



Making Home Possible in Arizona

Over the past decade, Freddie Mac has invested **\$112.9 billion** in home loans, helping **880,710 Arizona families**.

	Freddie Mac Investment	Homeowners Served	Renters Served	Total Families Served
2006	\$19.5 billion	102,164	17,059	119,223
Past 10 Years	\$112.9 billion	785,829	94,881	880,710

In 2006 Freddie Mac:

- Enabled 8,828 Arizona homebuyers to purchase their first home.
- Financed loans for 54,473 low- and moderate-income Arizona families.
- Helped 655 Arizona families avoid foreclosure.
- Funded residential loans with an average mortgage of \$183,106.
- Since 2000, Freddie Mac funded \$115.1 million in mortgage revenue bonds, providing low-cost mortgages to Arizona families.
- Since 1998, Freddie Mac has invested \$94 million in low-income housing tax credits, creating 3,258 affordable homes for Arizona families.

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

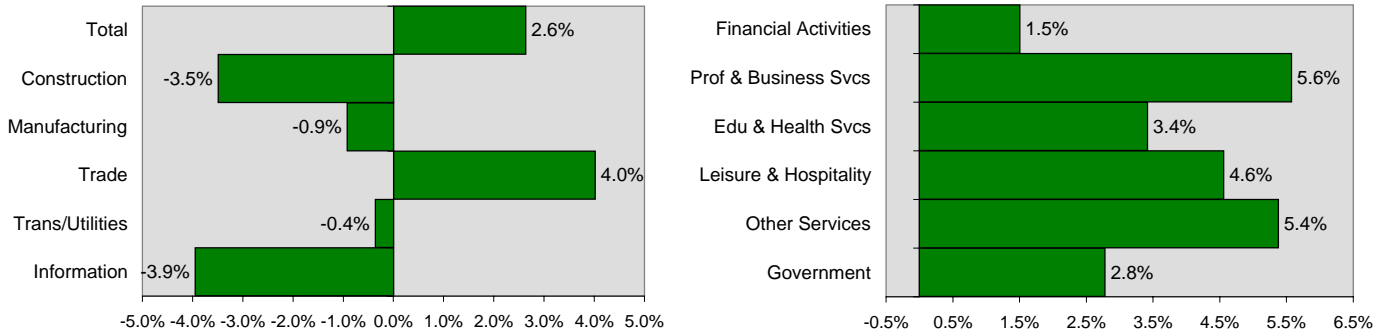
Realizing possibilities by continually evolving our mortgage solutions to meet the individual needs of today's diverse borrowers

Preserving dreams by providing essential tools and education to help keep more of America's families in homes they can afford and keep

Don't Borrow Trouble Anti-Predatory Lending Campaign – Pima County:

Freddie Mac launched the *Don't Borrow Trouble* campaign in Pima County to help consumers avoid abusive lending practices such as exorbitant interest rates, excessive fees and pressuring tactics. Outreach efforts for the Pima County campaign combine consumer education, advertising, and a community-wide referral network. Key participants include Congressman Raúl Grijalva, Board of Supervisors Chairman Richard Elías, City Council Representative Steve Leal, and over 20 local organizations.

Employment growth was strongest in Arizona's professional and business services sector in 2007

