

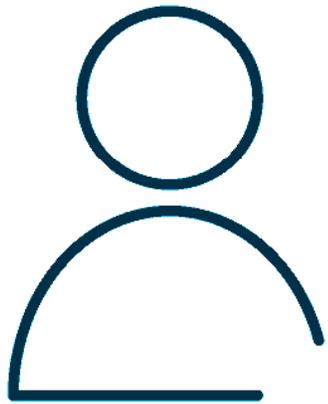
# Solutions to Sustainable Homeownership

Idaho Conference on Housing and Economic Development | March 2, 2020

Erin Quinn

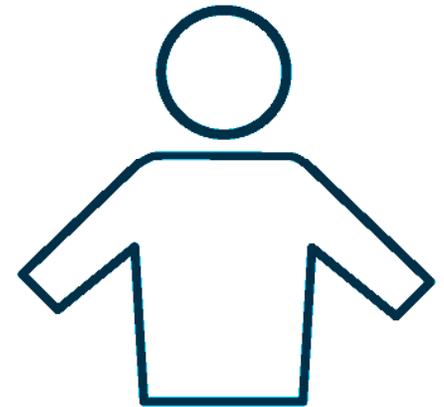
**ALL FOR HOME**

Freddie Mac  
Single-Family



Most Americans do not have more than in  
**\$1,000**  
their savings.

44% do not have enough to cover a  
**\$400**  
emergency



Typically,  
buyers make down  
payments of  
**5 to 20%**



Renters see the  
**inability to save**  
for a down payment  
as one of the  
**leading obstacles**  
to homeownership

# Challenges

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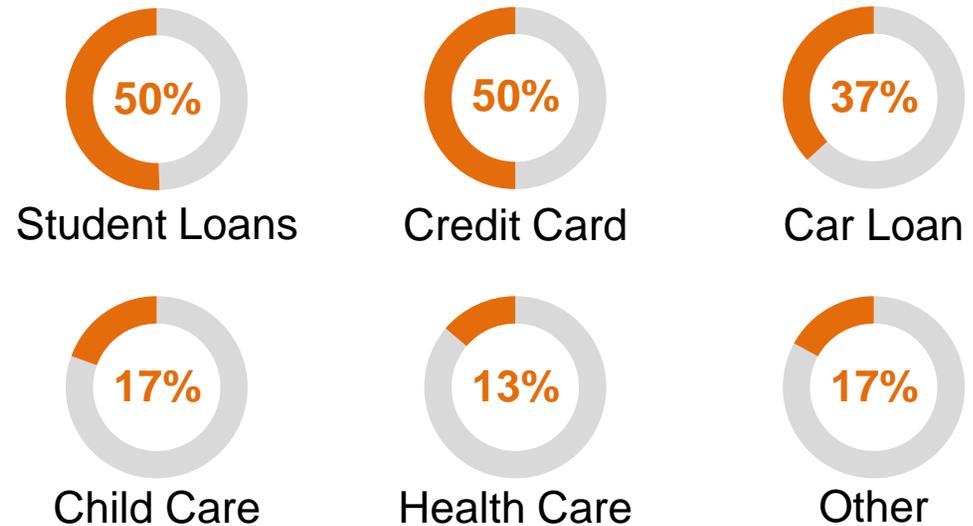
**INSIGHTS**

