


2023

Annual Housing Activities Report

Federal Home Loan Mortgage Corporation

March 15, 2024

Freddie Mac
We make home possible®

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Executive Summary

About Freddie Mac

Freddie Mac's mission is to make home possible for families across the nation. Since 1970, we have helped tens of millions of families buy, rent or keep their home.

What We Do

We are a congressionally chartered corporation with a public mission to promote liquidity, stability and affordability in the housing market throughout all economic cycles.

- **Liquidity**: We keep mortgage money flowing through the housing market in communities from coast to coast, including cities, rural areas and underserved areas.
- **Stability**: Our support for the housing market in all economic environments helps families rent, buy and keep homes they can afford.
- **Affordability**: We are committed to creating a more affordable, sustainable and equitable housing finance system. We are also working on ways to address the lack of affordable housing supply through creation, preservation and rehabilitation.

Freddie Mac operates in the U.S. secondary mortgage market, buying responsible, sustainable loans from approved single-family and multifamily lenders. We then pool the mortgages into securities and sell them to a diverse set of investors from all over the world. This process enables us to buy more loans from lenders who can in turn help more families buy or rent a home. We serve this role throughout the economic cycle, in good times and bad.

Our Mission and Strategic Priorities

Freddie Mac has four strategic priorities, each of which was created to ensure we fully serve our mission:

- Deliver on the affordable housing component of our mission.
- Identify, assess and manage our risks.
- Grow, develop and empower talent – for today and tomorrow.
- Build financial strength to serve our mission.

These strategic priorities help us create a more liquid, stable, affordable and equitable housing finance system that serves lenders, families and the housing market. And, as with any mission-driven company, our people are at the center of all we do.

We Make Home Possible

Our Priorities in Service of This Mission:

Our 2023 Impact

For the company, 2023 marked a year of continued progress as we put our housing mission at the center of all we do. For example, Freddie Mac made home possible for more than 1.4 million families, while delivering solid financial results. That included:

- Providing approximately $348 billion in liquidity to the housing market through 1,000 lenders.
- Financing approximately 800,000 home purchases. Of those who purchased a primary residence, 51 percent were first-time homebuyers, the highest percentage since the company started tracking that statistic three decades ago.
- Financing more than 447,000 rental units, with 92 percent of eligible loans being affordable to low- and moderate-income families earning no more than 120 percent of area median income (AMI).

Our Single-Family segment financed approximately 955,000 total mortgages, and 56 percent of eligible loans were affordable to low- to moderate-income families. It also enabled 375,000 first-time homebuyers to purchase a home. The business purchased approximately 132,000 loans through Freddie Mac Home Possible® and Home One® initiatives, which offer down payment options as low as 3 percent. These offerings are designed to help qualified borrowers with limited savings buy a home.

As part of Multifamily segment's focus on "mission-driven" business, we financed more than $13 billion in Targeted Affordable Housing in 2023, supporting nearly 108,000 rent-restricted affordable units. Freddie Mac Multifamily also exceeded each of its Affordable Housing Goals, including those that support units affordable to low-income and very low-income renters.

Expanding Affordability for Borrowers and Renters

The affordable housing component of our mission remains the North Star of our efforts. As a result, we made significant progress in 2023 to ensure more qualified low-income families living in underserved communities can achieve the dream of homeownership or access affordable rentals. This included launching DPA One®, a free online resource that helps lenders quickly find and match borrowers to many of the different down payment assistance programs available across the nation.

As the cost of a down payment is the single largest barrier to homeownership for first-time homebuyers, down payment assistance can provide meaningful support for borrowers who cannot afford it. DPA One eliminates the complexity of finding and leveraging those programs so that lenders can help more qualifying borrowers.

We also continued to make significant technology advancements to help potential borrowers with thin credit files, particularly those who might not have traditional 9-to-5 jobs or banking relationships. For consenting borrowers, this includes automated capabilities that allow lenders to look at bank data to verify a borrower's assets, income and employment status, understand monthly cash flow activity and assess paystub details through direct deposit. We also now incorporate on-time rent payments in loan purchase decisions. All of this information can help lenders calculate income more precisely to improve loan quality, simplify the mortgage process and, most important, put more families in homes they can sustain.

In 2023, Freddie Mac expanded access to credit to traditionally underserved borrowers and communities through Special Purpose Credit Programs (SPCPs). Under federal law, lenders may use an SPCP to offer special credit terms (e.g., down payment assistance, underwriting or pricing) for traditionally disadvantaged groups. At Freddie Mac, we have implemented a two-pronged approach to using SPCPs. First, we designed our own SPCP, BorrowSmart Access℠, for lenders to offer to borrowers. BorrowSmart Access is currently available in 10 major cities across the country. Second, we are acquiring loans via lender-designed SPCPs. By providing liquidity to the market for these programs, lenders can reach more qualified borrowers in underserved communities.

For renters, we continued to implement an initiative that encourages multifamily owner/operators to report on-time rent payments to the major credit bureaus. The results so far have been outstanding, with more than half a million renters enrolled in rent-reporting services. Of those, more than 300,000 saw their credit scores increase and more than 55,000 renters established a credit score for the first time. We also helped to create and preserve affordable rental housing by funding a record $2.6 billion in forward conversions, which supported more than 21,000 newly constructed or rehabilitated affordable units. In addition, it issued new commitments to fund $2.3 billion in future years, supporting over 22,000 units that will be constructed or rehabilitated. The forward program enhances the supply of new and rehabilitated affordable housing by providing certainty of permanent financing, even in volatile markets.

Financial Empowerment for Consumers

Consumer financial empowerment is a core component of Freddie Mac's mission to make home possible. A foundational understanding of how to manage expenses, grow savings and maintain a strong credit score can put consumers in a better position to reach their personal financial and housing goals and begin to build generational wealth.

Over the past two decades, more than five million consumers at various life stages have been empowered by Freddie Mac's CreditSmart® suite of financial capability and homeownership education resources, which are available at no cost. In 2023, we expanded our education efforts by announcing the relaunch of our CreditSmart financial capability curriculum in Spanish.

With expanded content, tailored design and a platform to better meet the needs of Spanish-speaking consumers, our relaunched CreditSmart curriculum in Spanish will help bolster and expand education across a range of relevant topics. Over the years, we evolved CreditSmart into a program that makes financial capability empowering instead of daunting, including with a personalized experience and even new content for renters. These efforts are in addition to our credit building initiative.

Increasing Opportunities for Diverse and Emerging Lenders and Market Participants

In 2023, Freddie Mac continued to increase diversity across the housing finance industry. We expanded the Develop the Developer℠ Academy, which previously focused on single-family developers, to include multifamily developers with properties of five or more units. The program provides training and technical assistance to diverse real estate developers to reinvest in and improve historically underserved areas. To date, the program has graduated 119 developers across five cohorts and educated over 500 developers and housing intermediaries through our supplemental deep dive sessions.

We also developed and implemented a program that bridges the gap between small financial institutions and Freddie Mac by leveraging our existing multifamily lender network as intermediaries. Our emerging correspondent program aims to support smaller lenders' efforts to scale their impact.

In addition, Freddie Mac continued our support for diverse-owned capital markets firms, acquiring the credit protection of approximately $833 million on more than $50 billion in unpaid principal balance of mortgage loans sub-brokered by certified minority business enterprises (MBEs) during the year.

At Freddie Mac, we know our work to support affordable, sustainable and equitable housing for families and communities nationwide is never done. Our efforts in 2023 represent progress we will continue to build on to make home possible for all.

