



# Making Home Possible in Kentucky

Over the past decade, Freddie Mac has invested **\$43.4 billion** in home loans, helping **434,718 Kentucky families**.

	Freddie Mac Investment	Homeowners Served	Renters Served	Total Families Served
2006	\$4 billion	32,455	5,131	37,586
Past 10 Years	\$43.4 billion	412,880	21,838	434,718

**In 2006 Freddie Mac:**

- Enabled 3,788 Kentucky homebuyers to purchase their first home.
- Financed loans for 20,120 low- and moderate-income Kentucky families.
- Helped 637 Kentucky families avoid foreclosure.
- Funded residential loans with an average mortgage of \$118,432.
  
- Since 2000, Freddie Mac funded \$303.9 million in mortgage revenue bonds, providing low-cost mortgages to Kentucky families.
- Since 1998, Freddie Mac has invested \$45.8 million in low-income housing tax credits, creating 2,281 affordable homes for Kentucky families.

**Working with our partners, Freddie Mac helps make home possible for Kentucky 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 – Kentucky:**

Freddie Mac launched a *Don't Borrow Trouble* campaign in Kentucky to help consumers avoid abusive lending practices, such as exorbitant interest rates, excessive fees and pressuring tactics. Outreach efforts include a toll-free consumer telephone line to provide free information and referrals to individuals with questions about purchasing a home, refinancing, home equity loans, foreclosure prevention, predatory lending and other homeownership topics.

**Center for Women & Families' Common Wealth Individual Development Account Program:**

Freddie Mac and National City Bank launched the Center for Women and Families' Common Wealth Individual Development Account (CWIDA) Program to assist low-income families with becoming homeowners. The program leverages individualized savings accounts, financial literacy education, credit repair, housing counseling, and other advocacy services to help prepare individuals for homeownership.

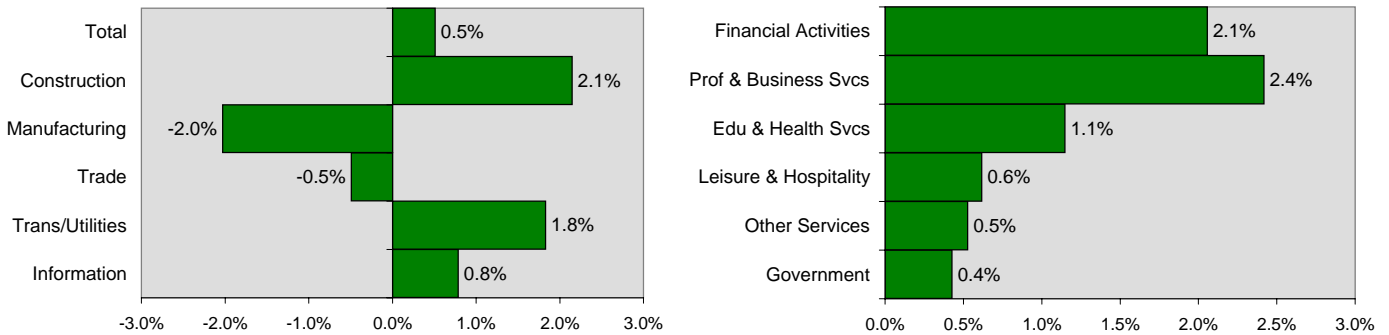
**Live the Dream – Kentucky:**

Freddie Mac, along with National City Bank and the Kentucky Housing Corporation, launched *Live the Dream*, an aggressive outreach and education program for the middle-income working population in Bowling Green and the surrounding counties. Debt and credit counseling are included.

**Get The Facts! – Bowling Green:**

Freddie Mac launched *Get The Facts!*, a dynamic outreach and education initiative intended to dispel common misconceptions about buying and owning a home in America. Key participants include the Housing and Community Development Department (HCDD), Branch Banking and Trust (BB&T), and the City of Bowling Green.