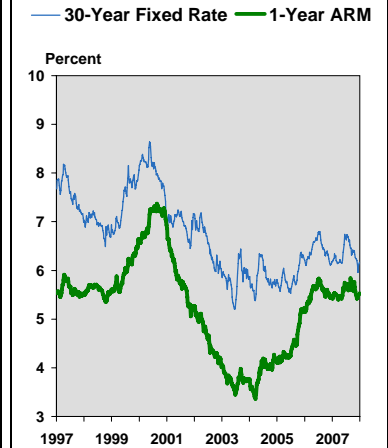


Source: Bureau of Labor Statistics, % change year ago

Indicators	2002	2003	2004	2005	2006
Gross State Product, C\$B	166,860	174,205	181,132	193,145	206,208
% Change	2.1	4.4	4.0	6.6	6.8
Total Non-Farm Employment (ths.)	2,265.1	2,296.4	2,381.3	2,508.8	2,643.6
% Change	0.0	1.4	3.7	5.4	5.4
Unemployment Rate (%)	6.0	5.7	4.9	4.6	4.1
Personal Income Growth (%)	3.8	4.5	9.5	9.7	8.9
Population (ths.)	5,445.3	5,582.3	5,745.7	5,953.0	6,166.3
Single-Family Permits	55,798	65,845	80,778	80,804	55,633
Multifamily Permits	10,233	9,151	9,866	10,047	9,730
Existing Median Home Sales Price (ths.)	146.0	156.5	169.0	240.0	263.7
Mortgage Originations (# of SF loans)	397,307	530,695	408,268	567,487	464,492
Personal Bankruptcies (total ch. 7 & 13)	28,823	31,067	30,870	39,668	7,519
Existing Home Sales (ths.)	128.3	149.4	186.5	199.3	144.1
30-Year Fixed Mortgage Rate Average (%)	6.53	5.83	5.84	5.87	6.41
Rental Vacancy Rate (%)	11.2	12.0	11.3	11.6	9.3
Serious Mortgage Delinquency (% All Loans)	1.58	1.43	1.11	0.63	0.73
Foreclosure Rate (% All Loans)	0.54	0.49	0.35	0.17	0.27
Homeownership Rate (%)	68.6	68.3	68.7	68.2	68.5

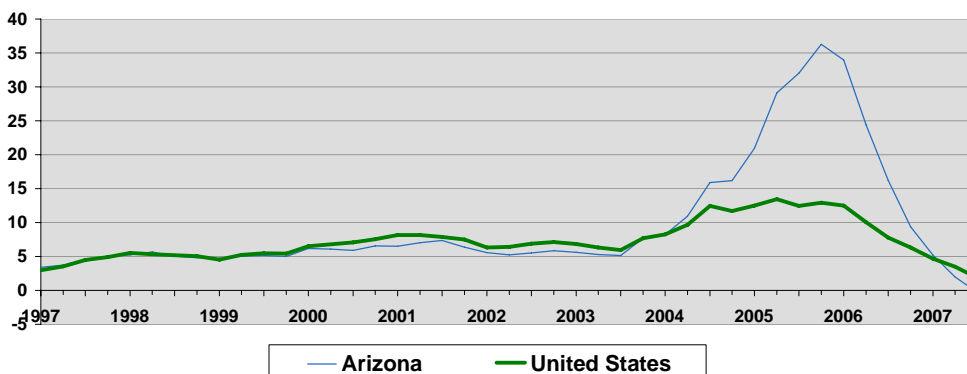
Sources: Moody's Economy.com, Bureau of Economic Analysis, Bureau of Labor Statistics, US Census Bureau, Federal Housing Finance Board, US District Courts, National Association of Realtors, First American CoreLogic, Federal Financial Institutions Examination Council, Freddie Mac

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



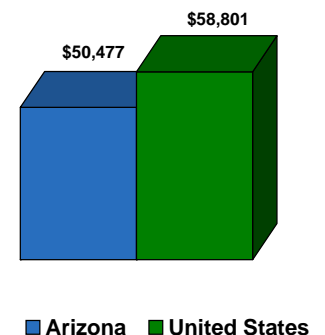
Source: Freddie Mac, Primary Mortgage Market Survey®