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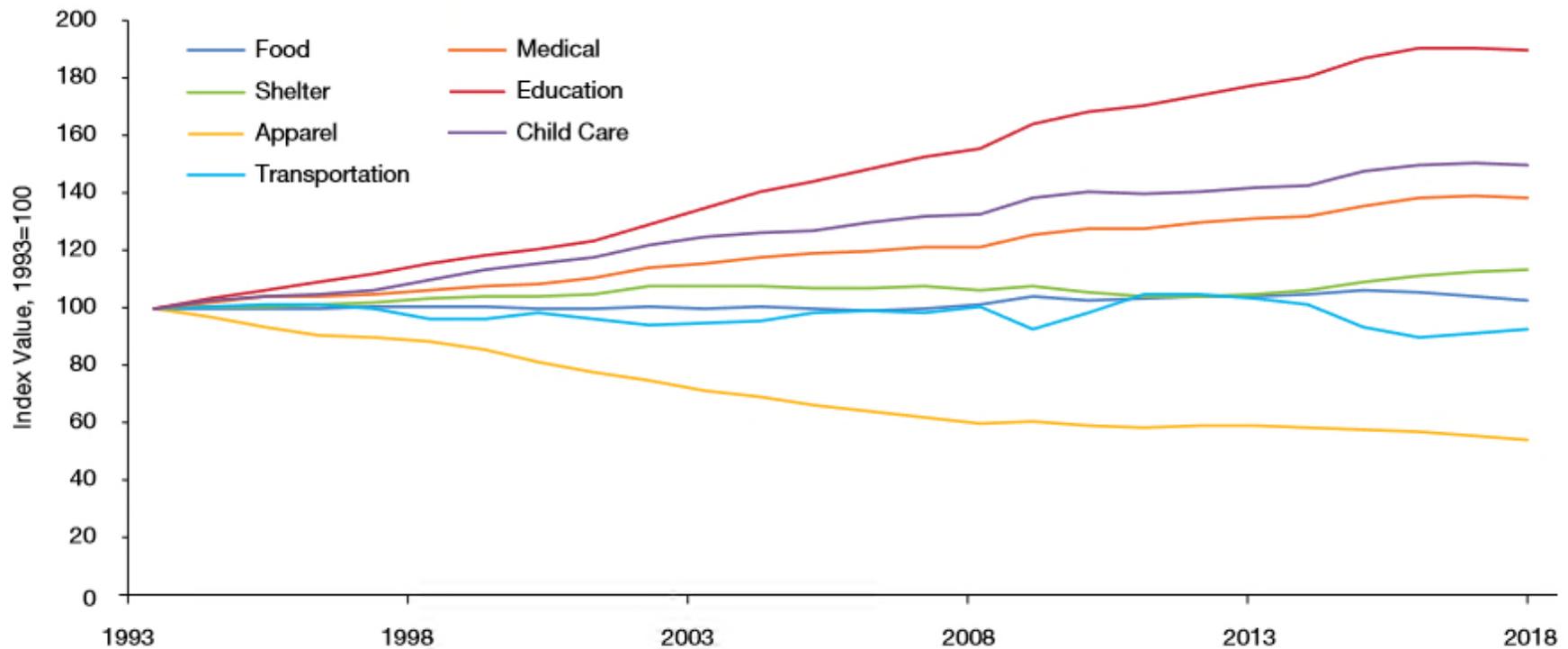
# Typical Household Expenses

- Child care expenses
- Student loan debt
- Transportation expenses
- Credit card debt
- Personal loans

