



Today.  
Tomorrow.  
Together.

Responsible Lending  
*Strengthening the home finance system*

## Responsible Lending

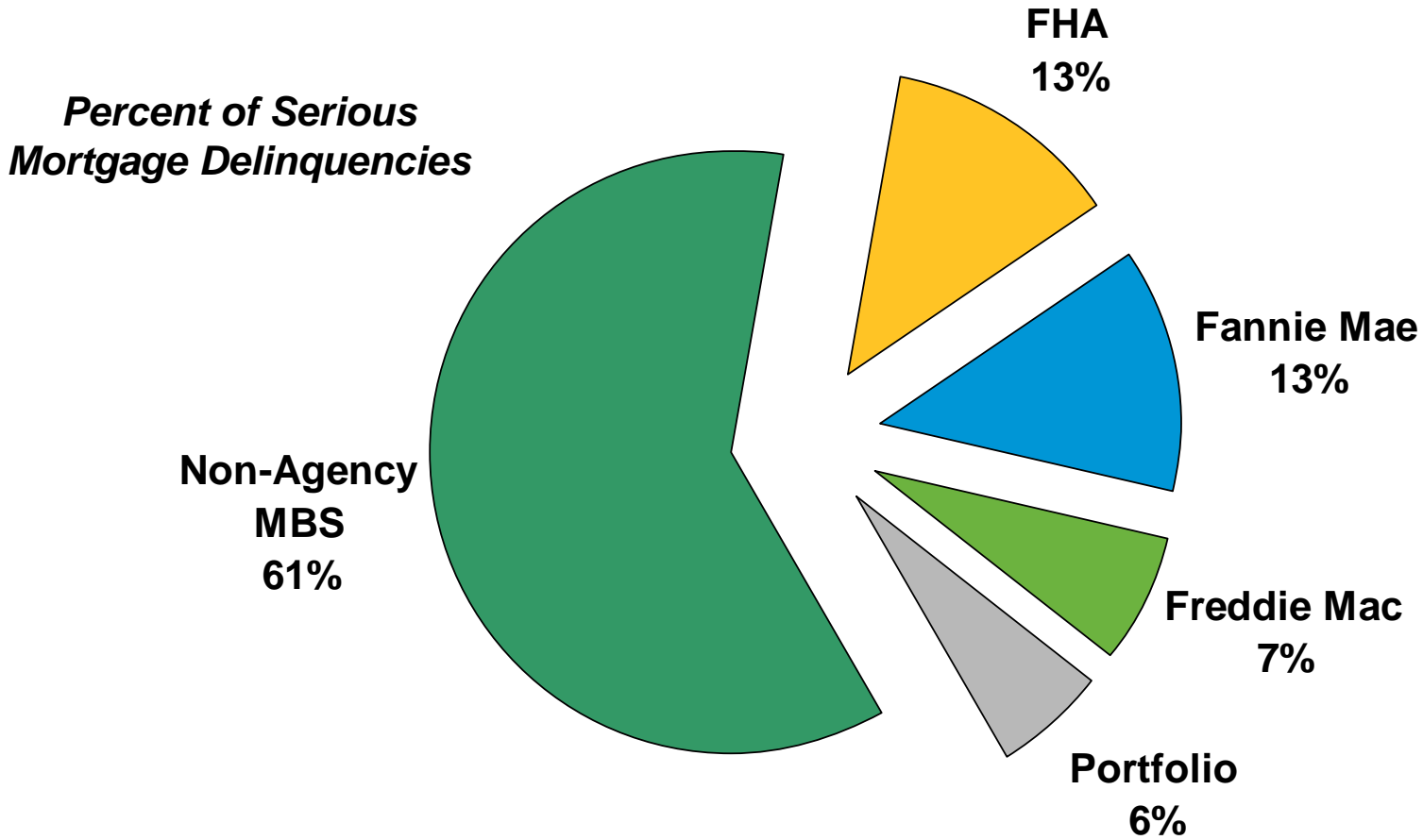
In today's challenging market, it's more important than ever to practice responsible lending. Freddie Mac is taking steps to weather all market conditions, utilizing principled and prudent credit judgment and sound underwriting standards.

To achieve this goal we are:

- Playing a leadership role in implementing the federal *Making Home Affordable Program* with the Freddie Mac Relief Refinance Mortgage<sup>SM</sup> and the Home Affordable Modification Program
- Setting standards as a prudent outlet for business that makes sense for the industry and borrowers
- Maintaining policies designed to combat predatory lending and mortgage fraud

