



— VISION 2016 —

TAKE CONTROL

A ROADMAP FOR **GROWTH**



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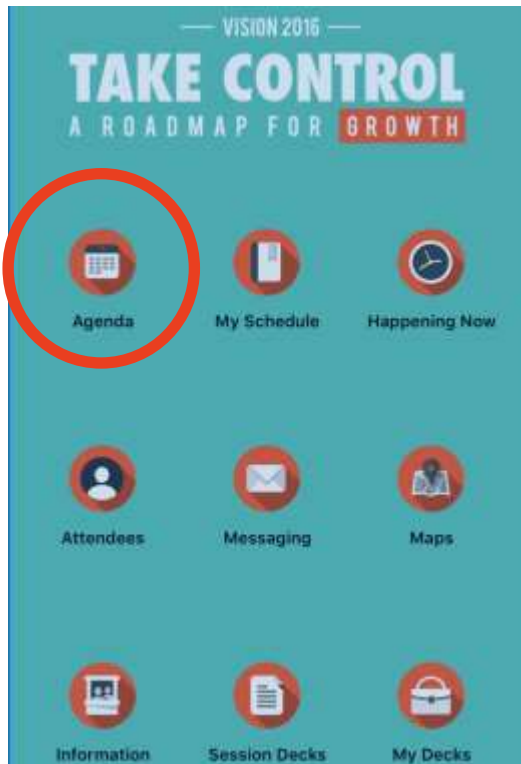
Understanding potential mortgage borrowers in markets rich with Hispanics and Millennials



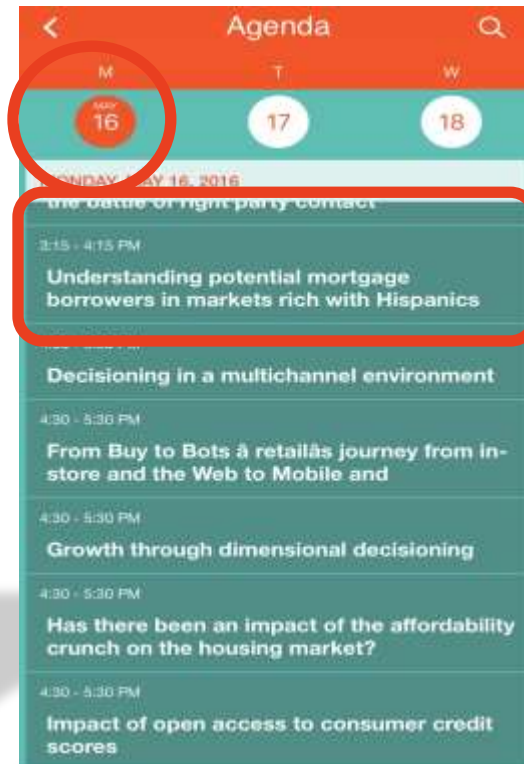


Audience polling instructions

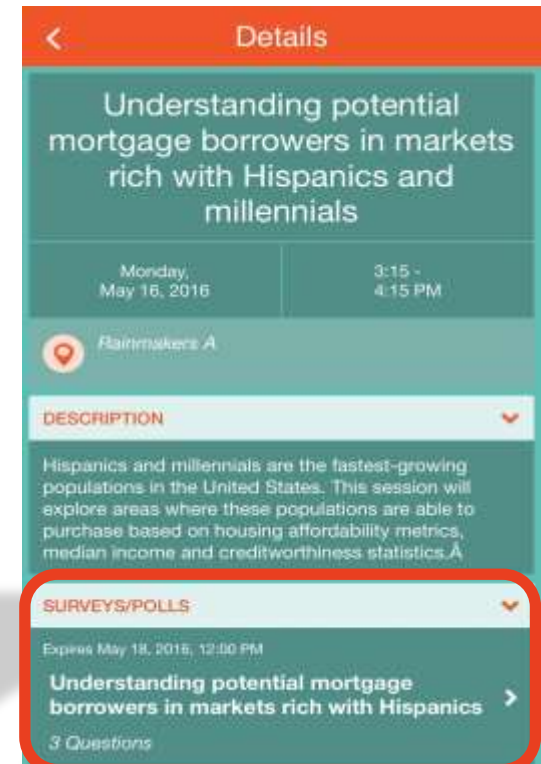
Step 1



Step 2



Step 3





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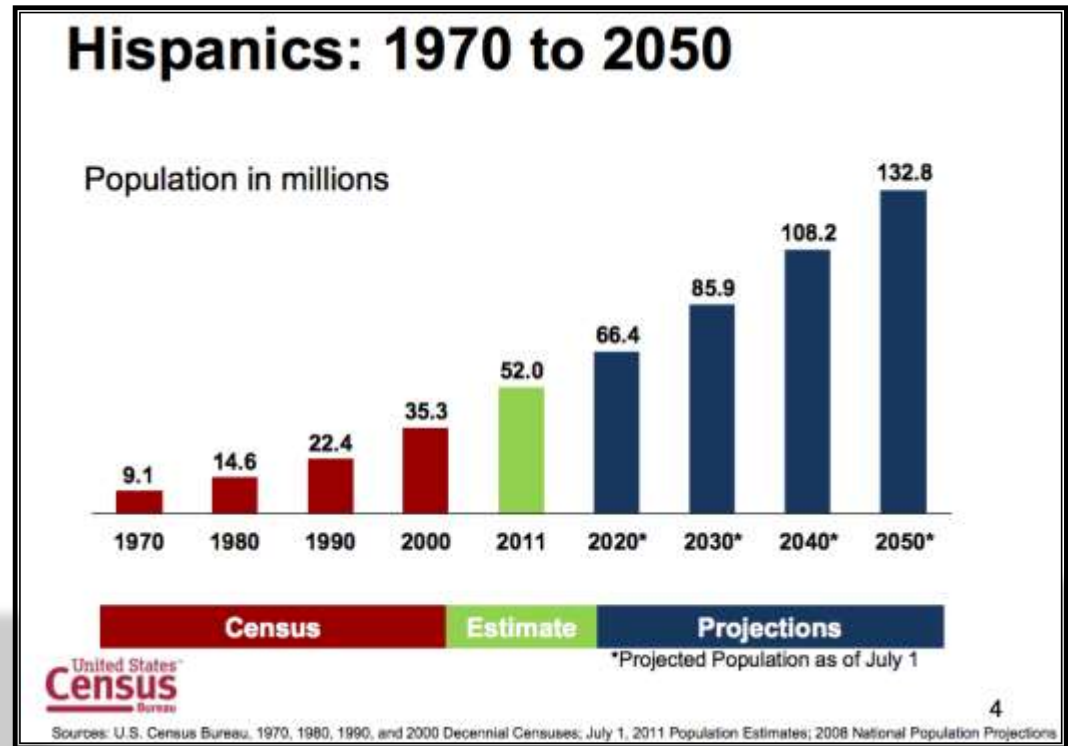
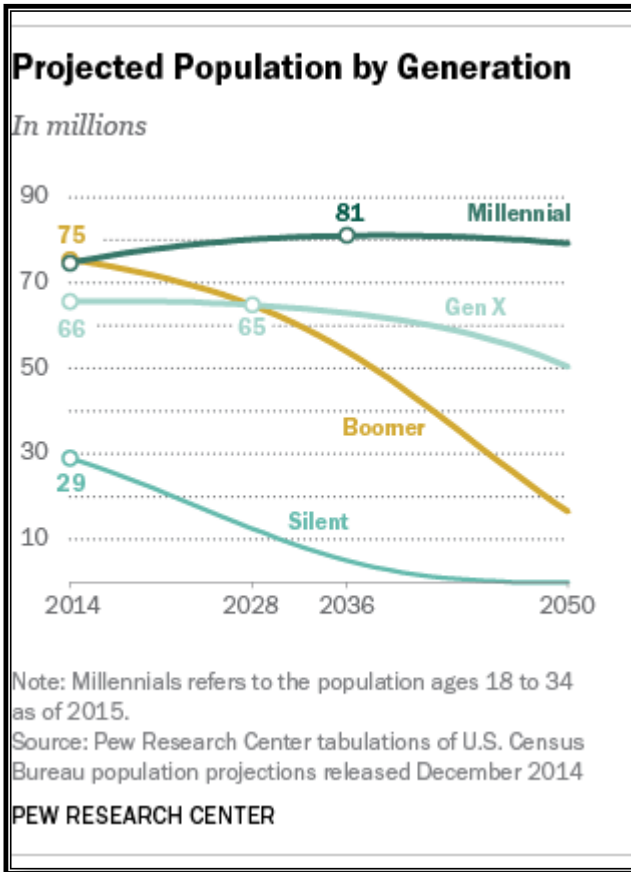
Introducing:

- **Cindy Waldron**
Freddie Mac
- **Renaë Sherman**
Experian





Millennial and Hispanic population growth





Hispanics and Millennials



Hispanics

5.7M more households over next decade

8% increase in homeownership rate from 2014 to 2015

18% of total U.S. population

52% of new homeowners between 2010 and 2030

21% of the Millennial population



Millennials

Surpassed the Baby Boomer generation in 2015

75M individuals strong

60% have plans to buy a home in the future

75% say homeownership is a long-term goal

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Research data overview





Data summary



Research data overview

- Obtained 10% sample of Experian File OneSM consumer credit database
- VantageScore[®] 3.0 credit score
- Premier AttributesSM v1.2
- Income InsightSM and Debt-to-Income InsightSM

Matched to Experian ConsumerViewSM marketing database

- Age
- Education
- Individual and household-level demographics



Data summary

Mortgage readiness – underwriting criteria:

Strong

- VantageScore® 3.0 greater than 737
- Total DTI < 45%

Moderate

- VantageScore® 3.0 between 661 and 736
- Total DTI < 45%

- No foreclosures in the past 84 months
- No bankruptcies in the past 12 months
- No severe delinquencies (120-180 DPD) in the past 12 months

Weak

- VantageScore® 3.0 less than 661 AND / OR
- Total DTI > 45%
- Foreclosure in the past 84 months
- Bankruptcy in the past 12 months
- Severe delinquency (120-180 DPD) in the past 12 months



Data summary

Total sample
11,598,718

 VantageScore[®]

683
AVERAGE

Millennial
26%



Non-Millennial
74%



30%
Have mortgage
trade on file

Hispanic
15%



Non-Hispanic
85%



**Mortgage
readiness**



20% Strong



14% Moderate



32% Weak

4% Unscoreable



Generational review

Millennials
Ages 18-34



Gen X
Ages 35-51



Baby Boomers
Ages 52-70



Silent
Ages 71+





Audience survey question

What do you think is the average VantageScore[®] 3.0 credit score for Millennials?



