



Making Home Possible in Minnesota

Over the past decade, Freddie Mac has invested **\$127.6 billion** in home loans, helping **933,560 Minnesota families**.

	Freddie Mac Investment	Homeowners Served	Renters Served	Total Families Served
2006	\$10.3 billion	60,297	3,610	63,907
Past 10 Years	\$127.6 billion	895,441	38,119	933,560

In 2006 Freddie Mac:

- Enabled 8,584 Minnesota homebuyers to purchase their first home.
- Financed loans for 37,467 low- and moderate-income Minnesota families.
- Helped 1,131 Minnesota families avoid foreclosure.
- Funded residential loans with an average mortgage of \$167,298.

- Since 2000, Freddie Mac funded \$318.9 million in mortgage revenue bonds, providing low-cost mortgages to Minnesota families.
- Since 1998, Freddie Mac has invested \$145.3 million in low-income housing tax credits, creating 5,601 affordable homes for Minnesota families.

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

CreditSmart®:

Freddie Mac's *CreditSmart* is an award-winning financial education curriculum that helps consumers understand, build, and maintain better credit. *CreditSmart* training, which is typically provided by a community-based organization, also gives families in Minnesota the knowledge to improve their financial outlook and achieve successful long-term homeownership.

Buying and Owning a Home: Freddie Mac's Online Guide to the Homebuying Process:

The free, online guide gives Minnesota families the tools to help manage their finances, improve their credit, and reach their dreams, including homeownership. More information can be found at http://www.freddie.com/corporate/buying_and_owning.html

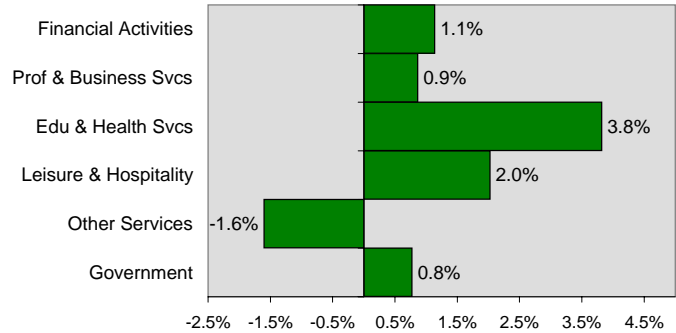
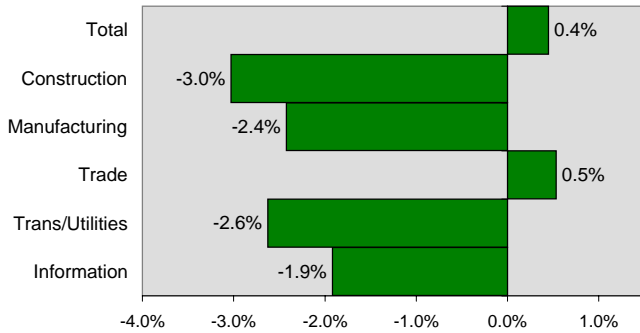
Home Possible® Mortgages:

Through Freddie Mac's *Home Possible* Mortgages, Minnesota lenders can meet the home financing needs of borrowers looking for low down payments and flexible sources of funds, including first-time homebuyers, retirees, families in underserved areas, new immigrants and others. *Home Possible* Mortgages also offer greater flexibilities to those who serve Minnesota communities like teachers, firefighters, healthcare workers, law enforcement officers, and military personnel.

Home Steps™:

HomeSteps is the second largest owner/seller of single-family real estate in America. It is a service brand of Freddie Mac, and its free-of-charge service allows homebuyers to search a database of houses for sale in Minnesota or find a local agent to make the dream of homeownership a reality. More information can be found at www.homesteps.com.