# Current Housing Market Conditions

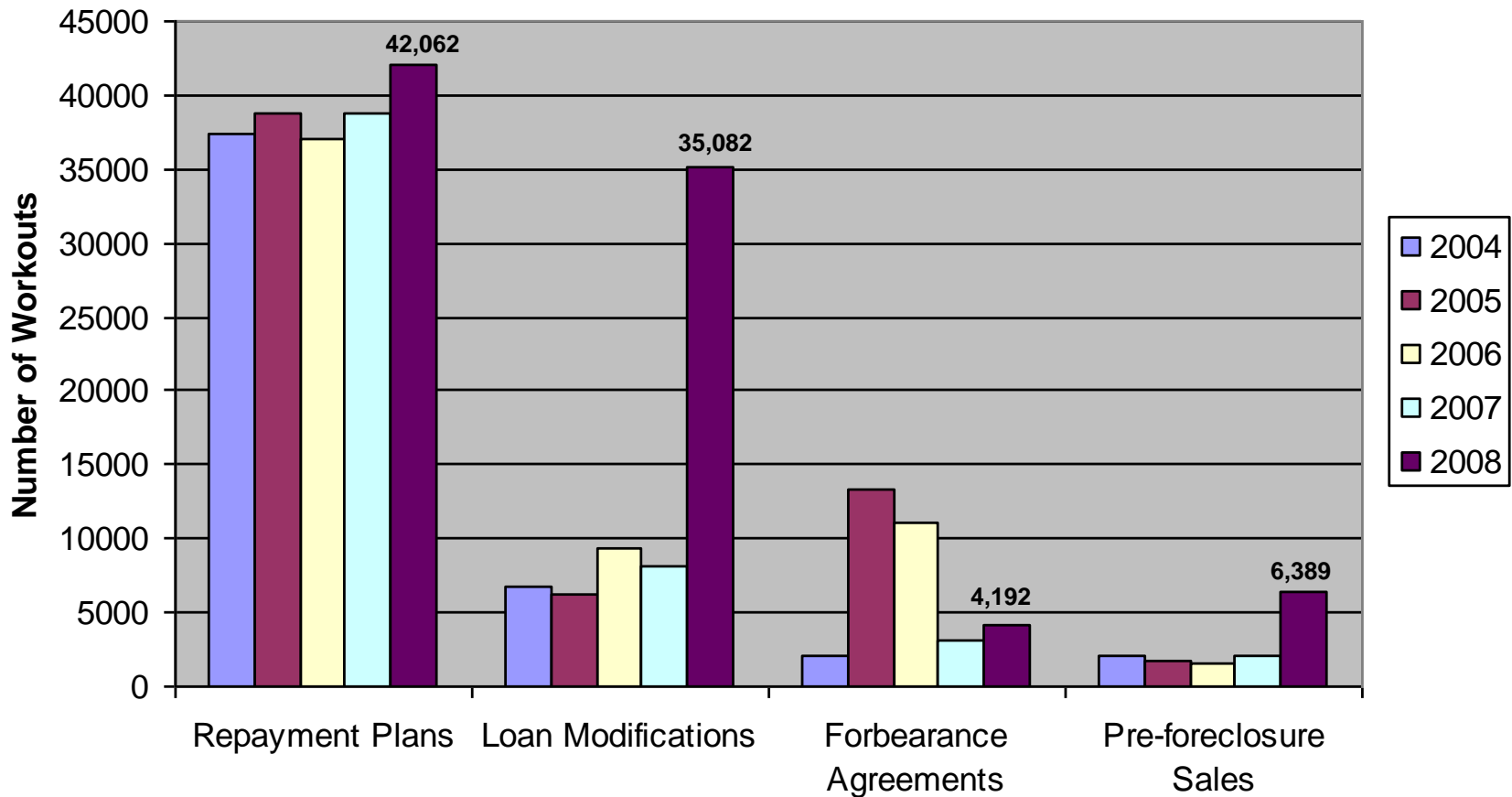
# Freddie Mac Loans Represent 7% of All Serious Delinquencies



*Serious delinquencies as of December 2008*  
*Sources: Federal Reserve, FHA, Fannie Mae, and Freddie Mac*

# Keeping People in Their Homes Has Always Been a Top Priority for Freddie Mac

## Single-Family Alternatives to Foreclosure



# Setting Prudent Standards

# We Are Setting Responsible Lending Standards

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Our highest priority is to work with our customers to rebuild a strong mortgage finance system, starting with responsible lending standards.

To achieve this goal we are:

- Championing a credit vision of helping families buy homes they can afford... and keep
- Leading an industry return to traditional underwriting basics
- Emphasizing quality in the loan manufacturing process

# Responsible Lending Through Policies and Requirements

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We've modified requirements so that more lenders and borrowers can succeed over the long term. We've:

- Adjusted maximum loan-to-value and debt-to-income ratios in response to housing market conditions
- Over the last two years, eliminated the purchase of stated income/stated assets-type loans and other riskier mortgages originated with little documentation or verification
- Modified lending requirements to address mortgages with excessive layered risk and historically higher default rates

**Because of these actions, we continue to offer a variety of affordable mortgage products and property types to meet borrowers' needs.**

## Responsible Lending – Stabilizing the Market

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With consistent business requirements and clearly defined parameters for the mortgages we'll purchase, we play a strong role in stabilizing the market by:

- Facilitating affordable homeownership throughout the nation and in all geographic markets
- Leveraging “super conforming” mortgages available through our Guide to make homes more affordable in high-cost areas
- Continuing to offer a variety of mortgage products, including Home Possible<sup>®</sup> Mortgages for low- and moderate-income borrowers, investment property mortgages, mortgages for second homes, mortgages secured by manufactured homes, and many others

## Freddie Mac is Committed to Working Closely With You

Freddie Mac is planning for the future. Our goal is to continue working with our customers to rebuild trust and credibility in the mortgage lending process by ensuring borrower success that sustains homeownership throughout the mortgage lifecycle.



We make home possible<sup>SM</sup>

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