A. 618

B. 639



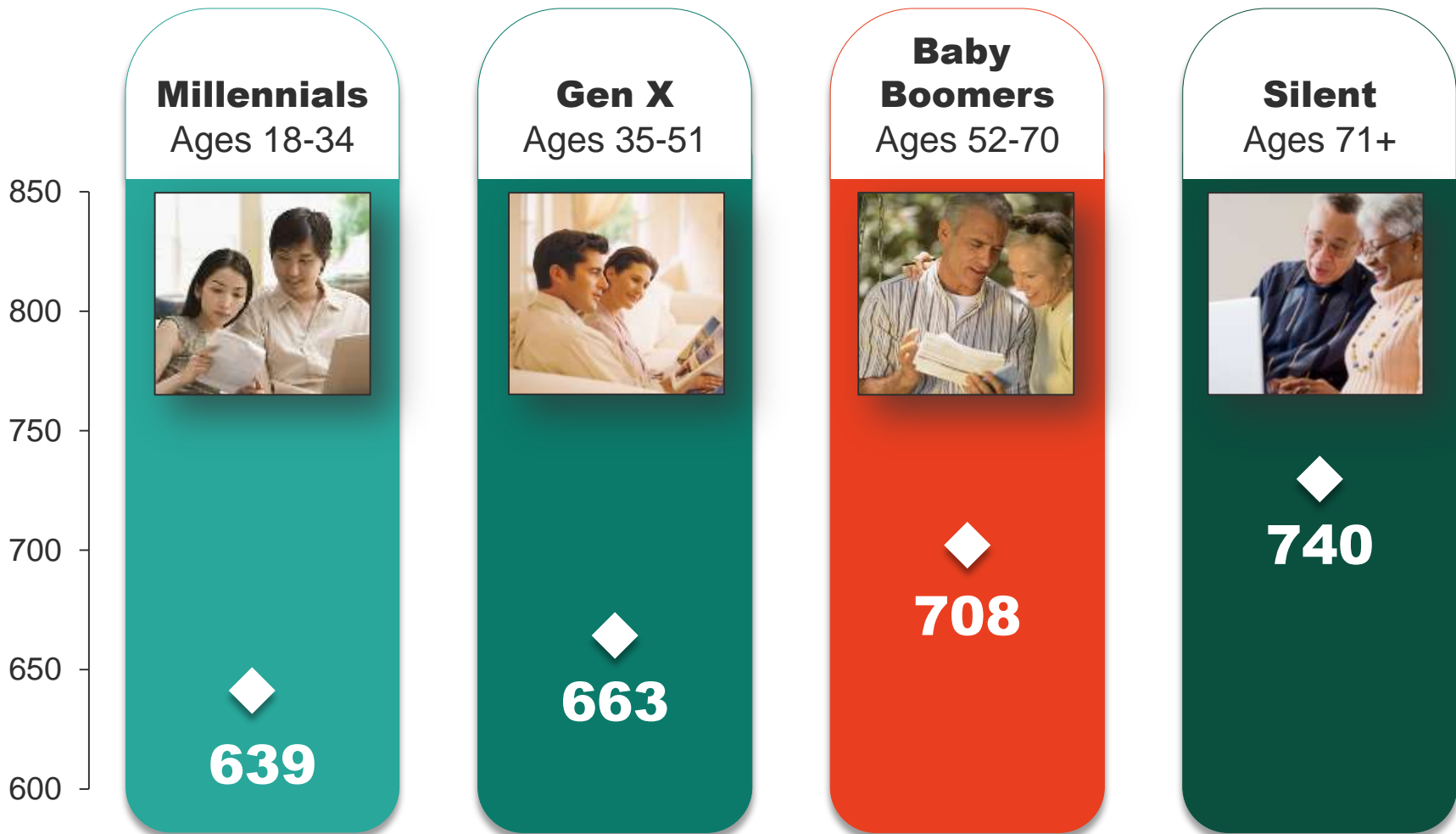
C. 663

D. 702



Average VantageScore 3.0 credit score

By generation





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Millennials





Millennial characteristics

 Millennials	
AVERAGE AGE	27.2 years
AVERAGE INCOME 	\$53,600
AVERAGE  VantageScore	639
PERCENT WITH A MORTGAGE 	17%
AVERAGE REVOLVING CARD BALANCE 	\$4,342
STUDENT LOAN DEBT AS A PERCENTAGE OF TOTAL DEBT (for those with student debt) 	64%

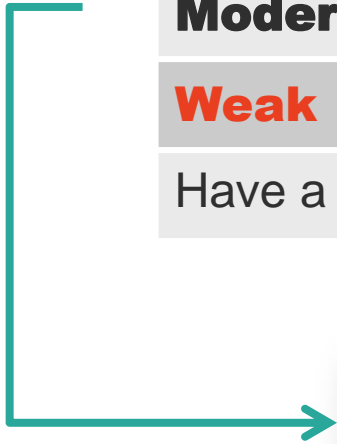
1 in 5 Millennials are Hispanic





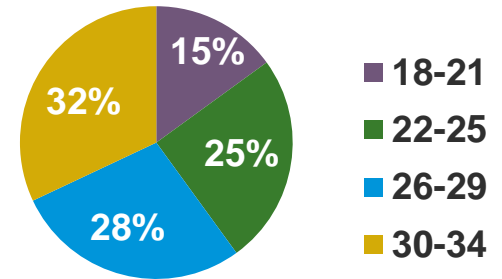
How many Millennials are Mortgage Ready?

		Millennials
Strong		15%
Moderate		17%
Weak		51%
Have a mortgage		17%

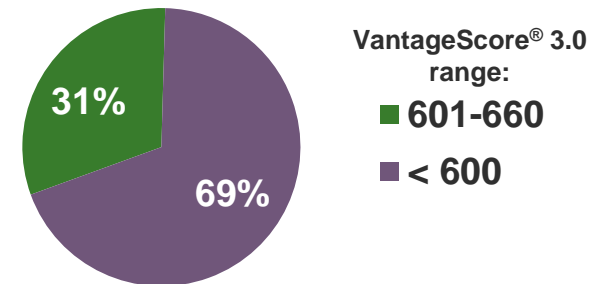


20,684,883
Strong + Moderate
Mortgage Ready Millennials

Age Distribution of **Weak Segment**:



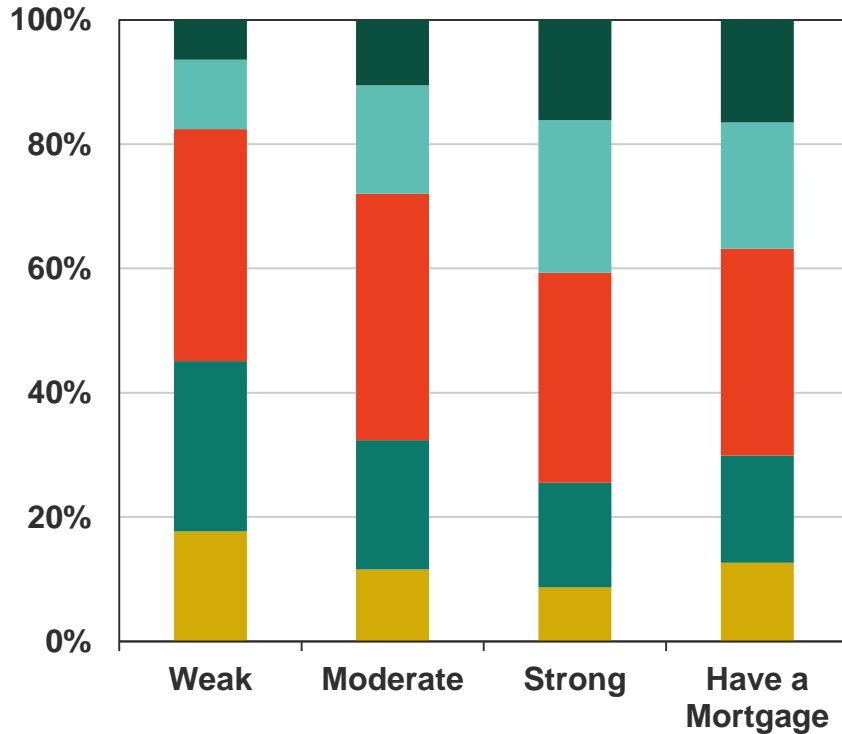
Near-Moderate in **Weak Segment**:



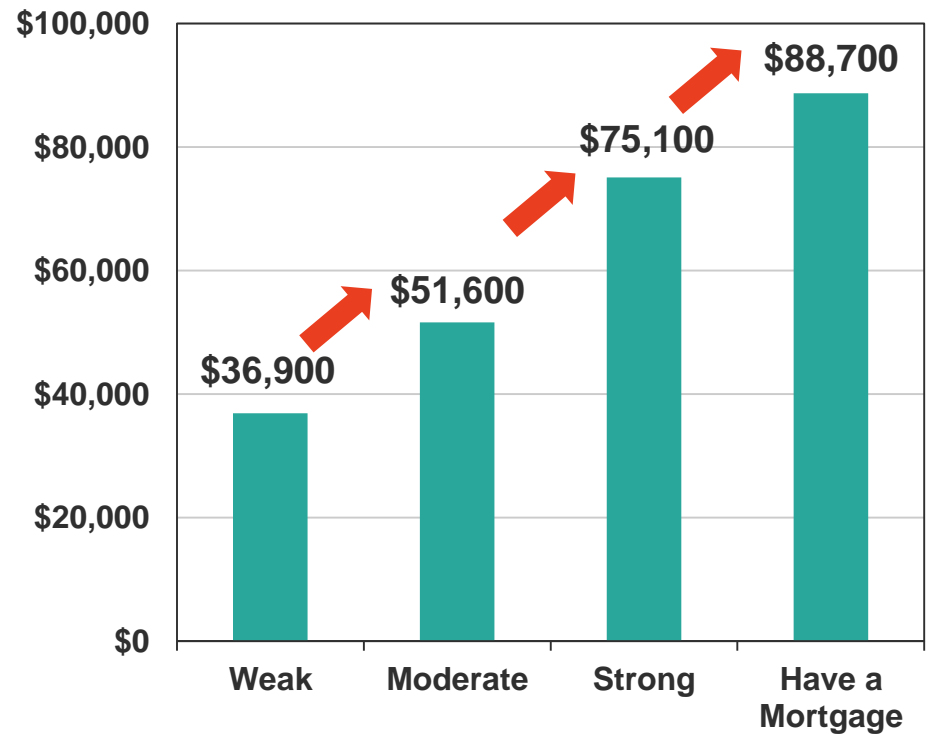


Do income and education level indicate Mortgage Readiness for Millennials?