Annual % Change in House Prices



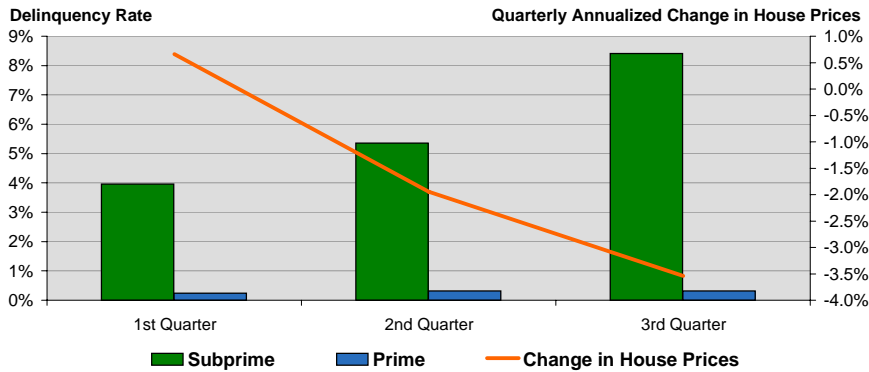
Source: Freddie Mac's Conventional Mortgage Home Price Index

2006 Median Family Income



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

Serious mortgage delinquencies are rising among subprime borrowers in 2007 and are exacerbated by declining house prices in AZ



Source: First American CoreLogic and Freddie Mac

National Rankings

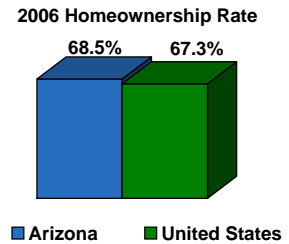
Homeownership Rate	33
1 = Highest	
Mortgage Delinquency Rate	45
1 = Most Delinquent	
Median Family Income	46
1 = Highest	
Adjustable Rate Mortgage Share	51
1 = Highest Share	
Housing Affordability	47
1 = Most Affordable	
Employment Growth	3
1 = Highest Growth	

Homeownership Rates by Race and Ethnicity in Arizona

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	68.5%	--
White, Non-hispanic	74.1%	5.6%
Black	41.0%	-27.5%
Hispanic	56.2%	-12.2%
Asian or Pacific Islander	62.3%	-6.1%

Source: US Census Bureau - American Community Survey

Homeownership is higher in AZ than the national average



Source: US Census Bureau

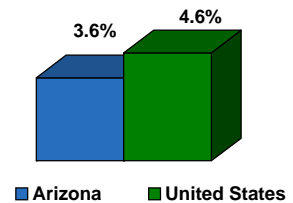
Characteristics of Subprime Mortgage Originations by Year Arizona

	2002	2003	2004	2005	2006
Adjustable Rate Mortgages (%)	55%	65%	82%	81%	81%
Non-Traditional Mortgages (%)	3%	17%	51%	66%	62%
Non-Owner Share (%)	17%	20%	25%	30%	21%
Share of Low-No Documentation	48%	51%	50%	62%	70%
Debt-to-Income Ratio	38%	37%	37%	38%	40%
Average Loan-to-Value	85%	85%	82%	80%	80%
Average Fico Credit Score	667	677	687	693	691

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

Unemployment is low in AZ

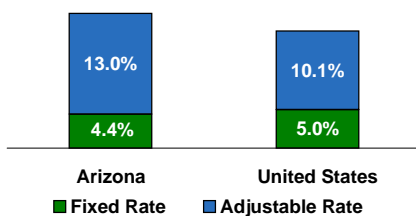
2007Q3 Unemployment Rate



Source: Bureau of Labor Statistics

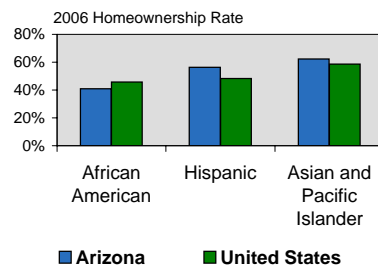
The Subprime Picture

Subprime dollar share of all loans outstanding as of October 2007



Source: First American CoreLogic

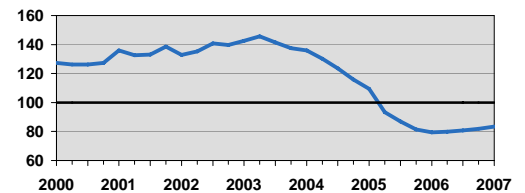
AZ Homeownership rates are higher within Hispanic and Asian groups



Source: US Census Bureau - American Community Survey

State Housing Affordability Index Arizona

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