Introduction

Pursuant to section 307(f) of the Federal Home Loan Mortgage Corporation Act, as amended, 12 U.S.C. § 1456(f), the Federal Home Loan Mortgage Corporation (Freddie Mac) must submit annually to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives and the Federal Housing Finance Agency (FHFA) a report on its activities under subpart B of part 2 of subtitle A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended, 12 U.S.C. §§ 4561 et seq.

The following constitutes Freddie Mac's 2023 Annual Housing Activities Report to Congress and the FHFA under section 307(f) and FHFA regulations at 12 C.F.R. 1282.63.2 [1]

1 The statistical and financial information included in this Report and in the tables referenced in this Report may not be comparable to information provided in Freddie Mac's public disclosure documents, including Monthly Volume Summaries and reports filed with the U.S. Securities and Exchange Commission, as the statistical and financial information included in this report and in the tables has been compiled and aggregated in accordance with specific regulatory guidelines. The information presented in the exhibits (and described in the related discussion) is derived from certain tables included in Freddie Mac's 2023 Annual Mortgage Report (2023 AMR). The 2023 AMR is being delivered to the FHFA with this report.

How Freddie Mac Supports Homeownership and Rental Markets [2]

In 2023, Freddie Mac purchased more than 880,000 mortgages on single-family owner-occupied properties, and close to 2,700 mortgages on multifamily properties.[3]

Freddie Mac has met all 2023 single-family housing goal benchmarks other than the very low-income home purchase benchmark. Compliance with the single-family housing goals requires either meeting or exceeding the benchmarks or market share measures, so the company may still ultimately meet the very low-income home purchase goal. FHFA will make a final determination regarding our 2023 single-family housing goals performance later in the year, after the release of data reported under the Home Mortgage Disclosure Act.

Exhibit A-1 summarizes our performance for the single-family affordable housing goals, listing for each affordable housing goal the regulatory benchmark, our performance against the benchmark in 2023, the dollar volume of goal-qualifying mortgages that Freddie Mac purchased in 2023, and the number of goal-qualifying mortgages.

	2023 FHFA Benchmark	2023 Market	2023 Performance	Volume ($Millions)	Owner-Occupied Mortgages Financed
Low-Income Purchase Goal	28%	To be determined by FHFA	28.5%	$42,942	209,432
Very Low-Income Purchase Goal	7%	To be determined by FHFA	6.8%	$7,279	50,244
Low-Income Areas Purchase Goal	20%	To be determined by FHFA	29.5%	$56,773	216,867
Low-Income Census Tracts Subgoal	4%	To be determined by FHFA	9.4%	$21,398	69,459
Minority Census Tracts Subgoal	10%	To be determined by FHFA	13.2%	$23,109	97,378
Low-Income Refinance Goal	26%	To be determined by FHFA	43.2%	$8,618	54,906

[2] § 307(f)(2)(A) requires that this report include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals established under such subpart.

[3] The vast majority of these single-family and multifamily mortgages funded "eligible housing units" for purposes of the housing goals, and thus was used as the basis for calculating our performance under the housing goals.

Exhibit A-2 summarizes our performance for the multifamily affordable housing goals, listing for the multifamily goal and subgoals, the regulatory targets, our performance against the targets in 2023 and the dollar volume of goal-qualifying units that Freddie Mac financed in 2023.

	2023 Benchmark (Percentage)	2023 Performance (Percentage)	Volume[4] ($Millions)
Low-Income Goal	61%	67.1%	$24,299
Very Low-Income Subgoal	12%	20.6%	$6,599
Low-Income Subgoal (5 – 50 Unit Properties)	2.5%	4.1%	$1,358

In 2023, Freddie Mac also financed 9,040 low-income rental units in single-family 2- to 4-unit properties in which an owner-occupant resides in one unit.

Based upon our preliminary multifamily results, we believe we achieved all housing goals and subgoals by exceeding the FHFA benchmarks. Our official performance will be determined and published by FHFA.

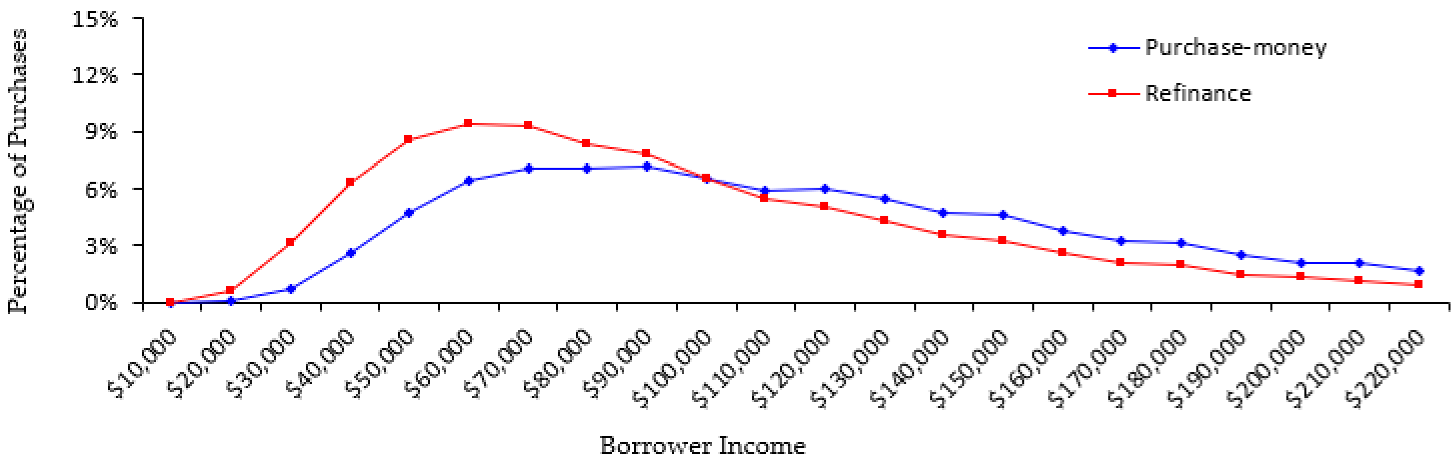
[4] Volume includes UPB amounts related to underlying Multifamily units with and without rental information, as reflected on Table 3A of the 2023 AMR.

How Freddie Mac Serves a Broad Range of Families [5]

In 2023, Freddie Mac financed housing for over 1.4 million families, including more than 980,000 single-family units and approximately 447,000 [6] multifamily rental units.

The following exhibits provide the information required under § 307(f)(2)(B).

Exhibit B-1: Freddie Mac's 2023 Single-Family Owner-Occupied Mortgage Purchases, by Borrower Income

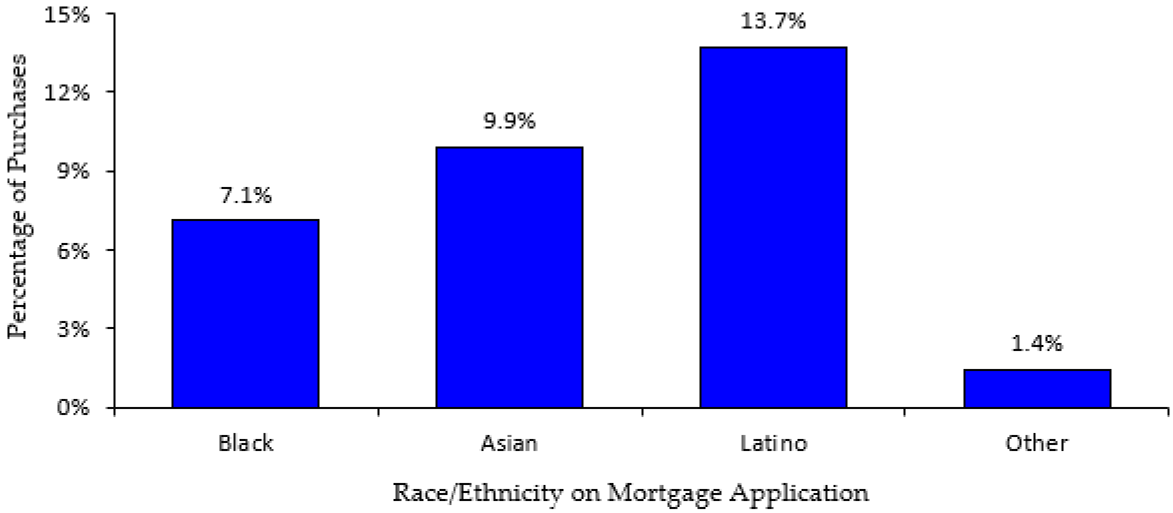


Source: Freddie Mac internal data. Exhibit B-1 represents most of Freddie Mac's Single-Family purchase-money and refinance mortgage purchase activity by income.