Education level



Average Income Insight

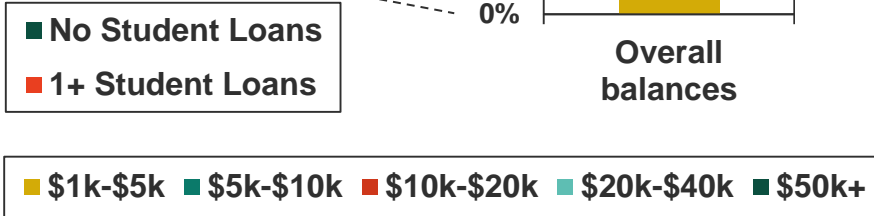
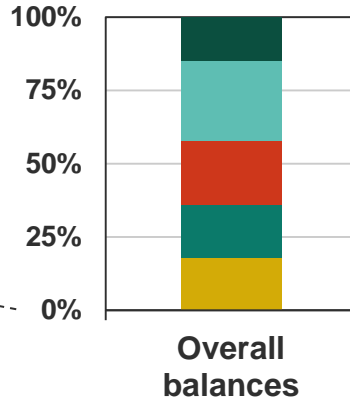
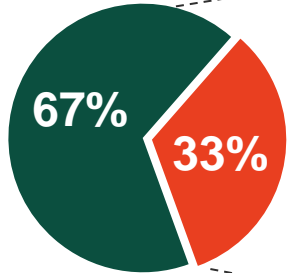


- Graduate Degree
- Undergrad Degree
- Some College (incl trade school or current student)
- High School
- Less than High School

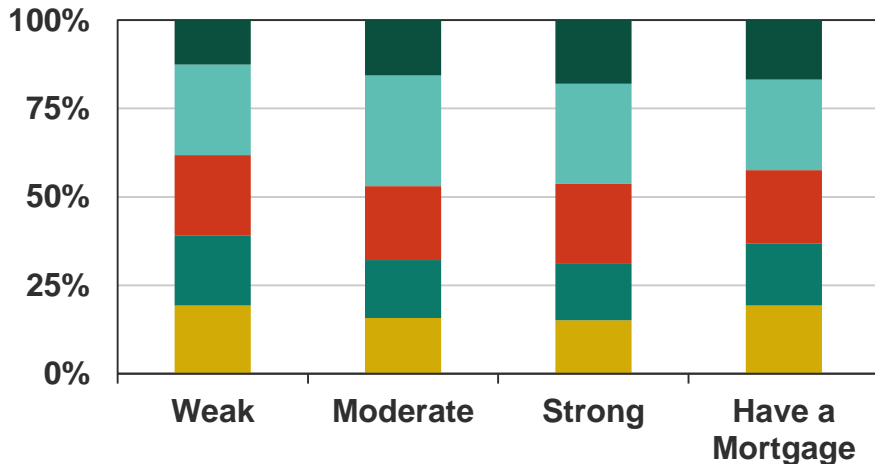


Millennial student loan impact

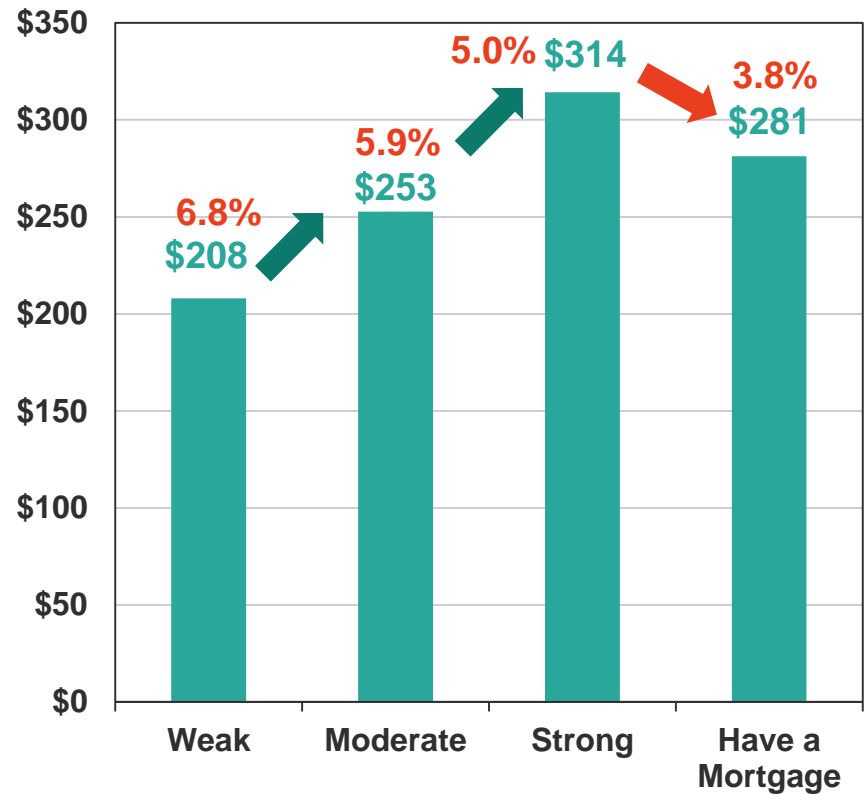
Student loan debt burden



Student loan balances by segment



Monthly student loan payment and % of gross monthly income



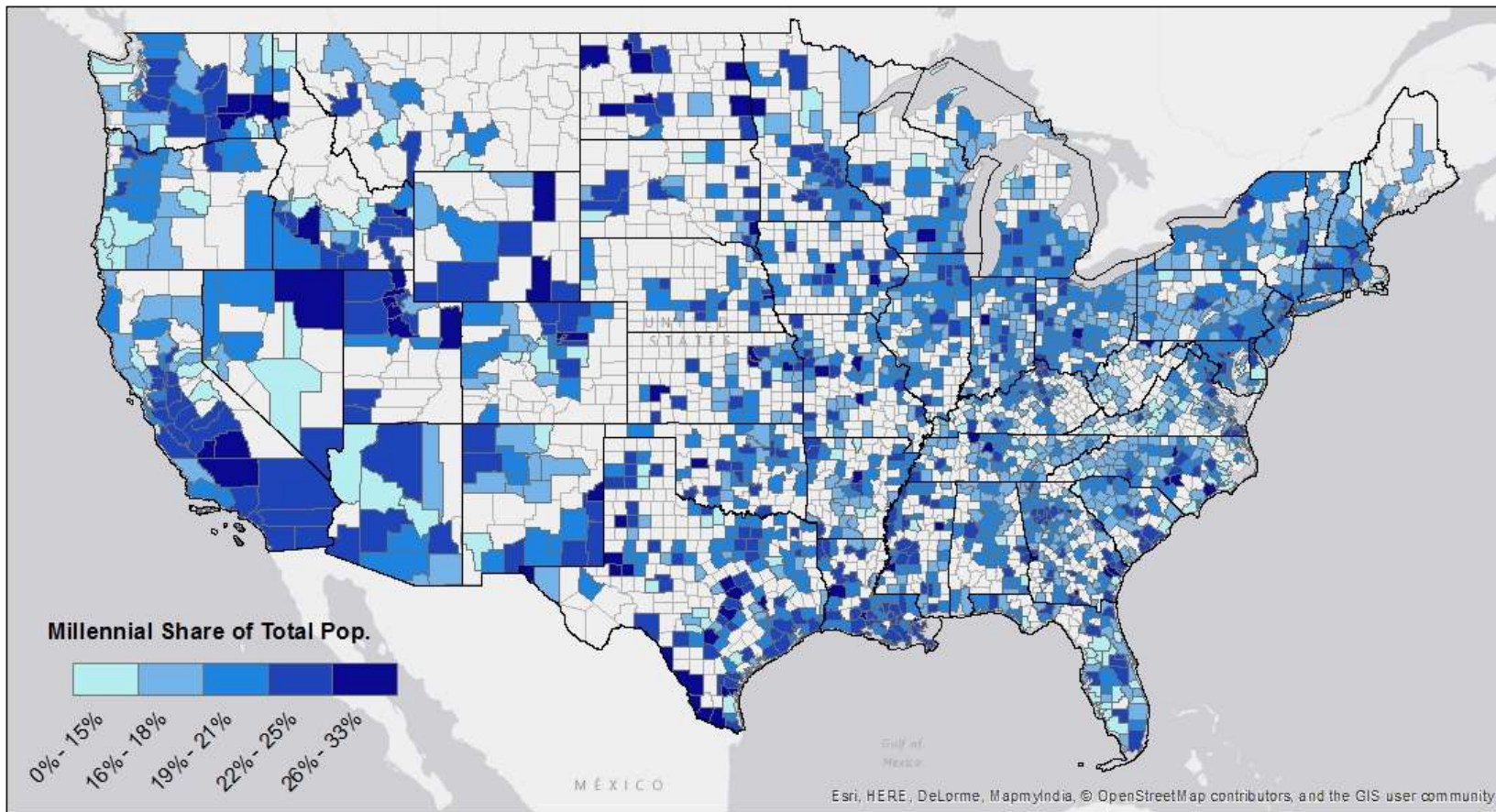
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Where do Millennials live?





Audience survey question

Where do you think the largest population of **Mortgage Ready Millennials** live?

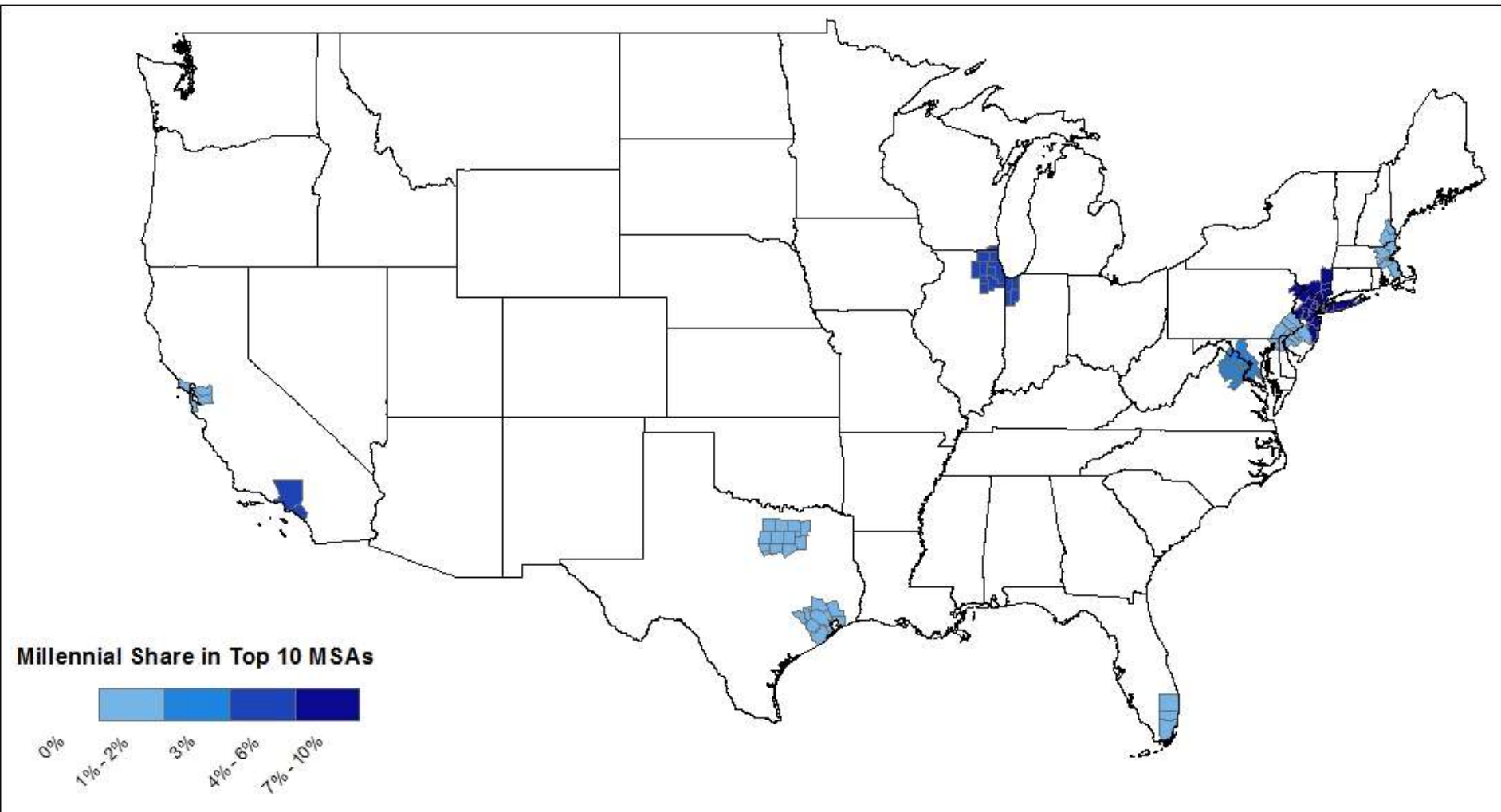


- A. Greater Chicago area
- B. Greater San Diego area
- C. Greater Miami area
- D. Greater New York area ✓



Where do Mortgage Ready Millennials live?