## Top Expenses that Delayed Saving for Down Payment<sup>1</sup>



# Real Price Change for Select Family Budget Items (1993 – 2018)

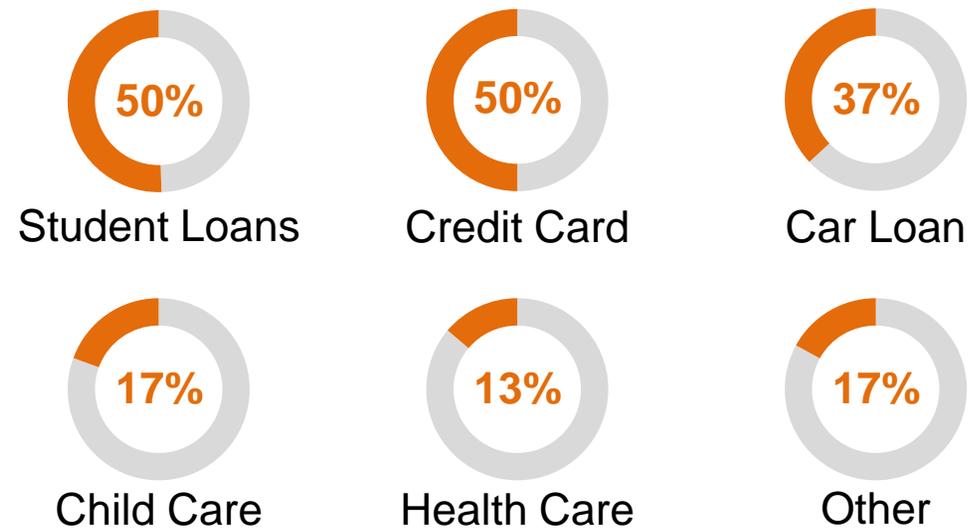


Source: Bureau of Labor Statistics.

# Typical Household Expenses

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## Top Expenses that Delayed Saving for Down Payment<sup>1</sup>





# Energy Cost Burden

- The typical U.S. family spends \$2,200 per year on energy bills
- Energy efficiency improvements could reduce energy bills by up to 30%
- Energy inefficiency places a more significant burden on low- and moderate-income families who are more likely to live in older and less efficient homes
- Rural households' overall expenditures on utilities are about 25% higher than their urban counterparts

# Opportunities

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**SOLUTIONS**

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# My Home

**My Home**  
by Freddie Mac™

Home | Rent | Buy | Own | Refinance | Foreclosure & Alternatives | Resources

## Renting, Buying & Owning: Let's Get Started

Home is a place to call your own, spend time with your friends and family, and build lasting memories. Whether you rent, own, or plan to buy, we offer the resources to help you make informed decisions and support your success. Because home is a good place to be.

**DON'T KNOW WHERE TO START?**  
Let Us Help You.

Which Best Describes Your Situation?

- I'm interested in renting a home
- I'm considering purchasing a home
- I'm a homeowner with questions
- I'm thinking about refinancing
- I want to know more about HAR
- I need help with my mortgage

### THE LATEST

- Blog** - NEWS
- Article** - HOW MUCH?
- From @FreddieMac** - Tweets by @FreddieMac

## My Home Website

Website for consumers on renting, buying and owning a home

**VISIT:** [sf.FreddieMac.com/MyHome](https://sf.FreddieMac.com/MyHome)

**Freddie Mac**  
We make home possible.

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Homeownership | Rental Housing | Research & Analysis | Notable | Archive

## Homeownership

- July 21, 2019**  
**Finding Your Perfect Match**  
Looking for a new place to call home? With so many options to consider, we suggest starting with the classic mantra: location, location, location.
- July 26, 2018**  
**Together, We Make Home Possible**  
For all of us, it's more than just a job. It's our passion.
- July 21, 2018**  
**6.8 Million Are In The Pool. Are You?**  
As the average 20-year Freddie mortgage rates a historic low, more homeowners are entering the "left-right pool."

**Connect With Us**  
Sign up to receive the latest news, tips, and insights from Freddie Mac.

**Browse By Keyword**  
CreditSmart  
Economy  
Education & Tools

# CreditSmart<sup>®</sup> Financial Education

The CreditSmart<sup>®</sup> curriculum includes financial education modules to meet consumers' diverse homeownership needs and features information on credit, money management, homeownership, foreclosure avoidance and more.

Free, 12 module interactive learning curriculum

Available as instructor-led or online content

Resources available in English, Spanish, Chinese, Korean and Vietnamese



Prepare future borrowers for sustainable homeownership

Use CreditSmart workshops to gain entree to community partners and future homebuyers

**VISIT:** [sf.FreddieMac.com/working-with-us/creditsmart/overview/](https://sf.FreddieMac.com/working-with-us/creditsmart/overview/)