[5] § 307(f)(2)(B) requires that this report include, in aggregate form and by appropriate category, statements of the number of families served by the Corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed.

[6] Additionally, Freddie Mac provided financing for approximately 1,500 multifamily cooperative units.

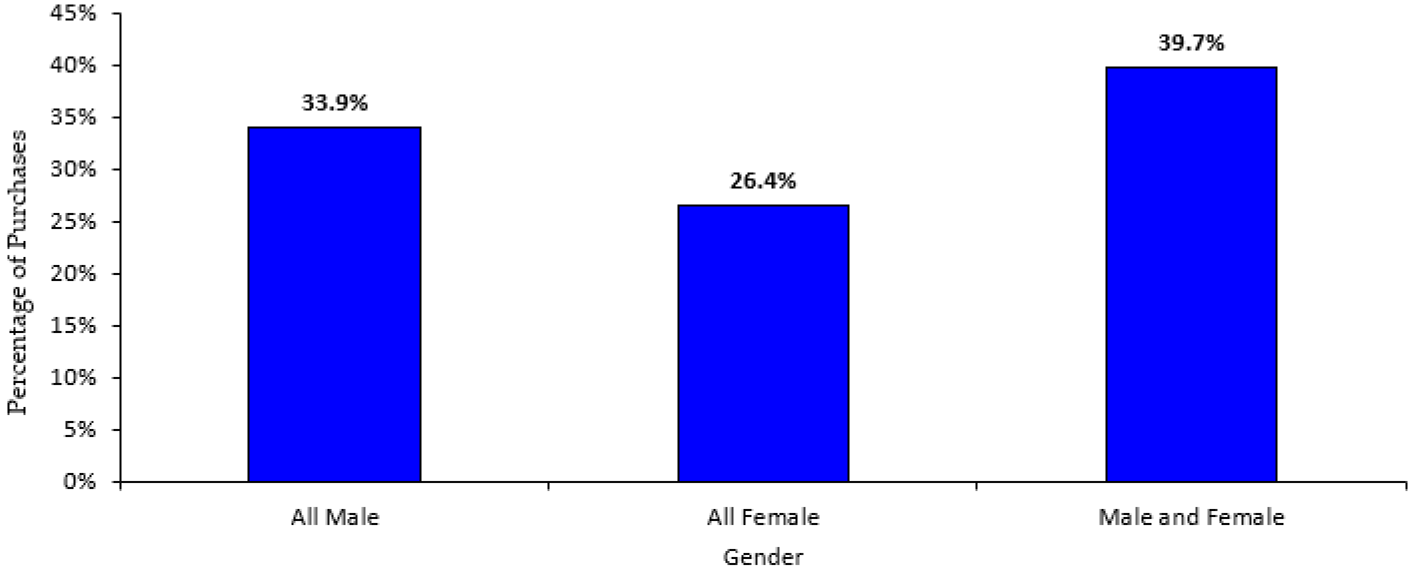
Exhibit B-2:
Freddie Mac's 2023 Single-Family Owner-Occupied Mortgage Purchases, by Race/Ethnicity of Minority Borrowers



Note: The “Other” category includes American Indian or Alaskan Native, Native Hawaiian or Other Pacific Islander, mortgages that have White and minority co-borrowers, and mortgages where a borrower defines him or herself to be of two or more races. The Latino borrower category overlaps with other minority categories since borrowers may define themselves to be of Hispanic/Latino ethnicity and also belong to one or more racial classifications. Minority shares exclude mortgages where (a) ethnicity is non-Hispanic/Latino and race is missing, (b) race is White and ethnicity is missing, or (c) both race and ethnicity are missing.

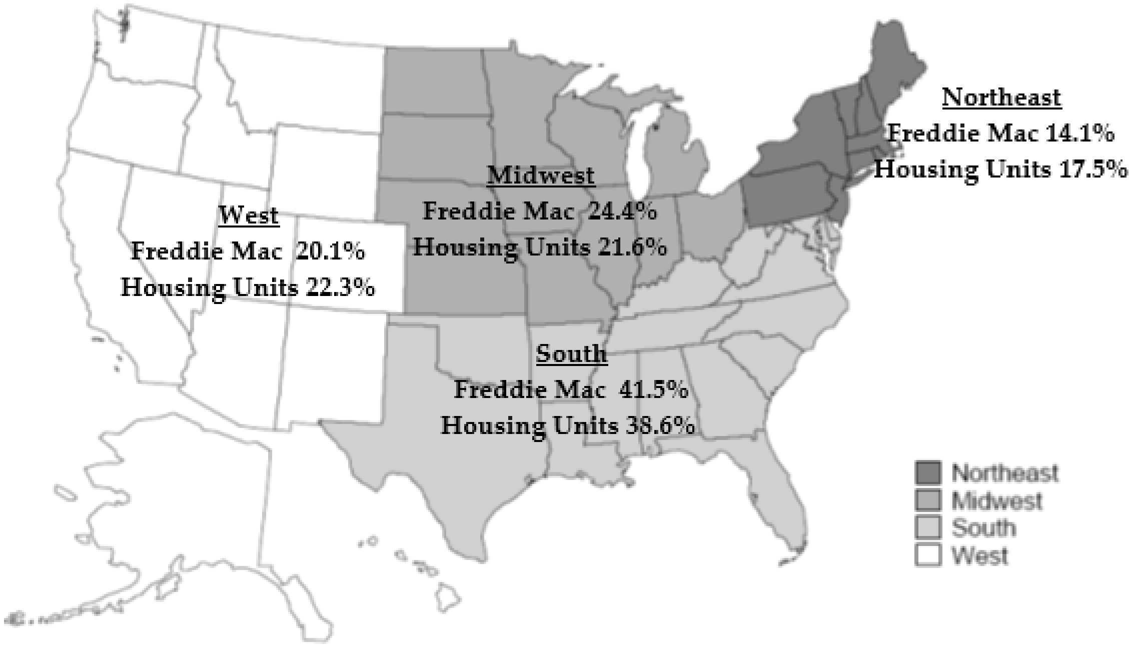
Source: Table 5A & 5B of the 2023 AMR.