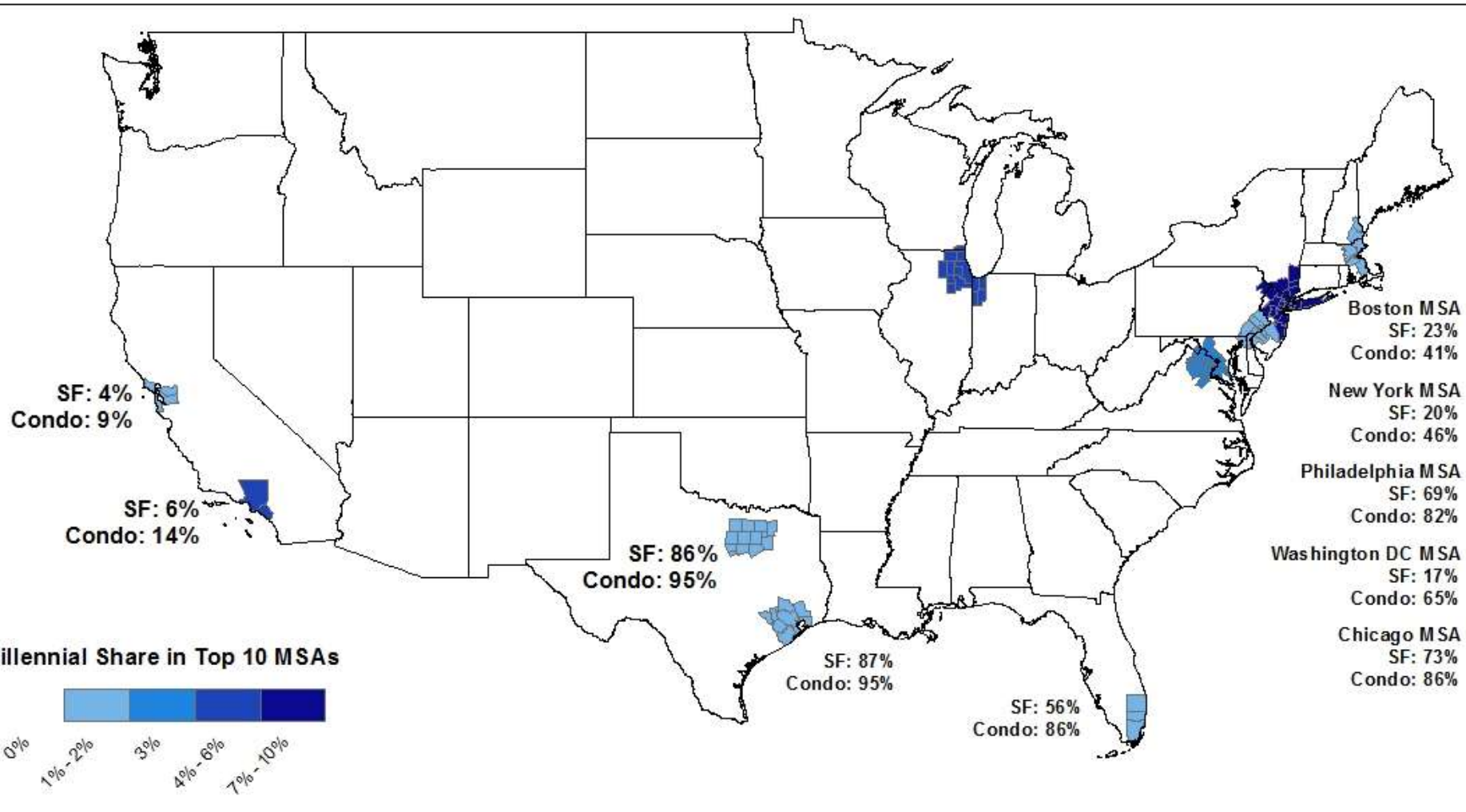
Top 10 MSAs





Do Mortgage Ready Millennials live in affordable areas?

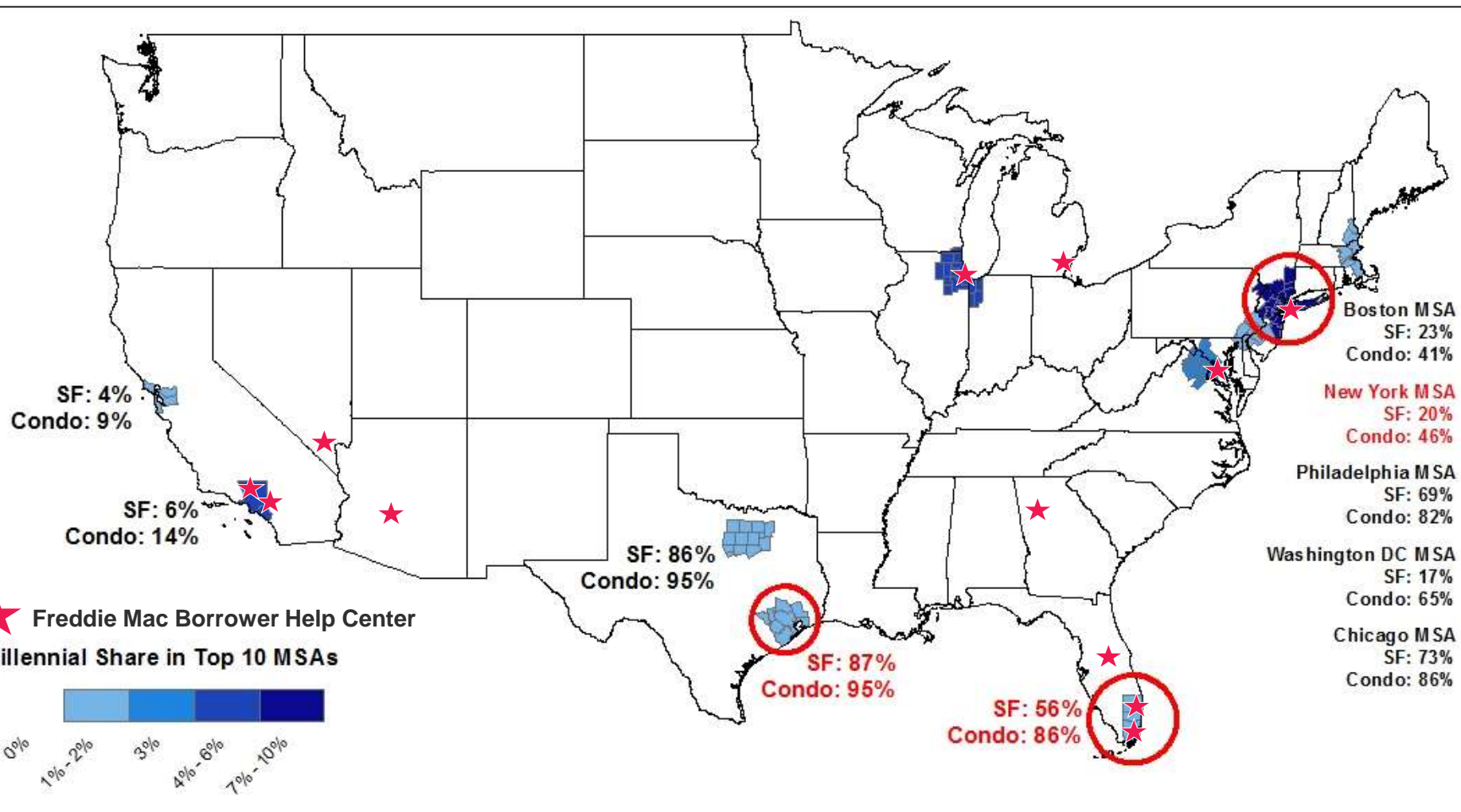
Top 10 MSAs





Is housing stock available in areas where Mortgage Ready Millennials live?

Top 10 MSAs





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Hispanics





Audience survey question

What percentage of Hispanics do you think currently have a mortgage?



A. 11%

B. 23%



C. 28%

D. 31%



Hispanic characteristics



Hispanics



Non-Hispanics

AVERAGE AGE

46.1 years

52.5 years

AVERAGE INCOME



\$67,199

\$83,328

AVERAGE



VantageScore

647

689

PERCENT WITH A MORTGAGE



23%

33%

AVERAGE REVOLVING CARD BALANCE



\$8,283

\$11,063

STUDENT LOAN DEBT AS A PERCENTAGE OF TOTAL DEBT (for those with student debt)



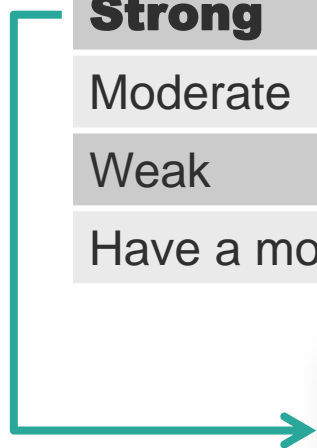
55%

52%



How many Hispanics are Mortgage Ready?

