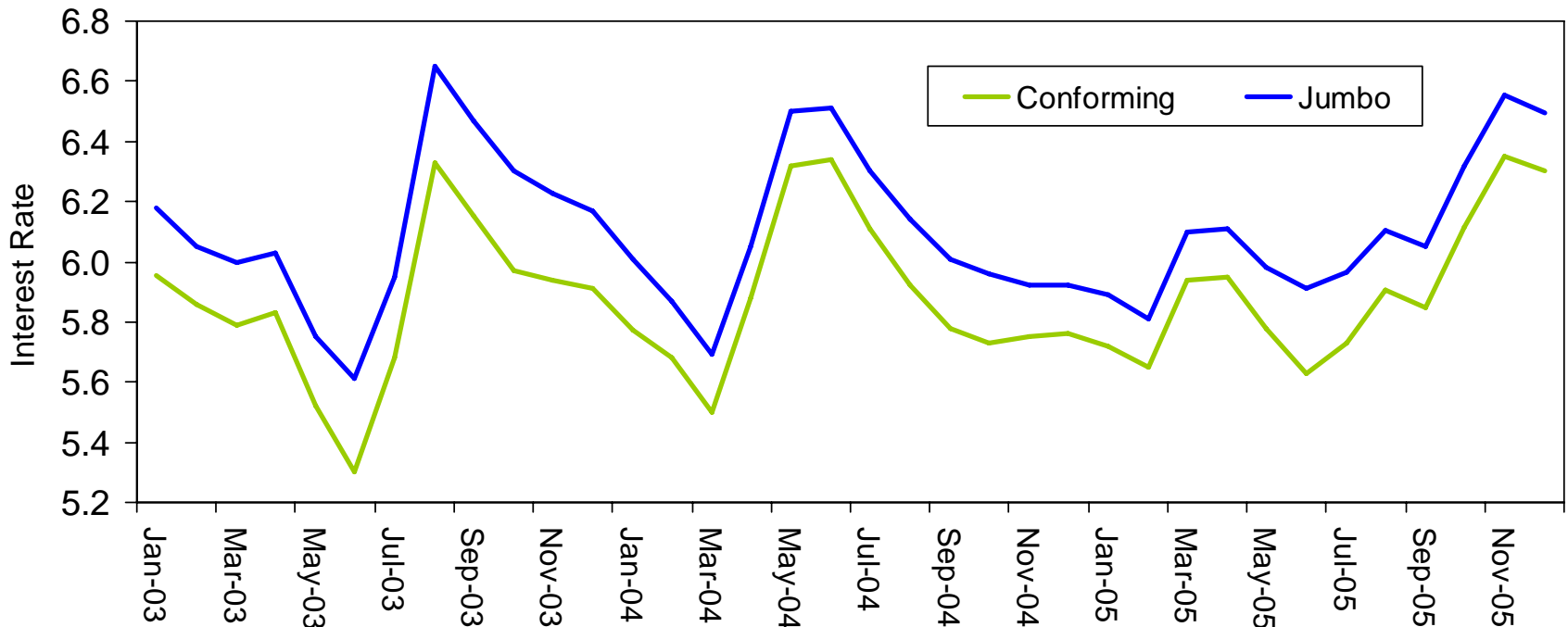
- Stable supply of low-cost mortgage money; no credit crunch
 - Mortgage money costs about the same in Nevada as in New York
 - Freely prepayable 30-year fixed-rate mortgages with a low down payment are widely available
- Leader in combating predatory lending
- Major investor in Low-Income Housing Tax Credits and Mortgage Revenue Bonds, which benefit lower- income families
- Since our inception, we have helped 46 million families finance homeownership

Housing Affordability

- Owning a home is a primary source of personal wealth
 - Homeowners have greater net worth (\$184,400) than renters (\$4,000)
 - The family home is often a family's only appreciating asset
- Sharp increases in house prices have made it harder to afford a home
 - Nationally, house prices have risen more than 50 percent over the past five years – more than double the historic norm for price appreciation, and have risen more than 100 percent in Nevada over the same time period
 - Nevada has the second highest level of homeowners spending 30 percent or more of household income on housing costs

Freddie Mac Keeps Conforming Rates Low

- Our conforming market borrowers pay 0.25 to 0.50 percent less for mortgages than jumbo mortgage borrowers
- **This saves the average homebuyer in Nevada about \$66 per month, or \$23,600 over the life of a \$202,700 30-year fixed-rate conforming mortgage**
- Through Freddie Mac innovations and the financial liquidity that we bring to the market that lowers costs to all borrowers, even on loans we do not purchase, Nevada homeowners save up to \$180 million per year



Freddie Mac Keeps Housing Affordable for Nevada's Families

- Since 1996, Freddie Mac invested over \$44 billion in Nevada's homes representing over 290,000 single family homes and 51,000 multifamily units
- In 2005, Freddie Mac helped fund housing for Nevada's lower-income families and families in underserved areas

Low- or moderate-income families	32,309
Families in underserved areas	28,864
Special affordable families	11,785
Mortgage revenue bonds	almost \$88 million invested

Freddie Mac Provides Consumer Education and Anti-Predatory Tools to Nevada

- Freddie Mac's Northern Nevada Don't Borrow TroubleSM campaign
 - Multimedia public education campaign aimed at low- and moderate-income families around the state vulnerable to predatory lending
- Freddie Mac's "Homeownership: Let the TRUTH Move You"
 - Special outreach and education efforts; includes "eBus," a full-size commercial bus retrofitted as a self-contained mobile technology center, which provides access to Internet-equipped computers with bilingual tutorials, loan officers and counselors
 - In partnership with East Las Vegas Community Development Corporation and National Association of Real Estate Professionals Las Vegas

Conclusion

- Since 1996, Freddie Mac invested over \$44 billion in Nevada's homes representing over 290,000 single family homes and 55,000 multifamily units
- In 2005, Freddie Mac helped house 44,094 low-income families, and helped house 28,864 families in underserved areas in Nevada
- In addition to making homeownership more affordable and attainable, Freddie Mac is helping Nevada fight predatory lending