Employment growth was strongest in Minnesota's education and health services sector in 2007



Source: Bureau of Labor Statistics, % change year ago

Indicators	2002	2003	2004	2005	2006
Gross State Product, C\$B	191,116	196,738	204,767	207,436	213,377
% Change	2.6	2.9	4.1	1.3	2.9
Total Non-Farm Employment (ths.)	2,664.5	2,660.3	2,681.0	2,723.3	2,760.1
% Change	-0.9	-0.2	0.8	1.6	1.4
Unemployment Rate (%)	4.5	4.9	4.6	4.1	4.0
Personal Income Growth (%)	2.7	3.9	5.9	3.7	5.1
Population (ths.)	5,024.6	5,059.0	5,094.3	5,126.7	5,167.1
Single-Family Permits	28,631	32,731	32,580	29,566	20,901
Multifamily Permits	10,346	9,315	9,263	6,943	5,451
Existing Median Home Sales Price (ths.)	180.0	203.7	218.0	234.9	231.3
Mortgage Originations (# of SF loans)	362,985	475,304	276,710	274,328	228,697
Personal Bankruptcies (total ch. 7 & 13)	17,756	19,606	16,598	24,069	7,650
Existing Home Sales (ths.)	122.6	124.5	135.0	135.2	117.9
30-Year Fixed Mortgage Rate Average (%)	6.53	5.83	5.84	5.87	6.41
Rental Vacancy Rate (%)	6.6	7.9	9.1	10.5	8.9
Serious Mortgage Delinquency (% All Loans)	0.80	0.77	0.86	1.01	1.42
Foreclosure Rate (% All Loans)	0.31	0.32	0.30	0.35	0.53
Homeownership Rate (%)	74.9	76.6	75.3	75.8	76.3

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

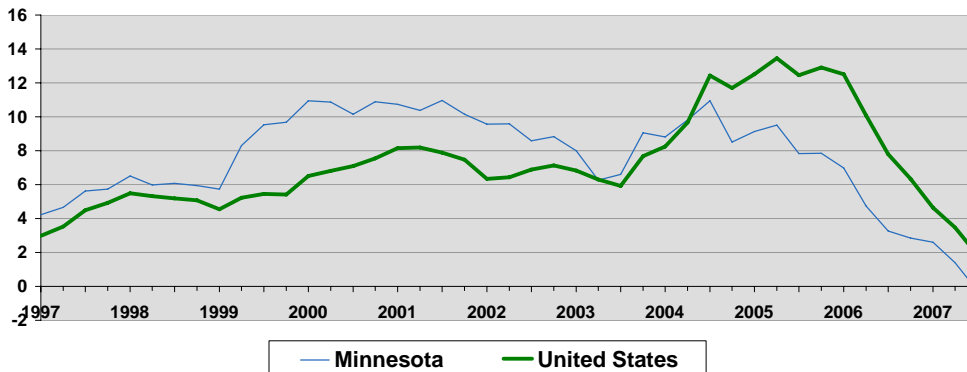
— 30-Year Fixed Rate — 1-Year ARM



Source: Freddie Mac, Primary Mortgage Market Survey®

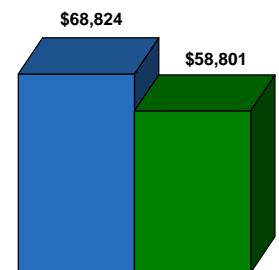
Sources: Moody's Economy.com, Bureau of Economic Analysis, Bureau of Labor Statistics, US Census Bureau, Federal Housing Finance Board, US District Courts, National Association of Realtors, First American CoreLogic, Federal Financial Institutions Examination Council, Freddie Mac