		Hispanics	Non-Hispanics
Strong		13%	22%
Moderate		15%	14%
Weak		48%	31%
Have a mortgage		24%	33%

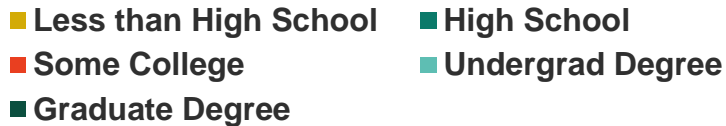
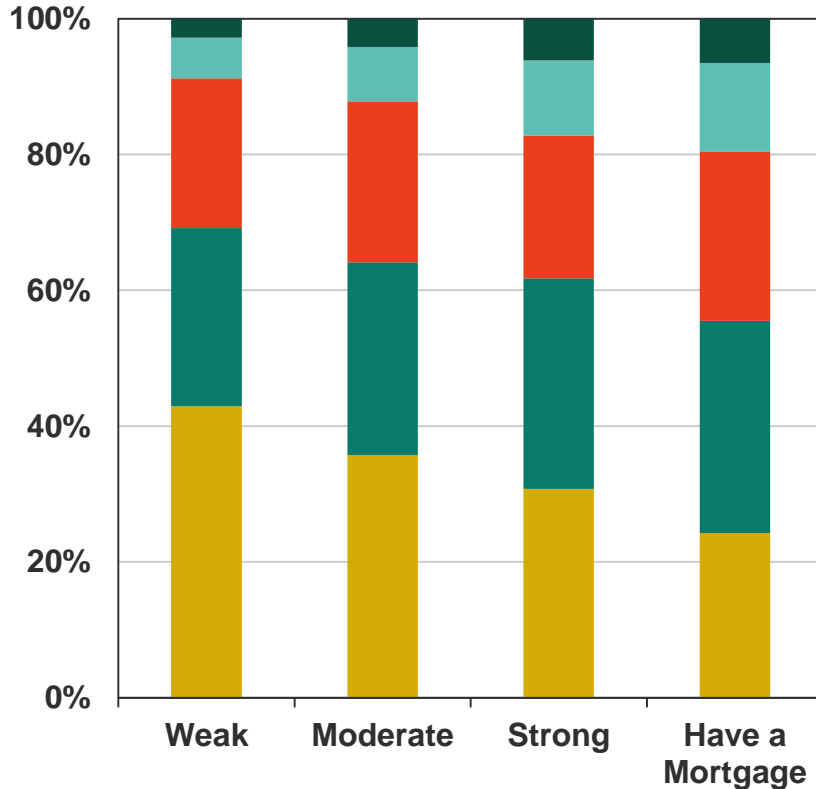


8,015,054
Strong + Moderate
Mortgage Ready Hispanics

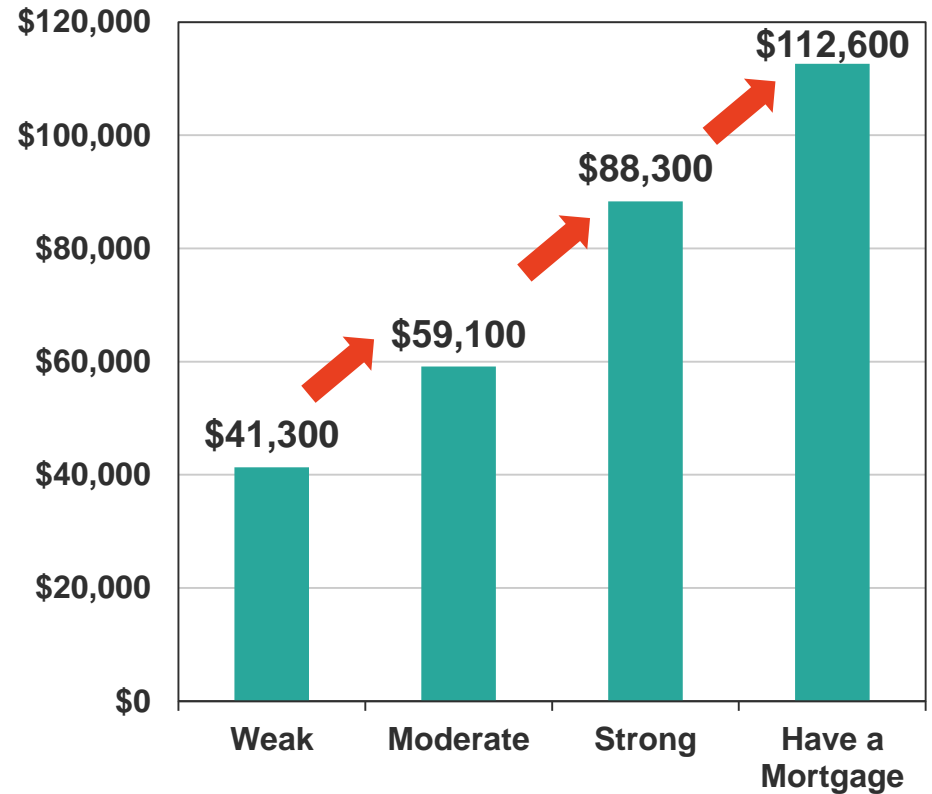


Is education level or income an indication of Mortgage Readiness for Hispanics?

Education level

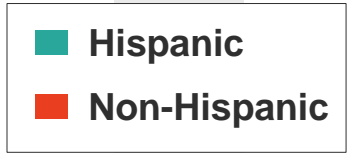


Average Income Insight

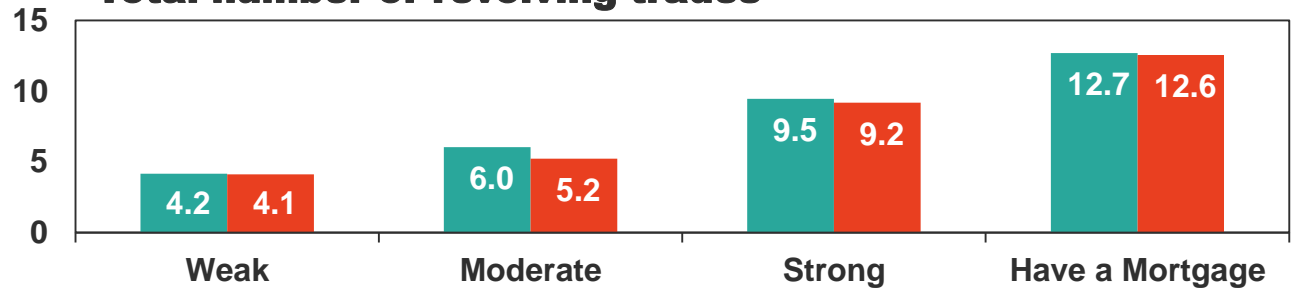




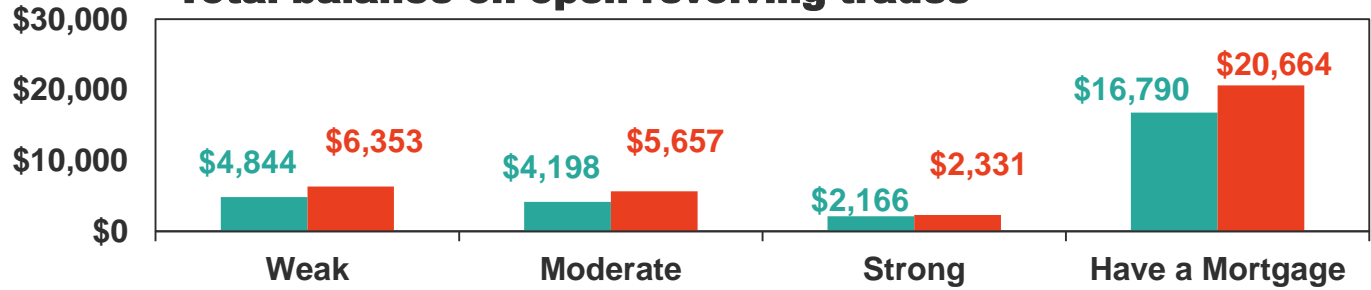
How debt leveraged are Hispanics by Mortgage Readiness status?



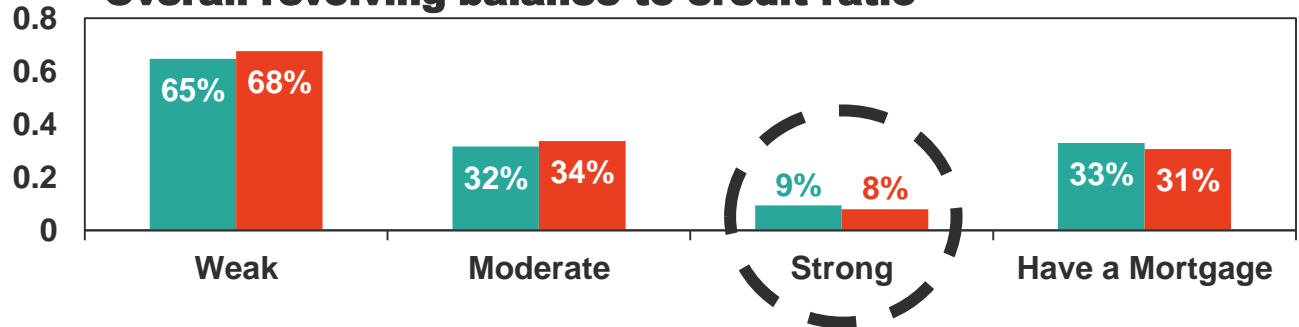
Total number of revolving trades



Total balance on open revolving trades



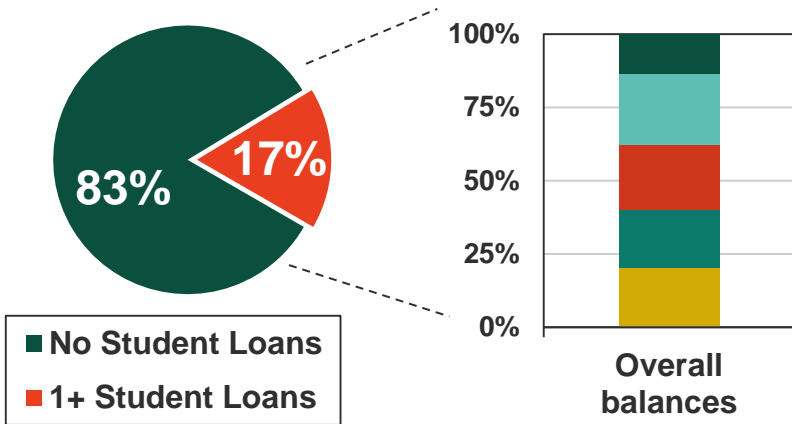
Overall revolving balance to credit ratio