Exhibit B-3:
Freddie Mac's 2023 Single-Family Owner-Occupied Mortgage Purchases, by Borrower Gender



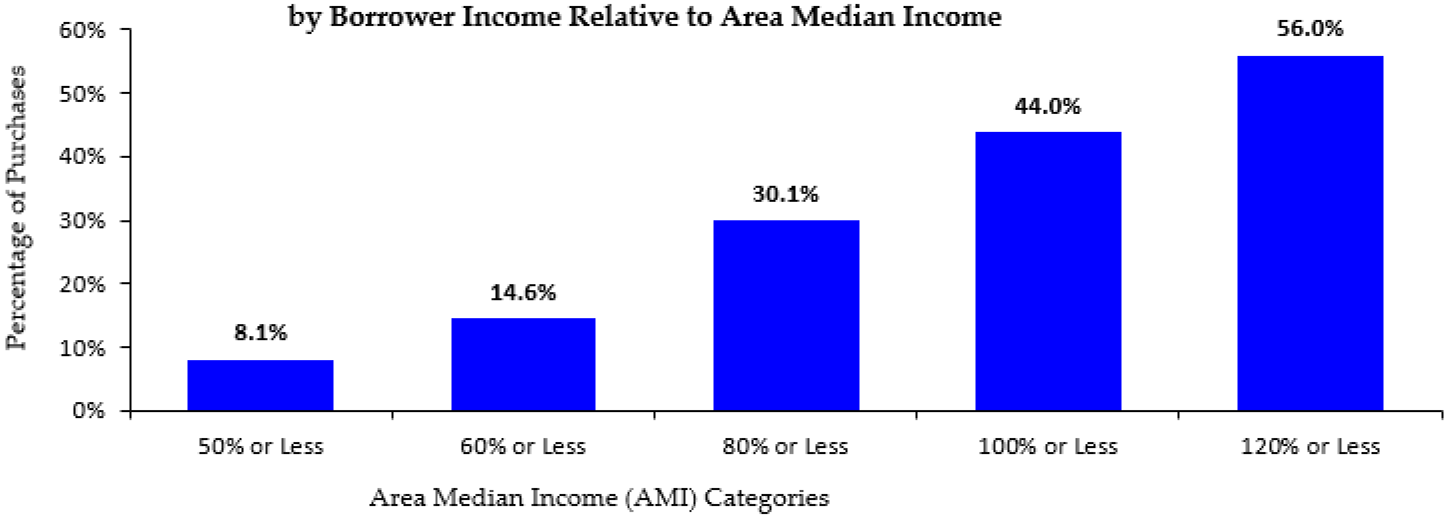
Note: These calculations exclude those mortgages for which we do not have borrower gender information.
Source: Table 6 of the 2023 AMR.

Exhibit B-4:
Freddie Mac's 2023 Single-Family Units Compared to
2022 Occupied Single-Family Housing Units, by Census Region



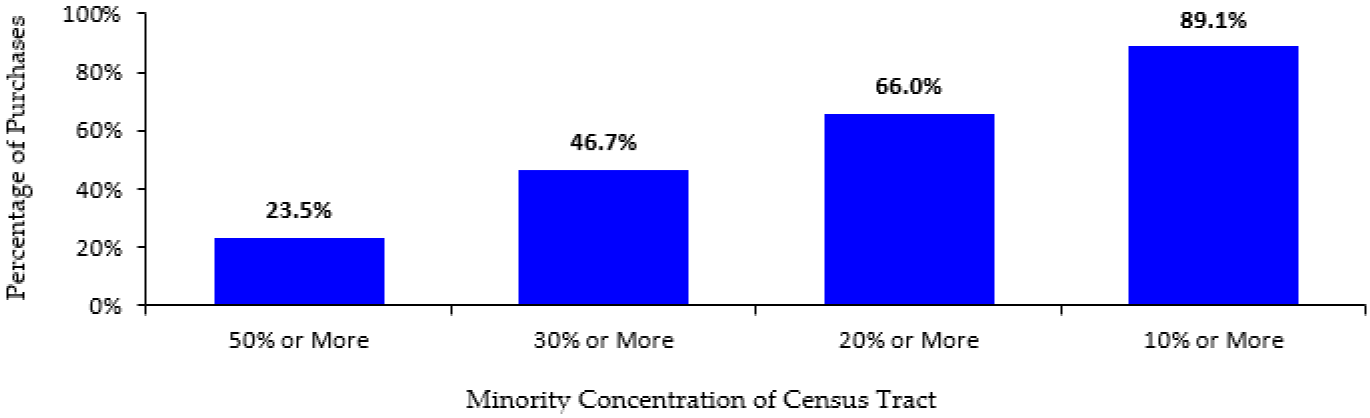
Note: Housing Unit data from 2022 American Community Survey.
Does not include Puerto Rico, Guam or U.S. Virgin Islands.

Exhibit B-5:
Freddie Mac's 2023 Single-Family Owner-Occupied Mortgage Purchases,
by Borrower Income Relative to Area Median Income



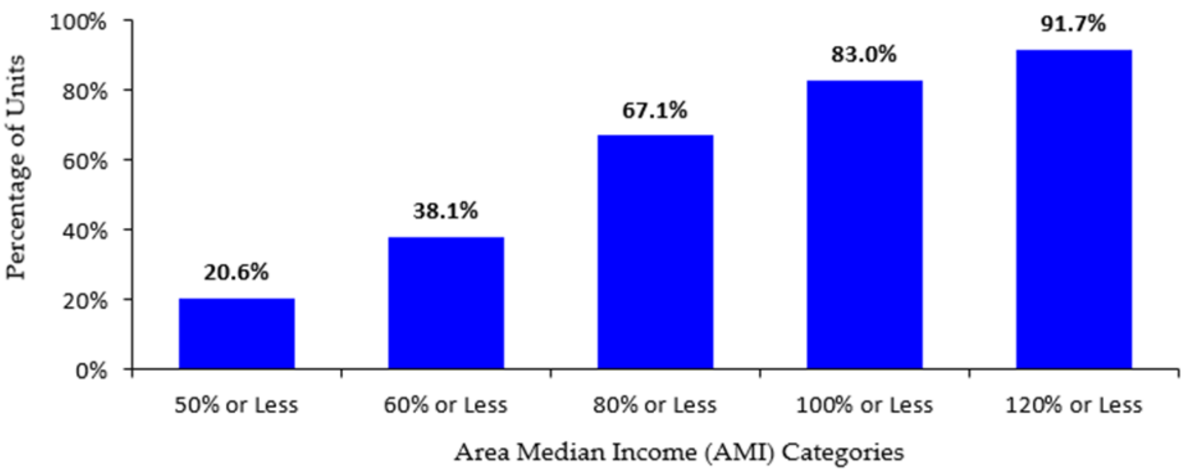
Note: These calculations exclude those mortgages for which we do not have borrower income information.
Source: Table 2 of the 2023 AMR.

Exhibit B-6:
Freddie Mac's 2023 Single-Family Owner-Occupied Mortgage Purchases, by Minority Concentration of Census Tract



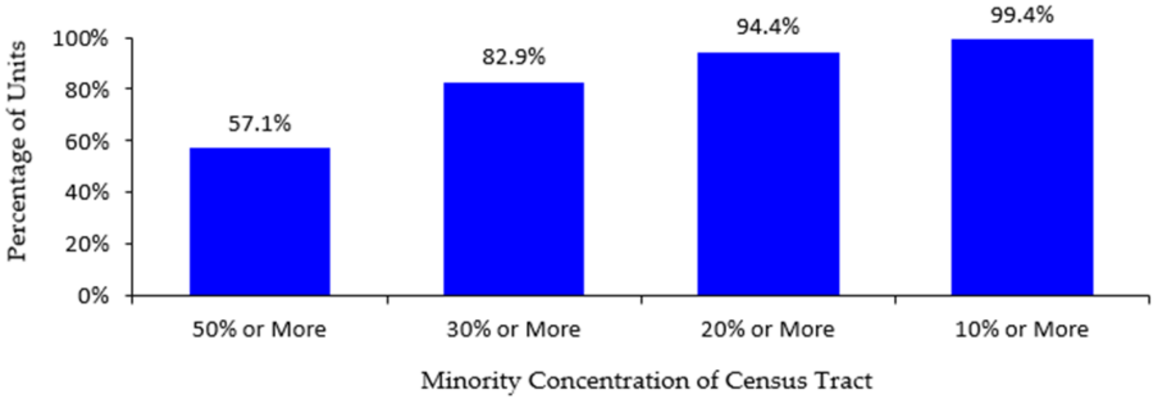
Source: Table 7 of the 2023 AMR.

