



# Making Home Possible in Arkansas

Over the past decade, Freddie Mac has invested **\$12.6 billion** in home loans, helping **133,144 Arkansas families**.

	Freddie Mac Investment	Homeowners Served	Renters Served	Total Families Served
2006	\$2.1 billion	16,164	2,358	18,522
Past 10 Years	\$12.6 billion	118,607	14,536	133,144

**In 2006 Freddie Mac:**

- Enabled 1,942 Arkansas homebuyers to purchase their first home.
- Financed loans for 8,798 low- and moderate-income Arkansas families.
- Helped 273 Arkansas families avoid foreclosure.
- Funded residential loans with an average mortgage of \$121,877.
  
- Since 2000, Freddie Mac funded \$104.3 million in mortgage revenue bonds, providing low-cost mortgages to Arkansas families.
- Since 1998, Freddie Mac has invested \$30.6 million in low-income housing tax credits, creating 2,179 affordable homes for Arkansas families.

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

**ACHANGE Arkansas Homeownership Initiative:**

Arkansas Coalition of Housing and Neighborhood Empowerment (ACHANGE) is a statewide collaborative of non-profit housing organizations. Working with ACHANGE, Freddie Mac provided select non-profits across the state with the following tools: 1) *Get The Facts!*, a dynamic outreach and education initiative intended to dispel common misconceptions about buying and owning a home, and 2) Loan Prospector® Outreach, a tool used to determine if participants are ready to apply for a mortgage or if they need to continue counseling. Key participants include Arvest Bank, Regions Bank, and Bank of America.

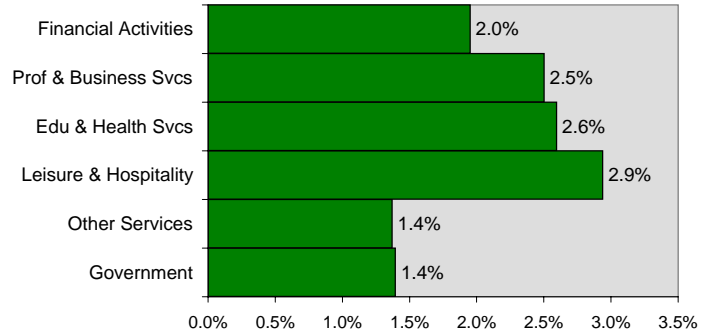
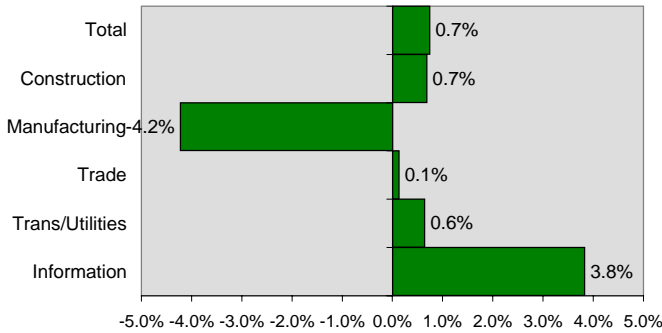


## Making Home Possible in Arkansas

### **Tyson Foods Workforce Home Benefit:**

The *Tyson Foods Workforce Home Benefit* initiative is an employer-assisted housing initiative that provides direct assistance and information to help Tyson Foods employees with the purchase of a home. Freddie Mac worked with 66 Federal Credit Unions to develop this initiative, which also helps improve employee retention and recruitment at Tyson Foods. Balance Financial Fitness, a division of Consumer Credit Counseling Services (CCCS) of San Francisco, provides financial literacy, homebuyer education and credit counseling to all Tyson Foods employees in the program. Freddie Mac's Loan Prospector® Outreach is used to determine if participants are ready to apply for a mortgage or if they need to continue counseling.