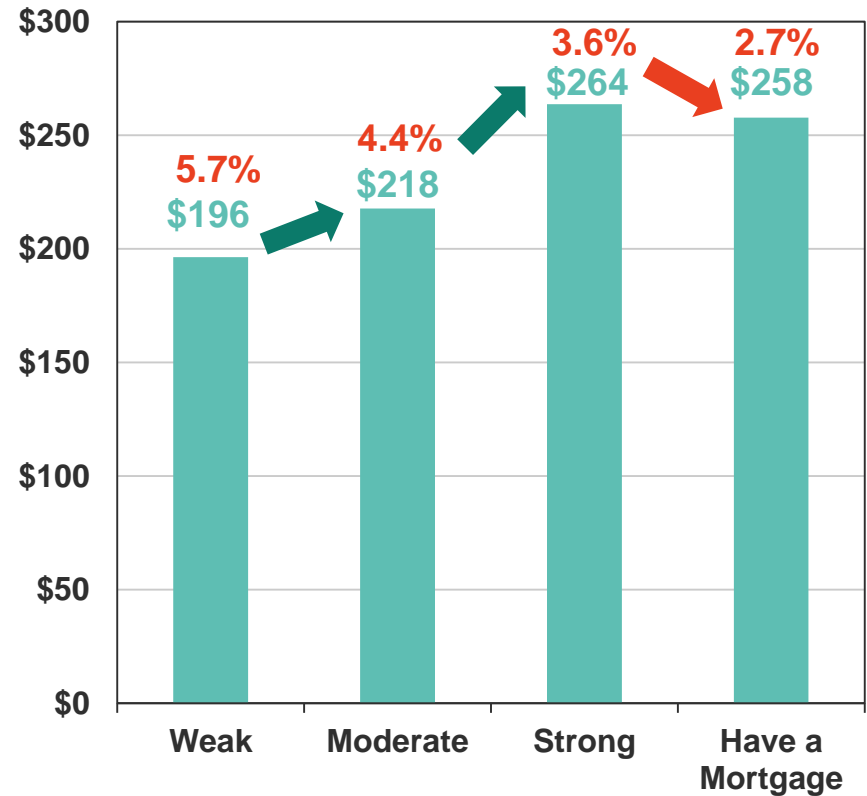


Hispanic student loan impact

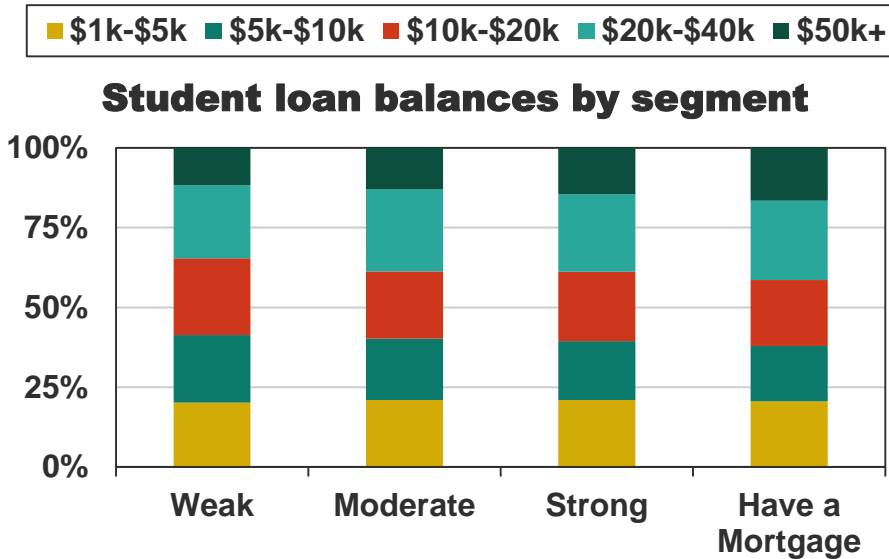
Student loan debt burden



Monthly student loan payment and % of gross monthly income



Student loan balances by segment



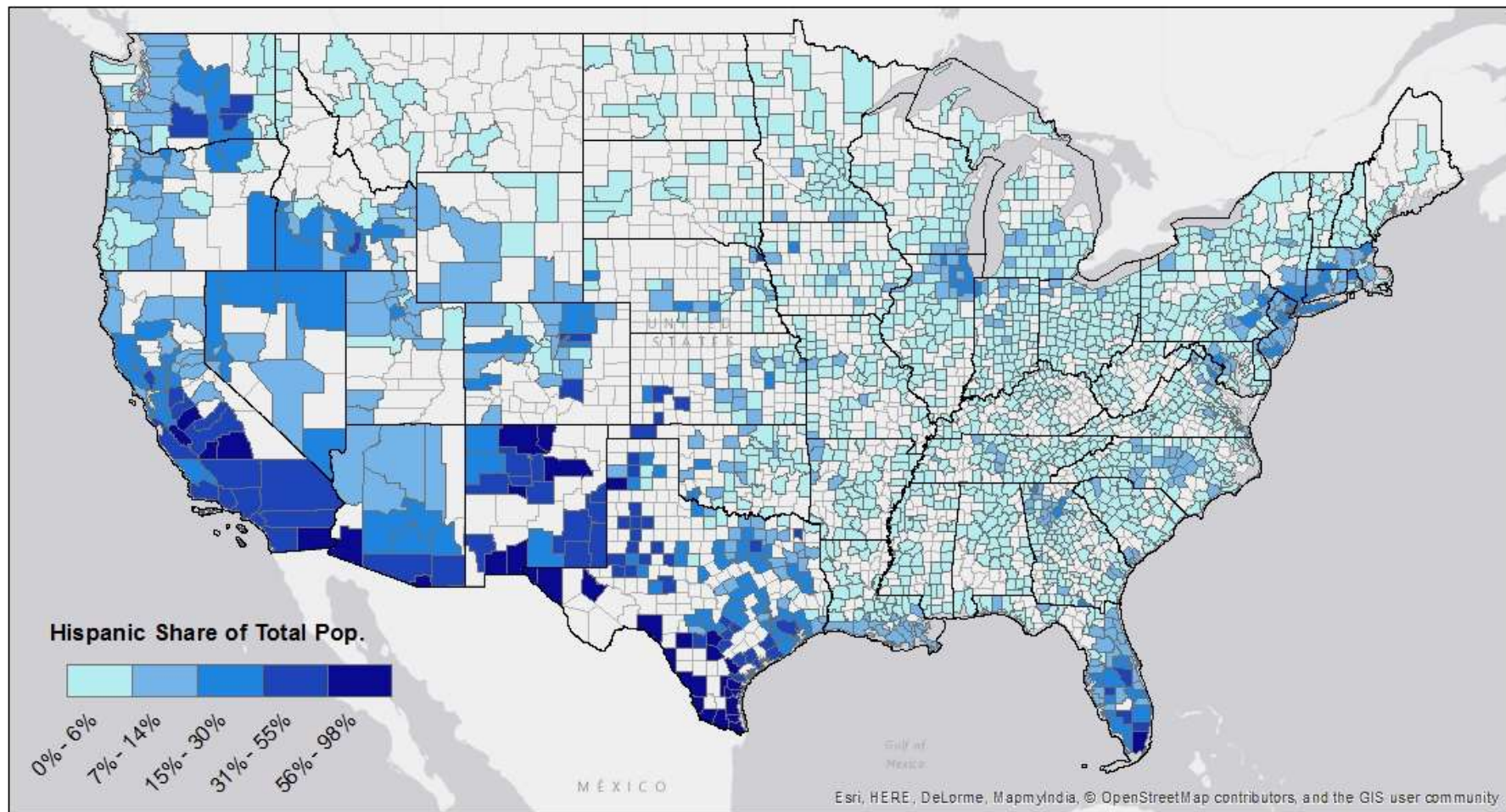
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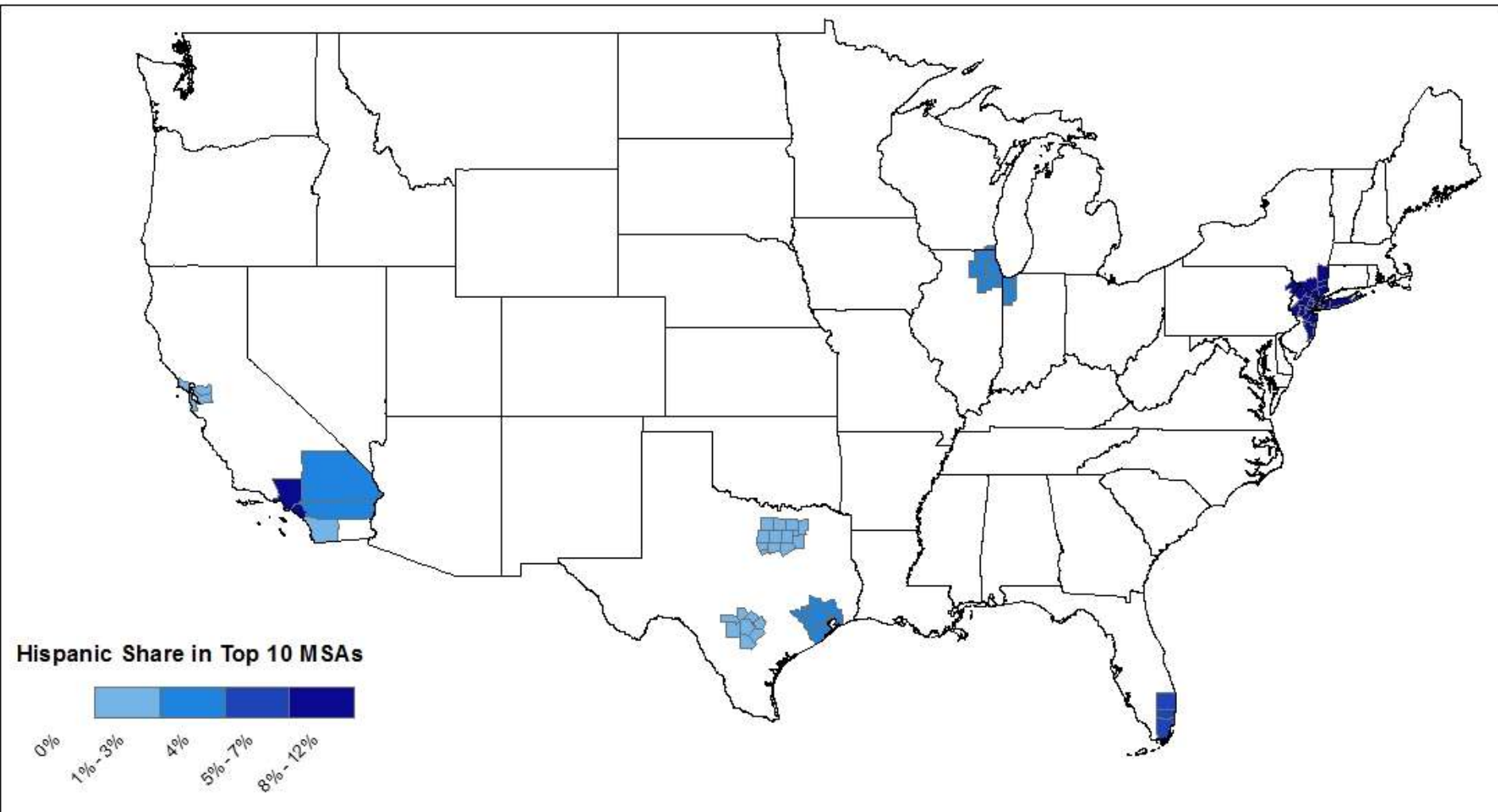
Where do Hispanics live?





Where do Mortgage Ready Hispanics live?