Exhibit B-7:
Freddie Mac's 2023 Multifamily Rental Units, by Affordability Relative to Area Median Income



Source: Table 3A of the 2023 AMR.

Exhibit: B-8:
Freddie Mac's 2023 Multifamily Rental Units, by Minority Concentration of Census Tract



Source: Table 8A of the 2023 AMR.

How Freddie Mac Leverages Investments Made by Other Federal Housing Programs [7]

In 2023, Freddie Mac purchased or guaranteed almost $42 million in single-family mortgages (financing approximately 200 mortgages) and approximately $14.50 billion in multifamily mortgages (financing approximately 131,000 units) [8] that had been used in conjunction with various federal public subsidy programs including the following:

- The Federal Housing Administration (FHA) program
- The Department of Veterans Affairs (VA) program
- The U.S. Department of Agriculture's (USDA) Guaranteed Rural Housing program
- Mortgage Revenue Bonds (MRBs) issued by various state and local housing finance agencies (HFAs)
- Low-Income Housing Tax Credits (LIHTC)
- Section 8 and Section 236 programs

In addition, Freddie Mac securitizes pools of multifamily mortgage revenue bonds under its Tax-Exempt Bond Securitization (TEBS) execution and credit enhances tax-exempt multifamily mortgage revenue bonds through its bond credit enhancement program. These multifamily transactions totaled almost $1.15 billion in 2023, financing approximately 6,600 units. Freddie Mac also purchases tax-exempt loans (TELs) from HFAs. In 2023, these TEL multifamily transactions totaled roughly $2.81 billion, financing approximately 25,000 units.

[7] § 307(f)(2)(C) requires that this report include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under federal law.

[8] Approximately 65,350 of these units were Section 8, LIHTC and Section 236 supported units.

How Freddie Mac Expanded Access to Credit for First-Time and Underserved Families [9]

In 2023, Freddie Mac purchased over 375,000 mortgages of first-time homebuyers, representing 51 percent of our owner-occupied, purchase money mortgages for which information on the borrower's ownership history is available. [10]

Freddie Mac facilitated homeownership opportunities for first-time homebuyers through its single-family products, programs and services. For example, Freddie Mac's affordable Home Possible® and HFA Advantage® mortgage offerings are well established, providing financing for first-time homebuyers. In 2023, approximately 77 percent of Home Possible and HFA Advantage mortgages were attributable to first-time homebuyers.

Additionally, Freddie Mac continues to engage nonprofit organizations, lenders and housing professionals in educational and outreach initiatives designed to inform and prepare homebuyers and homeowners on how to build and maintain better credit, make sound financial decisions and understand the steps to successful long-term homeownership.

These actions complement the outreach and business-related activities in which Freddie Mac is continuously engaged with single-family lenders and state and local housing finance agencies (HFAs). For more information on these and other areas in which Freddie Mac is engaged in support of affordable housing, please see page 27.

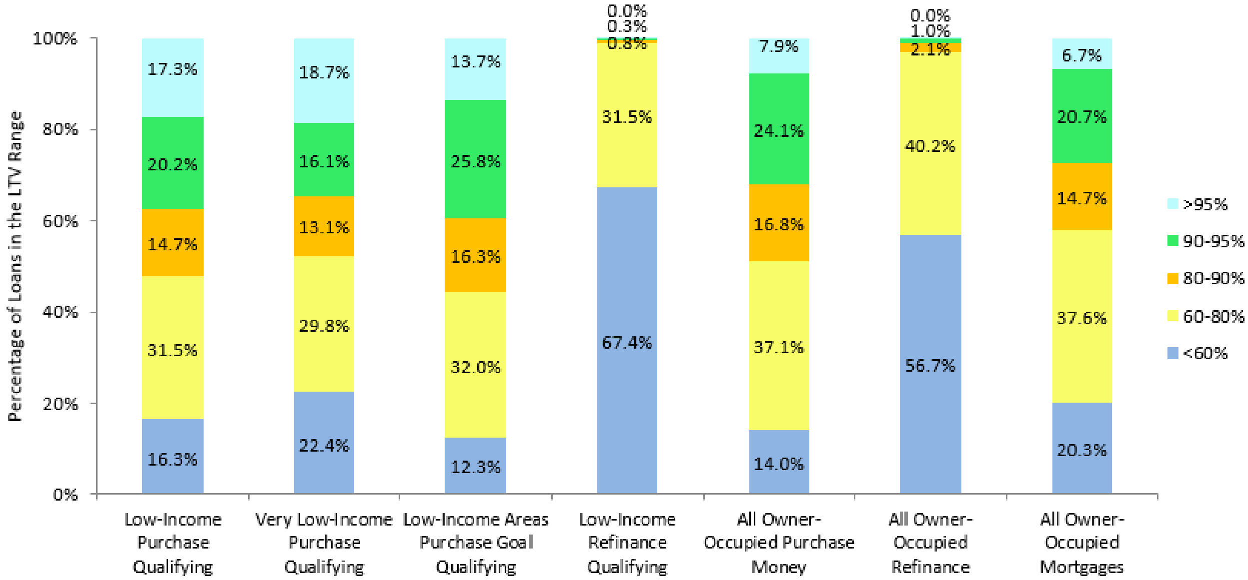
[9] § 307(f)(2)(D) requires that this report include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the Corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.

[10] We do not have any missing information on the borrower's ownership history for single-family, owner-occupied, purchase money mortgages we purchased in 2023.

How Freddie Mac Serves Families with a Range of Incomes [11]

Exhibit E compares the loan-to-value (LTV) distribution on the goal-qualifying, single-family owner-occupied mortgages acquired by Freddie Mac in 2023 to the LTV distribution on all single-family owner-occupied mortgages acquired by Freddie Mac in 2023, as measured at the time of origination.

Exhibit E:
Distribution of Freddie Mac Single-Family Owner-Occupied Mortgage Purchases by LTV



Note: These calculations exclude those mortgages for which we do not have LTV information.
Source: Table 11 of the 2023 AMR

[11] § 307(f)(2)(E) requires that this report include, in aggregate form and by appropriate category, the data provided to the Director of FHFA under subsection (e)(1)(B) [loan-to-value ratios purchased mortgages at the time of origination].

How Freddie Mac Ensures Access to Credit for All Market Segments [12]

During 2023, Freddie Mac securitized approximately $352 billion in single-family and multifamily mortgage loans. We had total portfolio acquisitions of $240 billion. In 2023, Freddie Mac's portfolio decreased by $8 billion.

[12] § 307(f)(2)(F) requires that this report compare the level of securitization versus portfolio activity.

How Freddie Mac Promotes Sustainable Homeownership

Section 307(f)(2)(G) of the Federal Home Loan Mortgage Act requires that this report assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending. As implemented by § 81.43(a) of the U.S. Department of Housing and Urban Development's regulations, 24 C.F.R. § 81.43(a) (2005).

Freddie Mac regularly evaluates market conditions, the credit environment and the performance of our mortgage purchases. This helps align our underwriting standards, business practices, repurchase requirements, pricing, fees and procedures with our mission to provide liquidity, stability and affordability to the conforming mortgage market and to promote affordable housing, access to credit and fair lending.