# Homeownership Education Curriculum

## Borrower Education requirements can be met with Freddie Mac CreditSmart® Homebuyer U tutorial.

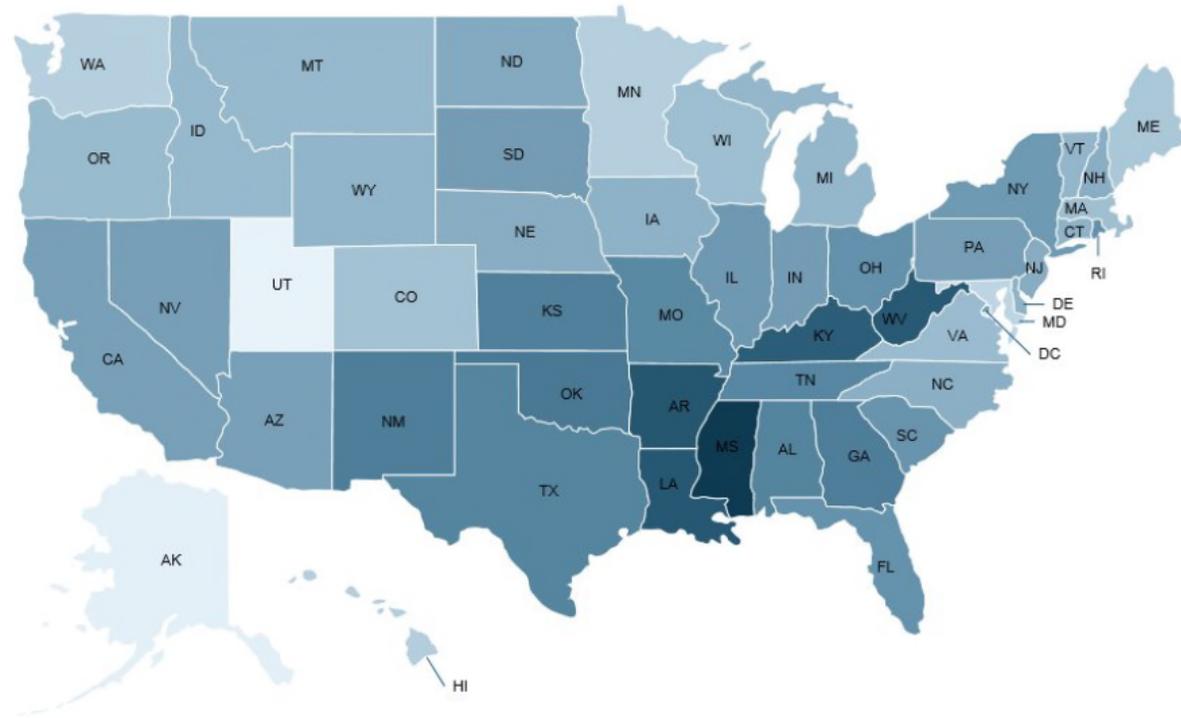
- Free, interactive learning content to teach the importance of good credit, selecting a lender, as well as special emphasis on protecting your investment once you own a home
- Six-module tutorial offers a convenient solution for borrowers and fulfills Home Possible® mortgage product requirements for first-time homebuyers
- Online, self-paced and accessible from multiple devices
- Easy access to course completion certificate and user support

On 12/31/2019, “Steps to Homeownership” was relaunched as “CreditSmart Homebuyer U”. Updated content and enhancements to the user experience are part of this new tutorial.



# Savings account ownership for All States, 2017

## All Households, Does not have savings account



Source: 2017 FDIC National Survey of Unbanked and Underbanked Households.

# Savings Match Concept Partners



## Fintech(s)

One or more fintechs with a savings platform designed to help people save funds for a down payment