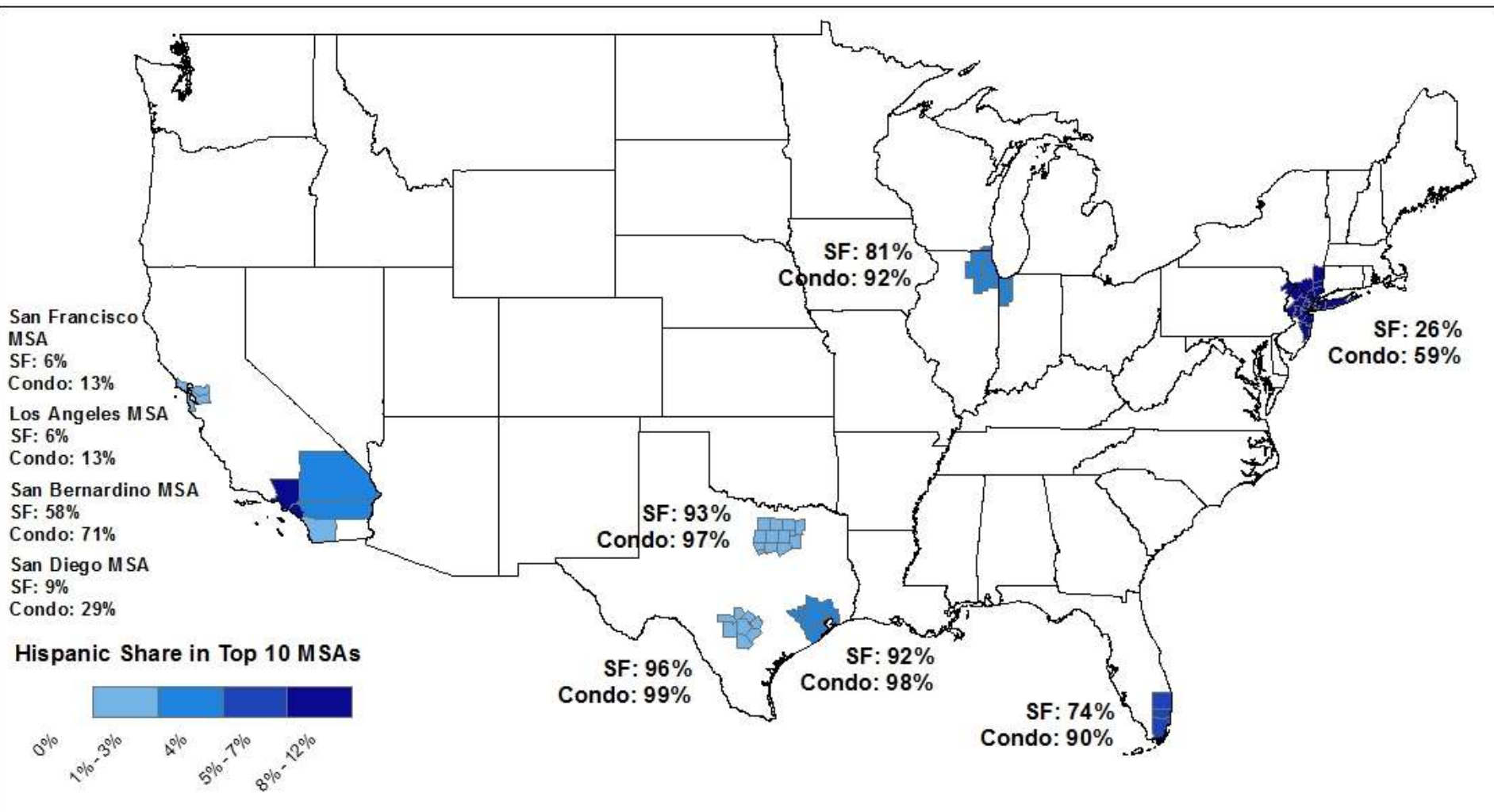
Top 10 MSAs





Do Mortgage Ready Hispanics live in affordable areas?

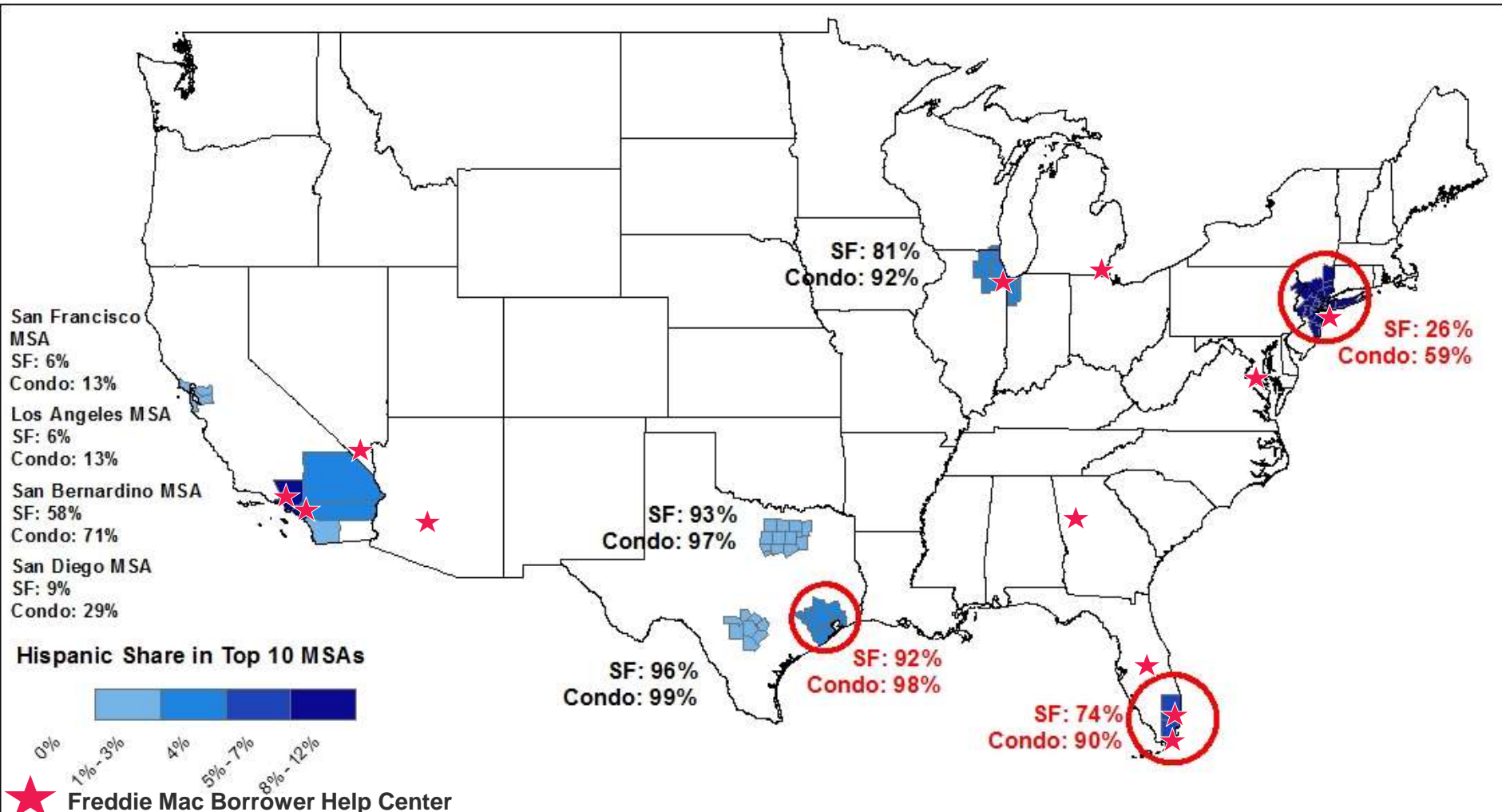
Top 10 MSAs





Is housing stock available in areas where Mortgage Ready Hispanics live?

Top 10 MSAs





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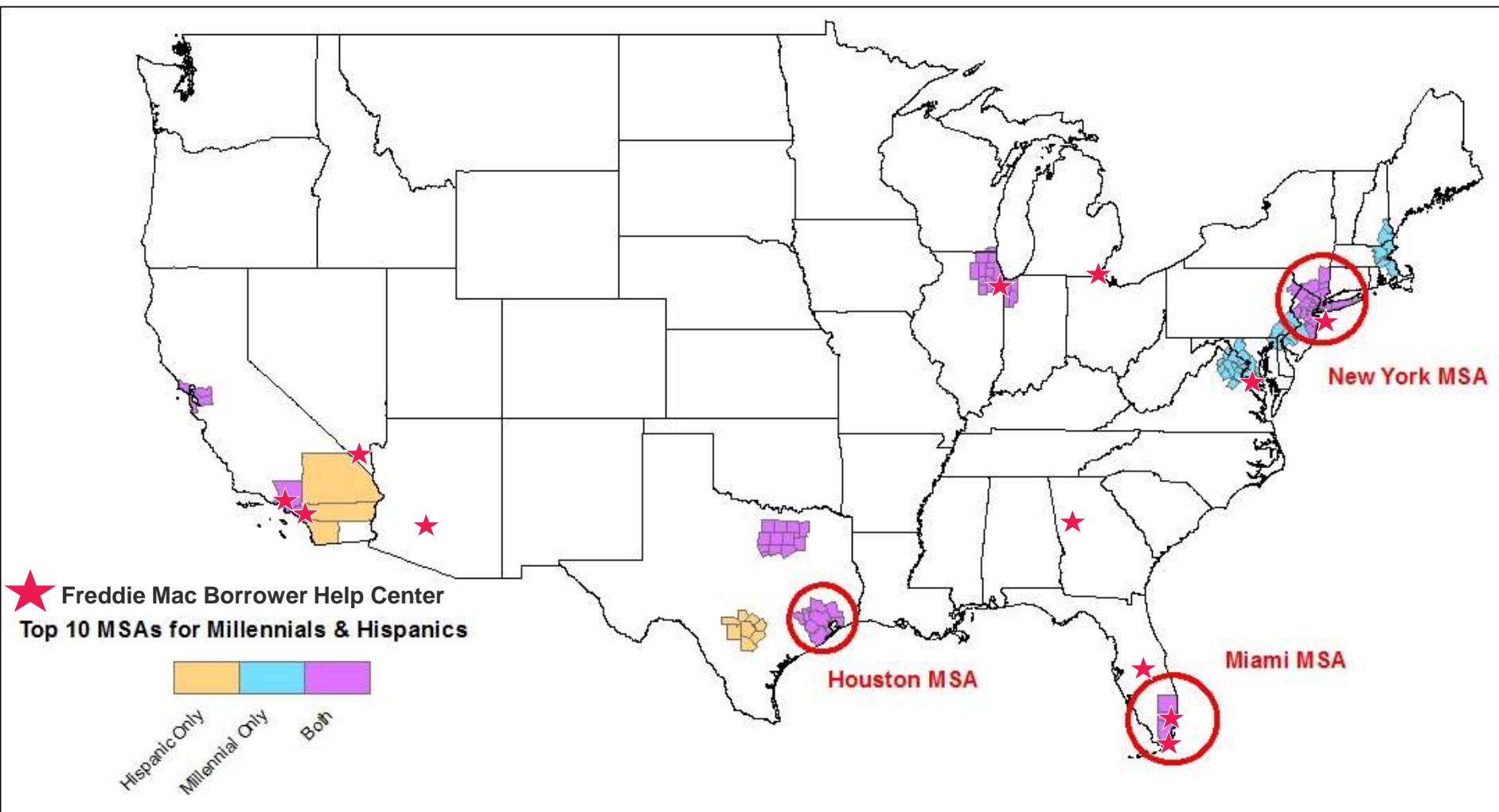
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Opportunities