During 2023, Freddie Mac continued to take steps consistent with prudent risk management to manage the risk of our credit terms, provide mortgage leadership in the marketplace and help lenders make mortgage financing available for homeowners. In doing so, Freddie Mac made credit policy changes and enhancements in 2023 to help serve very low-, low- and moderate-income households, including the following:

CHOICERenovation® Mortgage Enhancements — CHOICERenovation mortgages are designed for borrowers looking for convenience and cost savings by financing their home purchase – or refinancing – while including renovation costs in one single loan. CHOICERenovation helps address the aging housing supply, aging-in-place housing and the effects of natural disasters, while also supporting the shortage of affordable housing. We enhanced our CHOICERenovation offering by:

- Removing the minimum contingency reserve requirement when mortgage proceeds are used exclusively to finance the addition or renovation of outdoor structures used for leisure and recreation (e.g., pool, porch, etc.).
- Extending the completion date requirement to within 450 days of the Note Date.
- Permitting CHOICERenovation mortgages to be used in conjunction with our GreenCHOICE Mortgages® offering, enabling a lender to be eligible for the GreenCHOICE credit.

Home Possible® Mortgage Enhancements & Adjustments — The Home Possible mortgage offers options and credit flexibility to help very low- to low-income borrowers. We enhanced our current Home Possible offering by:

- Expanding the appraisal eligibility requirements to allow desktop appraisal for some purchase Home Possible mortgages, reducing processing time and appraisal costs to the borrower.

Manufactured Housing Mortgage Enhancements — Manufactured housing mortgages expand homeownership opportunities and support increased housing supply to borrowers with mortgages secured by manufactured homes. We enhanced our manufactured housing offering by:

- Expanding our requirements for the loan-to-value ratios calculation where the purchase of an existing manufactured home permanently affixed to the foundation and sold by a builder or developer as part of a new or existing subdivision will calculate the value equal to the lower of the purchase price of land and home or the current appraised value.
- Eliminating the seasoning requirement for a manufactured home to be permanently affixed to the foundation for 12 months prior to the application date for mortgages where an existing manufactured home in a manufactured home subdivision is sold by a builder or developer.
- Adding clarification around a cash-out refinance on a manufactured home, requiring that the borrower must have owned both the home and land for 12 months prior to note date unless the property is owned free and clear. For a cash-out refinance mortgage on a property owned free and clear, at least one borrower must have been on the title to the subject property for at least six months prior to the note date.
- Requiring site-built comparable sales to be used when appraising CHOICEHome manufactured homes if no other CHOICEHome comparable sales are available.
- Expanding eligibility to allow HUD Code-compliant single-wide manufactured homes classified as real property to be eligible for sale to Freddie Mac without prior approval.
- Providing GreenCHOICE mortgages to finance energy and/or water efficiency improvements or pay off (or pay down) existing debt incurred to make such improvements.

GreenCHOICE Mortgage® Enhancements — This offering helps facilitate the financing of energy efficient home improvements and energy efficient homes. We enhanced our GreenCHOICE offering by:

- Expanding eligible improvements to include ENERGY STAR Energy Efficient Products, electrification improvements, health and safety items and resiliency and preventative improvements to mitigate natural disaster damage.
- Removing credit overlays for certain “no cash-out” refinance GreenCHOICE mortgages that are also Home Possible or HomeOne mortgages.

Shared Equity Programs – Income-Based Resale Restrictions & Community Land Trusts Enhancements — Income-based resale restricted properties and community land trusts (CLTs) provide permanent affordable homeownership opportunities for households with very low, low, and moderate incomes through a shared equity model. These programs are established and managed by nonprofits, or by state or local governments and help improve communities through investment, empowerment and lasting affordability. We enhanced the mortgage requirements by:

- Providing flexibility around income-based resale restricted properties by permitting the subsidy provider to receive excess proceeds under certain circumstances.
- Reducing the requirements, the lender must review to determine eligibility of a subsidy provider.
- Allowing the share of appreciation due to the subsidy provider to be paid from proceeds during a “no cash-out” refinance transaction.
- Allowing a CLT ground lease memo to be recorded as opposed to the full ground lease. This saves the borrower money at closing.

HeritageOne℠ – New Offering — In support of our Duty to Serve plan and Freddie Mac's mission, we announced a new offering designed to meet the borrowing needs of enrolled members of Native American tribes living within eligible Native American tribes' tribal areas. We announced the following requirements:

- At least one borrower must be an enrolled member of a Native American tribe and occupy the property as their primary residence.
- Highlights of the offering include: no maximum income limits, funds to close may come from a variety of sources, an appraisal cost offset credit will be paid by Freddie Mac if an appraisal is obtained, title insurance is not required in certain circumstances and, for market areas without a sufficient number of comparable sales, the appraisal report may be based solely on the cost approach for the opinion of market value.

Additional Mortgage Financing Enhancements

Affordable Seconds® — These are second lien mortgages that provide funds for down payment and closing costs during a purchase transaction. These second lien mortgages can be fully amortized or forgiven and can be used in conjunction with our Home Possible or HomeOne offerings. We expanded funding sources of affordable seconds to allow credit unions and community development finance institutions to be eligible providers when certain conditions are met.

Rental Income Requirement Changes — Rental income can help qualify borrowers (under certain conditions) make the home more affordable. We made the following changes:

- Removed the requirement that the minimum lease term is one year.
- Specified that newly executed leases must receive the first rental payment no later than the first payment date of the mortgage.
- Updated documentation requirements on two months' rental income.
- Permitted receipt of security deposit and first month's rent in lieu of two months of rent payments; and removed appraisal requirements for an accessory dwelling unit (ADU) that at least one comparable must have a rented ADU.

How Freddie Mac Promotes Fair Lending

The Annual Assessment

The principal federal fair lending laws applicable to Freddie Mac include the Fair Housing Act, the Equal Credit Opportunity Act and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended, and their implementing regulations. Under the Safety and Soundness Act, as part of this report, the company must provide an annual assessment of its standards, business practices and requirements that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results on a prohibited basis to promote affordable housing or fair lending. The sections that follow satisfy this requirement by detailing efforts to further promote affordability, fair lending and equity.

Freddie Mac's Fair Lending Program

Freddie Mac continued to enhance its enterprise-wide fair lending program to effectively identify, assess, monitor and mitigate fair lending risk, prevent the occurrence of fair lending violations and remediate fair lending issues. To support our program, we completed the following enterprise and divisional milestones:

- Enhanced fair lending governance oversight, including increased reporting, operationalized fair lending policy and standard, and continued centralization of the fair lending compliance program; continued centralization of the Enterprise fair lending compliance program.

- Enhanced compliance monitoring and testing activities related to fair lending.
- Designed and executed an enterprise-wide fair lending risk assessment, including Enterprise and divisional ratings.
- Established accountability over fair lending data, strengthened our Single-Family fair lending analytics plan, and enhanced fair lending activities related to appraisals in Single-Family.
- Formalized process to identify and mitigate potential appraisal bias and enhance fair lending model oversight in Multifamily.

Expanding Access through Loan Product Advisor® (LPA℠)

Advanced Fair Lending Methodologies: The company has continued to develop and deploy advanced techniques for our fair lending analytics of our major models, including LPA. The company employs machine learning techniques, such as adversarial debiasing, to search for less discriminatory alternatives. Adversarial debiasing uses two models — one trained on risk and another to evaluate disparities in the risk model for prohibited bases — simultaneously to identify models with less potential disparate impact. These techniques mitigate fair lending risk by attempting to reduce disparities in Accept rate ratios while maintaining established risk parameters. The company also continued developing and deploying advanced proxy identification methodologies to further mitigate fair lending risk.