## Lender(s)

Chosen based on strategic focus and capabilities

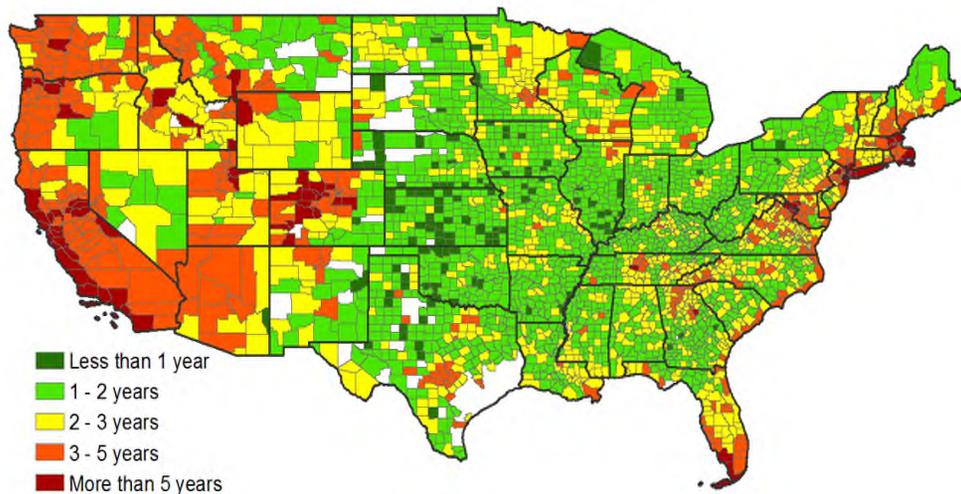


## Counseling Agencies

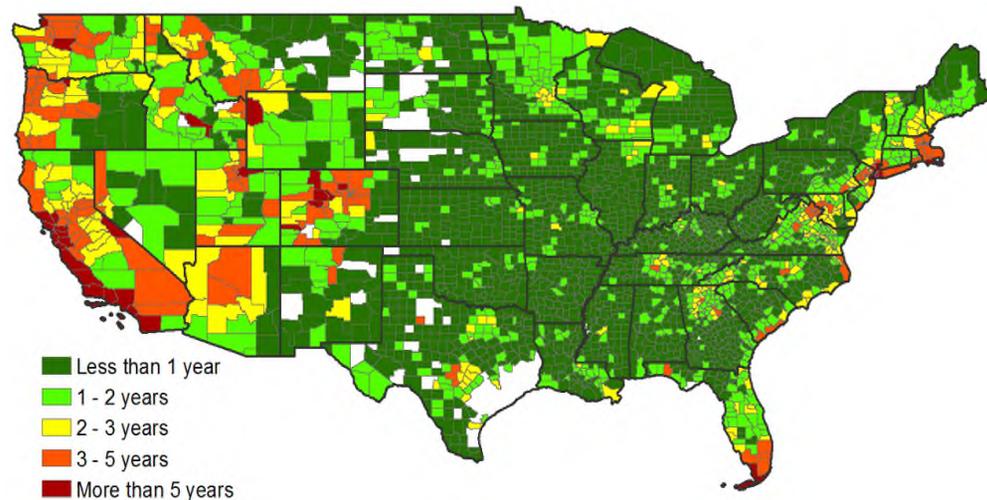
HUD-compliant non-profit organizations administer program policies and guidelines

# Promoting Positive Savings Behaviors

## Time it Takes “Mortgage Ready” Consumers Earning $\leq 80\%$ AMI To Save For a 3% Down Payment



Without \$2500 savings match



With \$2500 savings match

Source: Freddie Mac calculations using anonymized credit bureau data for Sep 2018

# Energy Efficiency Reduces Costs and Improves Home Values

- On average, new homes with RESNET ratings were sold for 2.7% more than comparable unrated homes
- Among rated homes, those with better ratings sold for 3 – 5% more than lesser-rated homes
- Energy-rated homeowners with higher DTI ratios kept up with monthly mortgage payments better than owners of unrated homes

# Promoting Energy Efficiency Improvements with GreenCHOICE Mortgages<sup>SM</sup>

- Supports home improvements that lead to utility cost savings
- Finances the cost of eligible improvements  $\leq 15\%$  of the as-completed property value
- Requires an energy report only if aggregate cost of improvements  $< \$6,500$
- Gives the lender a \$500 credit in credit fees when the loan is delivered
- Allows a single closing on renovations and home purchase or refinance
- Allows for delivery of the mortgage before improvements are completed





Thank You



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