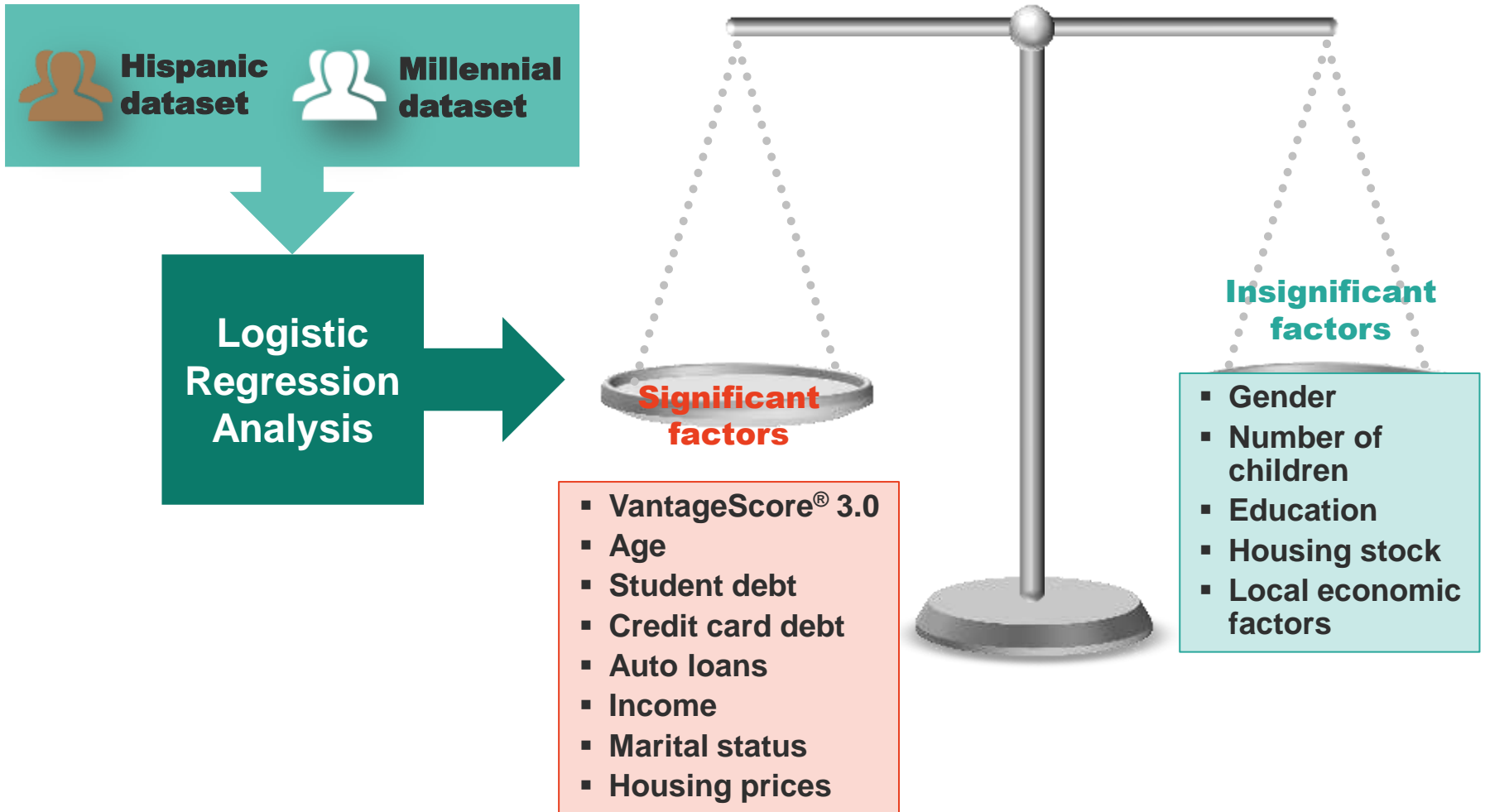


Where should lenders focus to serve Millennial and Hispanic potential home buyers?





What factors predict Millennials and Hispanics home purchase likelihood?





How do the significant factors impact Millennial and Hispanic home purchase likelihood?

Increase likelihood of home purchase:

Decrease likelihood of home purchase:

Millennials



10% increase in income = **35% more likely** to purchase

Married = 2.67 times **more likely** to purchase

10% increase in student debt = **4% less likely** to purchase

10% increase in home price = **2% less likely** to purchase

Hispanics



10% increase in income = **40% more likely** to purchase

Married = 2.58 times **more likely** to purchase

10% increase in student debt = **3% less likely** to purchase

10% increase in home price = **5% less likely** to purchase



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Closing





Conclusion

There are a lot of sourcing opportunities for Hispanics and Millennials!

—— Homeownership challenge areas ——

Top areas of focus for **Mortgage Ready** borrowers

Greater New York
Greater Houston
Greater Miami



Lack of affordable housing

Greater Chicago
Greater San Antonio
Greater Dallas
Greater San Bernardino



High cost areas

Greater San Francisco



Credit constraint borrowers

Greater San Antonio
Greater San Bernardino





Consumer resources

Where to get help

Freddie Mac Borrower Help Centers

- FMAC information on borrower help centers
- Future expansion plans based on this data?
- www.freddiemac.com/singlefamily/housingpros/help_centers.html

Experian Credit EducatorSM

- 30-minute phone-based education session conducted by a trained Experian Credit Educator agent
- Review of individual credit score and credit report basics
- www.experian.com/credit-education/services.html



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**For additional information,
please contact:**

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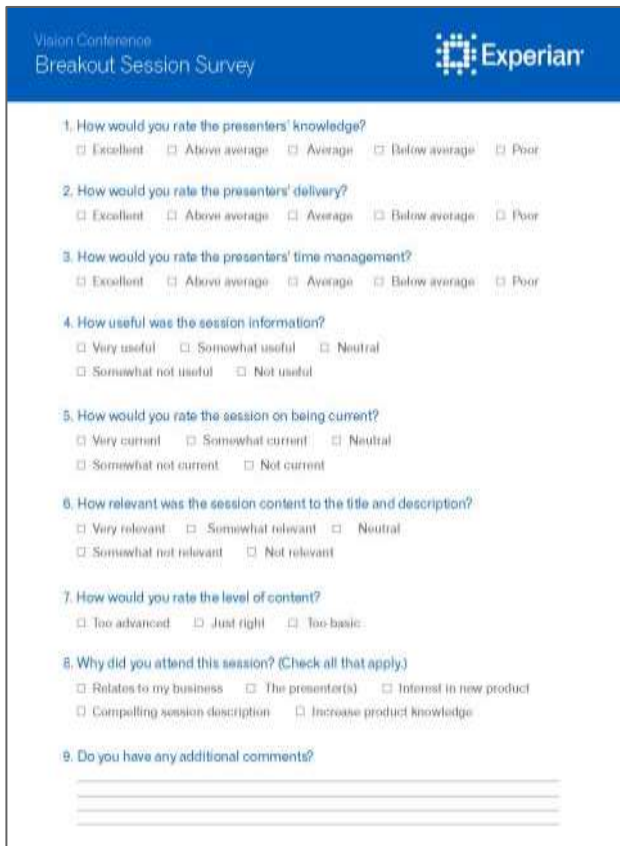
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Please take the time now to give us your feedback about this session. You can complete the survey in the mobile app or request a paper survey.

1 Select the Survey button and complete

2 Select the breakout session you attended



Vision Conference
Breakout Session Survey

Experian

1. How would you rate the presenters' knowledge?
 Excellent Above average Average Below average Poor

2. How would you rate the presenters' delivery?
 Excellent Above average Average Below average Poor

3. How would you rate the presenters' time management?
 Excellent Above average Average Below average Poor

4. How useful was the session information?
 Very useful Somewhat useful Neutral
 Somewhat not useful Not useful

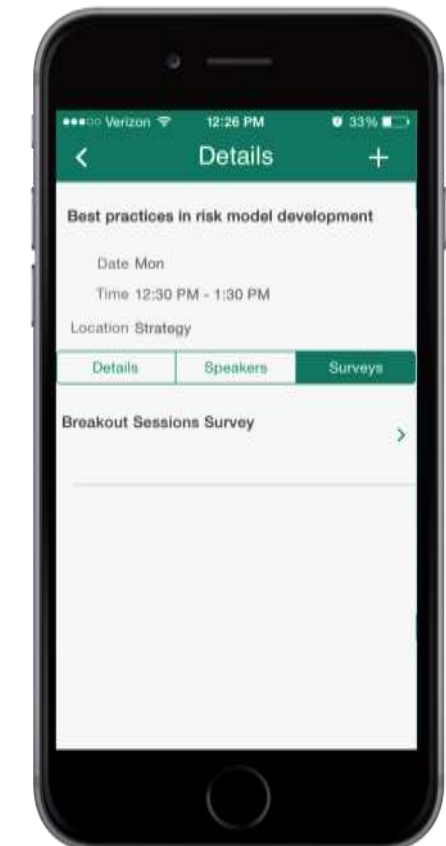
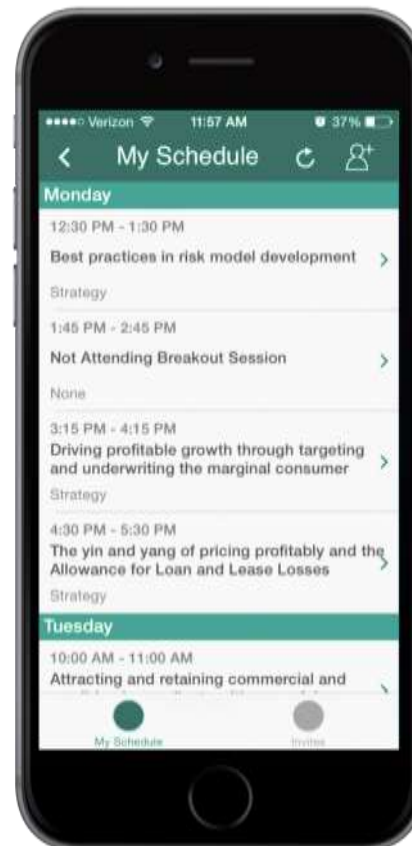
5. How would you rate the session on being current?
 Very current Somewhat current Neutral
 Somewhat not current Not current

6. How relevant was the session content to the title and description?
 Very relevant Somewhat relevant Neutral
 Somewhat not relevant Not relevant

7. How would you rate the level of content?
 Too advanced Just right Too basic

8. Why did you attend this session? (Check all that apply)
 Relates to my business The presenter(s) Interest in new product
 Compelling session description Increase product knowledge

9. Do you have any additional comments?





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