- **Alternative Credit Information**: The company continued to develop the Freddie Alternative Credit Summary (FACS), a proprietary statistically-based summary of credit file information. In December 2023, FACS was incorporated into LPA to remove LPA's reliance on third-party credit scores for the purpose of the model's credit assessment. These updates, as well as advances in fair lending techniques, should result in additional applications being accepted relative to the previous LPA model.

- **LPA Stakeholder Community:** All proposed modifications to Freddie Mac's LPA that implicate fair lending matters are reviewed by our internal stakeholder community that is comprised of members from across the company, including fair lending stakeholders.

Additionally, the company is continuing to explore incorporating additional alternative credit information within LPA.

Freddie Mac Efforts to Manage Risks Associated with Potential Appraisal Bias

Freddie Mac implemented several strategies to address potential undervaluation of properties in traditionally underserved minority communities and the potential for implicit bias in appraisals:

- Implemented text mining capabilities to detect potentially discriminatory or otherwise inappropriate language in appraisal documents;
- Reviewed appraisal reports identified in the May 2022 Freddie Mac Research Note, *Racial & Ethnic Valuation Gaps in Home Purchase Appraisals - A Modeling Approach*, for indicia of potential bias in the appraisal process; and
- Freddie Mac also updated the *Single-Family Seller/Servicer Guide* (Guide) to clarify Seller responsibilities for appraisals and established new requirements for servicers to maintain certain fair lending data elements. The requirements will be effective for all mortgages originated after March 1, 2023.

Pricing/Fees

To advance sustainable and equitable access to affordable housing, FHFA announced a new pricing framework on October 24, 2022, that was developed in partnership with Freddie Mac and Fannie Mae.

The new pricing framework eliminates upfront fees for certain first-time homebuyers, low-income borrowers and mission-related loan programs and was implemented in the first quarter of 2023.

Repurchase Requirements

Freddie Mac promotes fair lending compliance among its business counterparties by requiring Seller/Servicers to comply with all applicable federal, state and local laws, including the Fair Housing Act and the Equal Credit Opportunity Act, as further described in the Guide. Freddie Mac has the right to issue a repurchase request to any Seller for Seller violations of certain laws, including the Fair Housing Act and the anti-discrimination provisions of the Equal Credit Opportunity Act.

How Freddie Mac Supports the Affordable Housing Rental Market [13]

Our Multifamily segment provides liquidity and support to the multifamily mortgage market through a variety of activities that include the purchase, securitization and guarantee of multifamily loans originated by our Optigo® network of approved lenders. Our support of the multifamily mortgage market occurs through all economic cycles and is especially important during periods of economic stress. During these periods, we serve a critical countercyclical role by providing liquidity when many other capital providers exit the market. Central to our mission is our commitment to support greater access to quality, affordable and sustainable rental housing, particularly in underserved markets.

National Trends in the Primary and Secondary Multifamily Mortgage Markets

Effective rent growth (i.e., the average rent paid by the renter over the term of the lease, adjusted for concessions by the landlord and costs borne by the renter) was down in 2023, averaging -1.7 percent at the national level, according to Reis.

Completions in 2023 exceed net absorptions for the year, causing rents to decline. Demand for rental units moderated during the year due to increased economic uncertainty. Throughout 2023, the vacancy rate increased by 50 basis points; vacancies at year end 2023 averaged 5.4 percent, which is just above the long-term average (between 2000 and 2022) of 5.3 percent.

Multifamily property prices declined -8.4 percent during the year, as reported by Real Capital Analytics, and down -14.5 percent from the peak in 2022. The decline in property prices during the year was attributable to higher interest rates increasing cap rates along with interest rate volatility slowing transaction activity.

Our multifamily delinquency rate was 28 basis points at December 31, 2023, up from 12 basis points at December 31, 2022.

Freddie Mac Multifamily Financing and Initiatives

The amount and type of multifamily loans that we purchase are influenced by current market conditions and business strategy, along with the Multifamily loan purchase cap and the Multifamily Affordable Housing goals established by FHFA.

Our new business activity was $48.3 billion in 2023, down 34 percent compared to 2022, as higher mortgage interest rates have reduced demand for multifamily financing. Approximately 66 percent of this activity in 2023, based on UPB, was mission-driven, affordable housing, exceeding FHFA's minimum requirement of 50 percent.

[13] § 307(f)(2)(H) requires that this report describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress, toward standardization and securitization of mortgage products for multifamily housing.

Our index lock agreements and outstanding commitments to purchase or guarantee multifamily assets were $16.3 billion and $14.8 billion as of December 31, 2023 and December 31, 2022, respectively.

Standardization and Securitization

Our primary business model is to acquire loans that lenders originate and then securitize those loans into mortgage-related securities that transfer interest rate and liquidity risk to investors and can be sold in the capital markets. We guarantee some or all of the issued mortgage-related securities in exchange for guarantee fees. To reduce our exposure under our guarantees, we transfer mortgage credit risk to third-party investors, either through the issuance of subordinate securities as part of the securitization transaction or by entering into a freestanding Credit Risk Transfer (CRT) transaction.

Our Optigo network allows lenders to offer borrowers a variety of loan products for the acquisition, refinance and/or rehabilitation of multifamily properties. While our Optigo lenders originate the loans that we purchase, we use a prior-approval underwriting approach. Under this approach, we maintain credit discipline by completing our own underwriting, credit review and legal review for each loan prior to issuing a loan purchase commitment, including reviewing third-party appraisals, performing cash flow analysis and evaluating a borrower's ability to exit at maturity. This helps us maintain credit discipline throughout the process. Additionally, to protect against prepayments, most multifamily mortgage loans impose prepayment charges, such as a yield maintenance fee.

We securitize substantially all the loans we purchase after a short holding period as we aggregate sufficient loans with similar terms and risk characteristics. We offer two main types of securitization products: Multifamily K Certificates®, which typically involve the issuance of subordinate securities that transfer credit risk to third-party investors, and Multifamily PCs, which are fully guaranteed securities where we retain the credit risk of the underlying mortgage loans. We have increased the issuance of securitization products focused on addressing affordable housing challenges and supporting broader environmental, social and sustainability goals.

During 2023, we issued $33.3 billion of K Certificates and $15.1 billion of Multifamily PCs. As part of Freddie Mac Multifamily’s ongoing commitment to affordable, quality rental housing, the company issued $4.7 billion of Green, Social and Sustainability Impact Bonds across various deal types.

While we primarily transfer credit risk through subordination (mainly via our K Certificate transactions), we also enter into other types of CRT transactions (primarily Multifamily Credit Insurance Pool [MCIP] and Structured Credit Risk [SCR] Trust notes) to transfer to third parties a portion of the credit risk of certain loans that are not covered by subordination, such as our Multifamily PCs. During 2023, we transferred a portion of the credit risk related to $17.0 billion of assets via MCIP and SCR Trust notes.

As of December 31, 2023, we have cumulatively transferred a substantial amount of the expected and stressed credit risk on the Multifamily mortgage portfolio, primarily through subordination in our securitizations. In addition, our securitization activities shifted interest-rate and liquidity risk associated with the underlying collateral away from Freddie Mac to third-party investors.

Trends in Delinquency and Default Rates for Low- and Moderate-Income Families [14]

Two measures contrast the delinquency and default performance of mortgages serving low- and moderate-income (LMI) borrowers to the performance of mortgages serving borrowers who are above the area median income (non-LMI). In Exhibit I, the chart compares Early 90-day delinquencies (occurring within the first 12 months of acquisition) and defaults.[15]

[14] § 307(f)(2)(I) requires that this report describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the Corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the Corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.