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

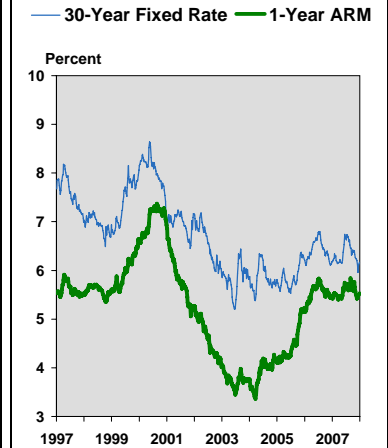


Source: Bureau of Labor Statistics, % change year ago

Indicators	2002	2003	2004	2005	2006
<b>Gross State Product, C\$B</b>	115,492	117,239	120,100	122,763	125,517
% Change	3.0	1.5	2.4	2.2	2.2
<b>Total Non-Farm Employment (ths.)</b>	1,788.8	1,783.3	1,798.6	1,824.5	1,845.1
% Change	-0.9	-0.3	0.9	1.4	1.1
<b>Unemployment Rate (%)</b>	5.7	6.3	5.5	6.0	5.7
<b>Personal Income Growth (%)</b>	2.5	2.4	5.0	5.9	5.7
<b>Population (ths.)</b>	4,089.0	4,114.5	4,140.4	4,172.6	4,206.1
<b>Single-Family Permits</b>	16,316	17,428	18,480	17,929	13,496
<b>Multifamily Permits</b>	3,143	2,976	4,143	3,230	3,132
<b>Existing Median Home Sales Price (ths.)</b>	143.5	145.0	144.6	160.0	170.0
<b>Mortgage Originations (# of SF loans)</b>	173,539	225,731	144,059	143,299	128,296
<b>Personal Bankruptcies (total ch. 7 &amp; 13)</b>	26,813	29,561	27,766	39,860	12,176
<b>Existing Home Sales (ths.)</b>	72.9	80.7	88.8	96.1	97.1
<b>30-Year Fixed Mortgage Rate Average (%)</b>	6.53	5.83	5.84	5.87	6.41
<b>Rental Vacancy Rate (%)</b>	9.6	9.9	11.3	11.2	9.8
<b>Serious Mortgage Delinquency (% All Loans)</b>	2.40	2.32	2.35	2.38	2.43
<b>Foreclosure Rate (% All Loans)</b>	1.26	1.23	0.97	0.97	1.02
<b>Homeownership Rate (%)</b>	70.8	70.2	70.1	70.6	70.7

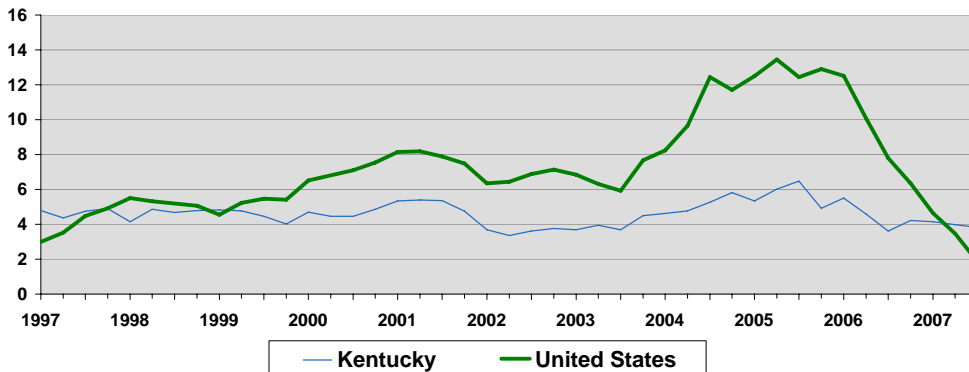
Sources: Moody's Economy.com, Bureau of Economic Analysis, Bureau of Labor Statistics, US Census Bureau, Federal Housing Finance Board, US District Courts, National Association of Realtors, First American CoreLogic, Federal Financial Institutions Examination Council, Freddie Mac

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



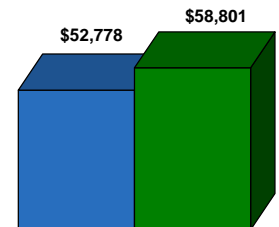
Source: Freddie Mac, Primary Mortgage Market Survey®