## The information services sector saw impressive growth in Arkansas in 2007

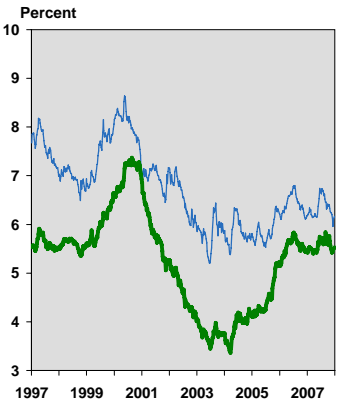


Source: Bureau of Labor Statistics, % change year ago

Indicators	2002	2003	2004	2005	2006
<b>Gross State Product, C\$B</b>	68,901	70,770	73,925	76,429	78,353
% Change	2.9	2.7	4.5	3.4	2.5
<b>Total Non-Farm Employment (ths.)</b>	1,146.3	1,145.1	1,158.1	1,177.9	1,199.6
% Change	-0.6	-0.1	1.1	1.7	1.8
<b>Unemployment Rate (%)</b>	5.3	5.8	5.7	5.1	5.3
<b>Personal Income Growth (%)</b>	2.0	5.1	6.4	5.8	6.8
<b>Population (ths.)</b>	2,706.2	2,723.6	2,746.8	2,775.7	2,810.9
<b>Single-Family Permits</b>	8,007	10,072	10,563	13,191	10,769
<b>Multifamily Permits</b>	4,429	4,767	5,292	4,741	3,116
<b>Existing Median Home Sales Price (ths.)</b>	110.0	122.0	125.0	138.5	135.0
<b>Mortgage Originations (# of SF loans)</b>	94,118	116,939	87,397	89,849	83,847
<b>Personal Bankruptcies (total ch. 7 &amp; 13)</b>	23,248	23,867	23,884	30,134	9,289
<b>Existing Home Sales (ths.)</b>	51.7	53.1	60.6	74.8	82.0
<b>30-Year Fixed Mortgage Rate Average (%)</b>	6.53	5.83	5.84	5.87	6.41
<b>Rental Vacancy Rate (%)</b>	10.7	12.7	13.5	13.7	13.5
<b>Serious Mortgage Delinquency (% All Loans)</b>	2.15	2.04	2.04	2.05	1.87
<b>Foreclosure Rate (% All Loans)</b>	0.56	0.55	0.47	0.48	0.43
<b>Homeownership Rate (%)</b>	67.9	67.8	65.5	67.8	68.3

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

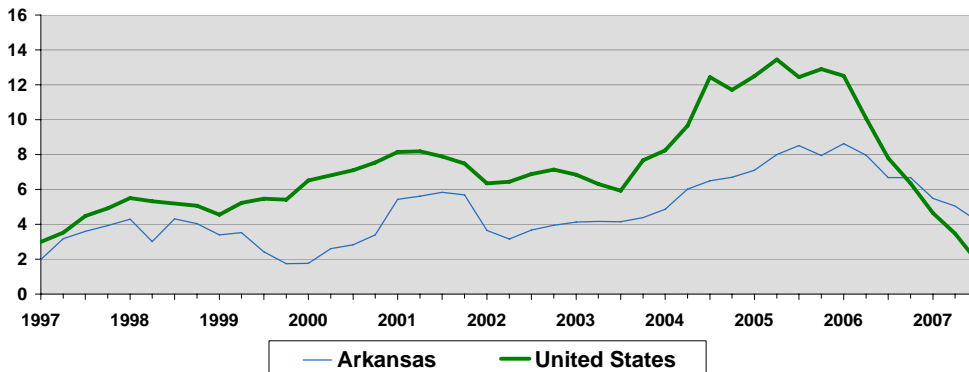
— 30-Year Fixed Rate — 1-Year ARM



Source: Freddie Mac, Primary Mortgage Market Survey®

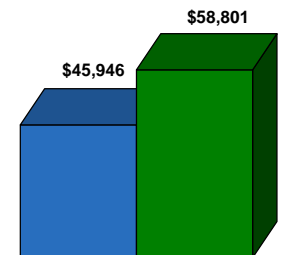
Sources: Moody's Economy.com, Bureau of Economic Analysis, Bureau of Labor Statistics, US Census Bureau, Federal Housing Finance Board, US District Courts, National Association of Realtors, First American CoreLogic, Federal Financial Institutions Examination Council, Freddie Mac