Annual % Change in House Prices



Source: Freddie Mac's Conventional Mortgage Home Price Index

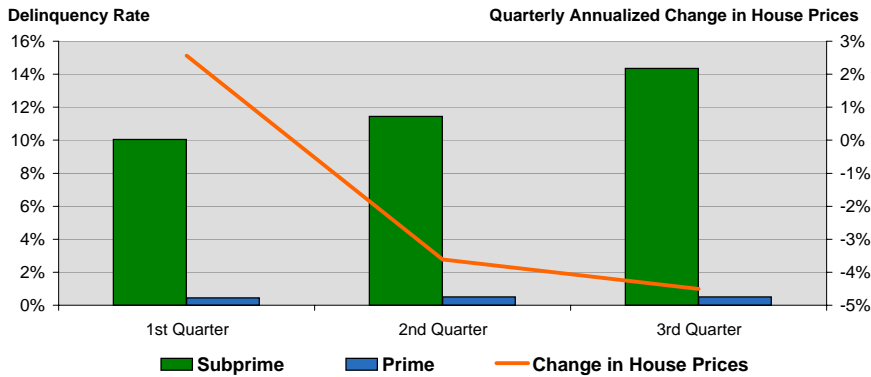
2006 Median Family Income



■ Minnesota ■ United States

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

Serious mortgage delinquencies are high and rising among subprime borrowers in 2007 and are exacerbated by falling house prices in MN



Source: First American CoreLogic and Freddie Mac

National Rankings

Homeownership Rate	1
1 = Highest	
Mortgage Delinquency Rate	21
1 = Most Delinquent	
Median Family Income	7
1 = Highest	
Adjustable Rate Mortgage Share	23
1 = Highest Share	
Housing Affordability	17
1 = Most Affordable	
Employment Growth	21
1 = Highest Growth	

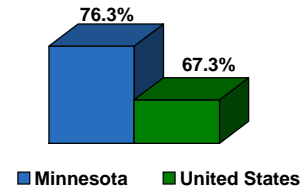
Homeownership Rates by Race and Ethnicity in Minnesota

	Homeownership Rate in 2006	Homeownership Rate Gap Relative to All Households
All Households	76.3%	--
White, Non-hispanic	79.2%	2.9%
Black	28.7%	-47.6%
Hispanic	51.2%	-25.1%
Asian or Pacific Islander	59.3%	-17.0%

Source: US Census Bureau - American Community Survey

Homeownership is higher in MN than the national average

2006 Homeownership Rate



Source: US Census Bureau

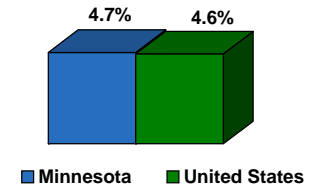
Characteristics of Subprime Mortgage Originations by Year Minnesota

	2002	2003	2004	2005	2006
Adjustable Rate Mortgages (%)	65%	71%	84%	83%	79%
Non-Traditional Mortgages (%)	1%	8%	35%	56%	51%
Non-Owner Share (%)	15%	18%	17%	19%	19%
Share of Low-No Documentation	43%	45%	48%	51%	60%
Debt-to-Income Ratio	39%	39%	40%	40%	41%
Average Loan-to-Value	86%	88%	85%	82%	82%
Average Fico Credit Score	657	670	680	682	683

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

The unemployment rate is higher in MN

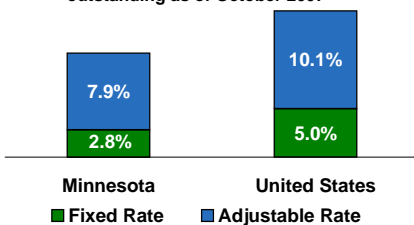
2007Q3 Unemployment Rate



Source: Bureau of Labor Statistics

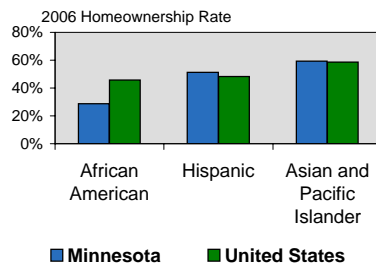
The Subprime Picture

Subprime dollar share of all loans outstanding as of October 2007



Source: First American CoreLogic

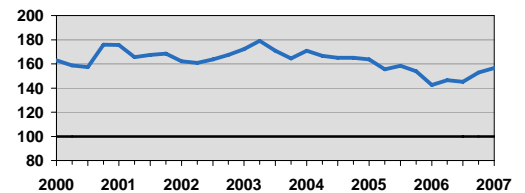
Homeownership among Hispanics is higher in MN than US



Source: US Census Bureau - American Community Survey

State Housing Affordability Index Minnesota

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