## Annual % Change in House Prices



Source: Freddie Mac's Conventional Mortgage Home Price Index

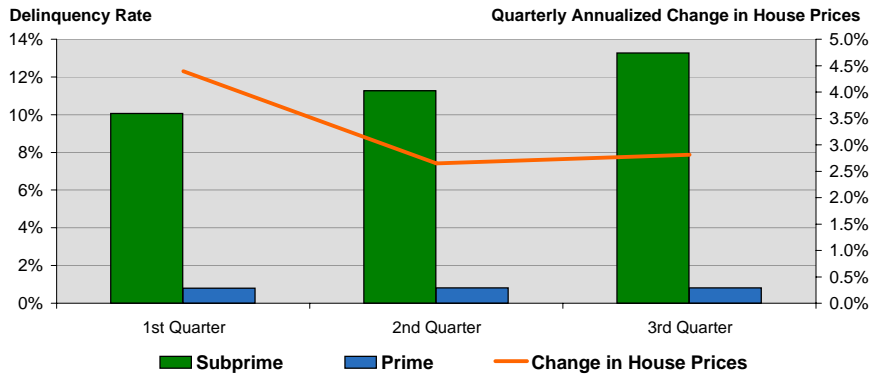
## 2006 Median Family Income



Legend: Kentucky (blue bar), United States (green bar)

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

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



Source: First American CoreLogic and Freddie Mac

## National Rankings

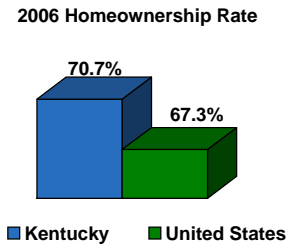
<b>Homeownership Rate</b>	<b>14</b>
1 = Highest	
<b>Mortgage Delinquency Rate</b>	<b>8</b>
1 = Most Delinquent	
<b>Median Family Income</b>	<b>39</b>
1 = Highest	
<b>Adjustable Rate Mortgage Share</b>	<b>42</b>
1 = Highest Share	
<b>Housing Affordability</b>	<b>11</b>
1 = Most Affordable	
<b>Employment Growth</b>	<b>41</b>
1 = Highest Growth	

## Homeownership Rates by Race and Ethnicity in Kentucky

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	70.7%	--
White, Non-hispanic	73.7%	3.0%
Black	42.6%	-28.1%
Hispanic	35.7%	-34.9%
Asian or Pacific Islander	60.4%	-10.2%

Source: US Census Bureau - American Community Survey

## Homeownership is higher in KY than the national average



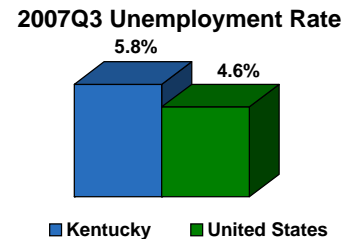
Source: US Census Bureau

## Characteristics of Subprime Mortgage Originations by Year Kentucky

	2002	2003	2004	2005	2006
Adjustable Rate Mortgages (%)	60%	67%	72%	74%	68%
Non-Traditional Mortgages (%)	1%	4%	16%	25%	20%
Non-Owner Share (%)	6%	8%	10%	10%	11%
Share of Low-No Documentation	23%	22%	28%	31%	35%
Debt-to-Income Ratio	37%	38%	39%	39%	40%
Average Loan-to-Value	87%	90%	87%	85%	85%
Average Fico Credit Score	647	648	655	656	653

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

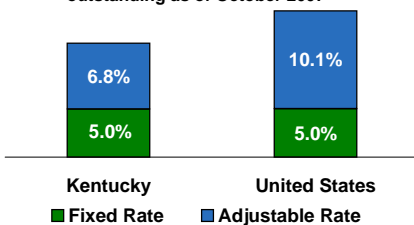
## The unemployment rate is higher in KY



Source: Bureau of Labor Statistics

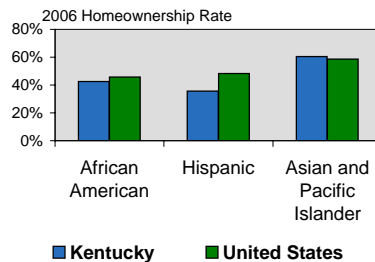
## The Subprime Picture

Subprime dollar share of all loans outstanding as of October 2007



Source: First American CoreLogic

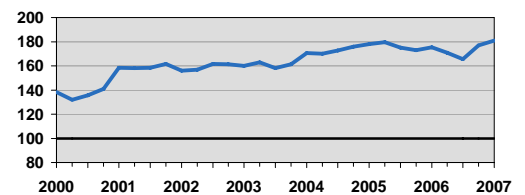
## Homeownership is lower within minority groups in KY than in US



Source: US Census Bureau - American Community Survey

## State Housing Affordability Index Kentucky

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