## Annual % Change in House Prices



Source: Freddie Mac's Conventional Mortgage Home Price Index

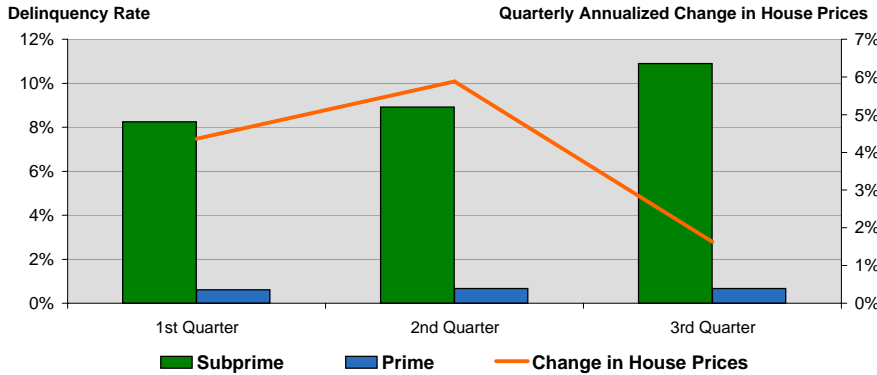
## 2006 Median Family Income



■ Arkansas ■ United States

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

## Serious mortgage delinquencies are rising among subprime borrowers in 2007 and are exacerbated by slowing growth in house prices in AR



Source: First American CoreLogic and Freddie Mac

## National Rankings

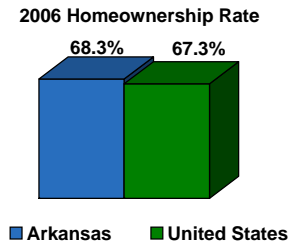
<b>Homeownership Rate</b>	<b>37</b>
1 = Highest	
<b>Mortgage Delinquency Rate</b>	<b>35</b>
1 = Most Delinquent	
<b>Median Family Income</b>	<b>51</b>
1 = Highest	
<b>Adjustable Rate Mortgage Share</b>	<b>3</b>
1 = Highest Share	
<b>Housing Affordability</b>	<b>13</b>
1 = Most Affordable	
<b>Employment Growth</b>	<b>31</b>
1 = Highest Growth	

## Homeownership Rates by Race and Ethnicity in Arkansas

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	68.3%	--
White, Non-hispanic	72.9%	4.7%
Black	46.3%	-22.0%
Hispanic	42.7%	-25.6%
Asian or Pacific Islander	54.4%	-13.8%

Source: US Census Bureau - American Community Survey

## Homeownership in AR is higher than the national average



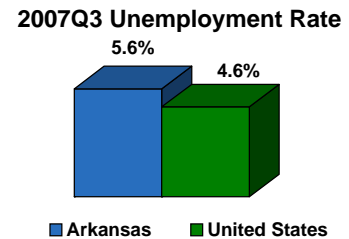
Source: US Census Bureau

## Characteristics of Subprime Mortgage Originations by Year Arkansas

	2002	2003	2004	2005	2006
Adjustable Rate Mortgages (%)	55%	56%	63%	66%	62%
Non-Traditional Mortgages (%)	1%	2%	7%	17%	17%
Non-Owner Share (%)	7%	11%	13%	13%	20%
Share of Low-No Documentation	21%	26%	32%	33%	43%
Debt-to-Income Ratio	37%	37%	38%	38%	39%
Average Loan-to-Value	91%	92%	90%	87%	86%
Average Fico Credit Score	646	648	654	656	659

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

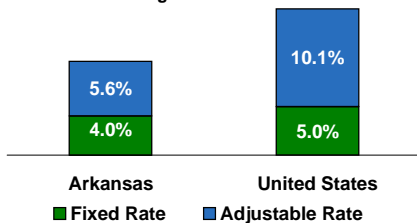
## The unemployment rate is higher in AR



Source: Bureau of Labor Statistics

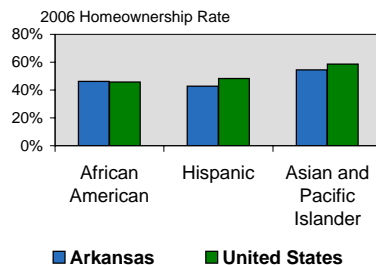
## The Subprime Picture

Subprime dollar share of all loans outstanding as of October 2007



Source: First American CoreLogic.

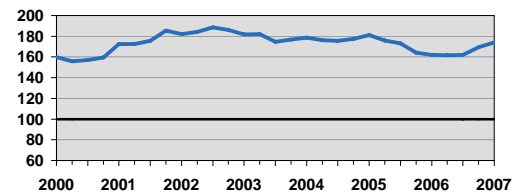
## AR Homeownership rate is higher among African-Americans than US



Source: US Census Bureau - American Community Survey

## State Housing Affordability Index Arkansas

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