[15] The information presented in this section and in Exhibit I is based upon an analysis of unseasoned, conforming, conventional, owner-occupied primary residences, forward amortizing, first lien, non-Graduated Equity Mortgages/Graduated Payment Mortgages, excluding Relief Refinance mortgages and HAMP modifications. Delinquency is defined as the borrower ever being 90 or more days delinquent on the mortgage within 12 months of Freddie Mac's acquisition. Default is defined as a foreclosure, deed-in-lieu of foreclosure, or third-party sale occurring at any point since Freddie Mac acquired the mortgage. With respect to the delinquency rate, we analyzed only the performance during the first year so that we could present a trend over time that avoided commingling mortgages of different ages. The analysis presented here does not control for other risk factors, such as LTV or credit history.

Exhibit I: Relative Early 90-Day Delinquency and Default Rates between Single-Family Loans Serving Low- and Moderate-Income Families and Loans Serving Families with Income above the Median Level, by Year

Acquisition Year	Income Group	Average Rate of 90-day Delinquency	Percent Difference	Average Rate of Default	Percent Difference
2013	Above Median Income	0.03%		0.24%	
	Low-Mod Income	0.08%	165%	0.71%	198%
2014	Above Median Income	0.06%		0.38%	
	Low-Mod Income	0.13%	124%	0.92%	139%
2015	Above Median Income	0.05%		0.31%	
	Low-Mod Income	0.11%	103%	0.70%	126%
2016	Above Median Income	0.08%		0.30%	
	Low-Mod Income	0.14%	78%	0.69%	131%
2017	Above Median Income	0.36%		0.29%	
	Low-Mod Income	0.38%	8%	0.70%	141%
2018	Above Median Income	0.14%		0.25%	
	Low-Mod Income	0.26%	89%	0.65%	156%
2019	Above Median Income	1.90%		0.13%	
	Low-Mod Income	2.07%	9%	0.38%	197%
2020	Above Median Income	0.97%		0.05%	
	Low-Mod Income	1.29%	33%	0.16%	223%
2021	Above Median Income	0.31%		0.05%	
	Low-Mod Income	0.45%	45%	0.15%	190%
2022	Above Median Income	0.50%		0.07%	
	Low-Mod Income	0.73%	46%	0.17%	136%

Source: Internal Freddie Mac delinquency data.

Freddie Mac's Broad and Diverse Partnership Network [16]

Freddie Mac purchases mortgages from a network of over 1,606 Single-Family lenders, benefiting borrowers across the U.S. and its territories. Some of these firms sell mortgages to Freddie Mac on a regular basis, while others sell to Freddie Mac only occasionally.

Of the total Single-Family seller network, 1,082 Single-Family lenders sold mortgages to Freddie Mac in 2022, and approximately 80.3 percent of the total Single-Family lender network are considered community-oriented lenders. In 2022, Freddie Mac purchased approximately $26.83 billion in Single-Family mortgages from community-oriented lenders, approximately $91.70 billion in Single-Family mortgages from regional lenders, and approximately $22.34 billion and $5.71 billion in Single-Family mortgages from lenders which identified themselves as minority-owned and or women-owned, respectively, for a total volume of $28.04 billion collectively.

Beginning in 2023, Freddie Mac has implemented an account support model which increases our dedication to support minority-owned, women-owned and community-oriented lenders.

Freddie Mac purchases mortgages from a network of 55 active Multifamily lenders. During 2023, of the total active multifamily lender network, 26 lenders sold the large majority of Multifamily mortgages to Freddie Mac [17] and five lenders participated in one-time structured transactions. The remaining 24 active Multifamily lenders participated in one-time structured transactions or sold mortgages pursuant to the single-family Rental pilot program (such pilot program has concluded as directed by FHFA) [18] in previous years. Of the total active multifamily lender network, six such lenders identified themselves as community-oriented lenders and one such lender identified themselves as a woman-owned lender.

[16] § 307(f)(2)(J) requires that this report describe in the aggregate the seller and servicer network of the Corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.

[17] These lenders included our Conventional, Targeted Affordable Housing, Seniors Housing and Small Balance Loan lenders. This list is available at https://mf.freddiemac.com/borrowers

[18] https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/SFR-Decision-8212018.pdf

Freddie Mac's Partnership with Community-based and Other Nonprofit and For-Profit Organizations [19]

Freddie Mac undertakes numerous activities in support of affordable housing with state and local governments, housing finance agencies (HFAs), our lender customer and a wide variety of nonprofit and for-profit organizations. The following sections describe some of these affordable activities Freddie Mac continued to take in 2023 that also support the objectives of the Cranston-Gonzalez National Affordable Housing Act.

HFA Activities

Freddie Mac recognizes the vital role HFAs play in providing financing and programs that create housing opportunities for low- to moderate-income borrowers and believes working collaboratively with HFAs is important to advancing affordable, sustainable homeownership. To that end, Freddie Mac continues to explore and identify opportunities to partner with HFAs.

Consistent and Sustainable Liquidity Source: Our HFA Advantage® mortgage product was specifically created to support state and local HFAs' affordable lending efforts. HFA Advantage allows 97 percent LTV and 105 percent maximum total LTV ratios, enables HFAs to apply their own mission-driven income limits, and allows their preferred homebuyer education programs. In 2023, 88.5 percent of HFA Advantage mortgages were made to first-time homebuyers, and 73.2 percent of the HFA loans delivered to Freddie Mac qualified for at least one single-family affordable housing goal. Freddie Mac funded loans from state and local HFAs in 37 states and the District of Columbia.

Outreach and Training: In 2023, approximately 9,400 housing industry professionals, including key personnel from HFA-approved participating lenders and realtor partners, participated in 147 Freddie Mac-hosted HFA Advantage training sessions nationwide. These educational sessions provided operational and technological support, consultation on Freddie Mac loan products and program design, and discussion of housing market trends. Freddie Mac's numerous touchpoints with HFAs help us understand the evolving needs of our HFA clients.

Collaboration, Input, and Thought Leadership: Freddie Mac's dedicated internal HFA teams focus on enhancing our relationships with state and local HFAs. We seek HFAs' insight on certain innovative affordable housing activities in which they regularly engage. Additionally, our HFA partners actively participate in key corporate advisory groups and initiatives. State and local HFAs from across the country provide the majority of down payment assistance (DPA) programs.

In 2023, Freddie Mac launched DPA One®, an industry-standard database and user interface to capture, retain and provide information for affordable DPA programs nationwide, and development and issuance of a standardized subordinate note and security instrument for affordable DPA programs. For DPA program providers, DPA One is a centralized location for providers to manage their programs and deliver information on how their programs are received, matched and utilized. This initiative improves access to DPA programs, reducing production costs and potential errors related to originating, documenting and delivering loans and improving the borrower's experience and understanding of their second loan obligations.

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19 § 307(f)(2)(K) requires that this report describe the activities undertaken by the Corporation with non-profit and for-profit organizations and with State and local governments and housing finance agencies, including how the Corporation's activities support the objective of comprehensive housing affordability strategies under section 12705 of Title 42.

Neighborhood Stabilization [20]

In an effort to continue stabilizing communities that had been hardest hit by the housing crisis, Freddie Mac maintained its Block-by-Block Initiative (BbB) designed to revitalize struggling urban neighborhoods. Through collaboration with neighborhood organizations, local residents and key stakeholders, BbB is intended to help facilitate sustainable neighborhood growth.

Chicago's Block-by-Block Neighborhood Strategy team continued meeting residents where they are, to understand the distinct target neighborhoods' unique needs. This team collaborated with community partners and other nonprofits to identify community support gaps that extended beyond the traditional view of homeowner stability. While mortgage and rental assistance programs were available, this expanded view also included safety, wellness and resiliency.

Home sales in the target area continue at a faster pace than adjacent neighborhoods, with 36 new homeowners in 2023. Residents continue to be proactive in reaching out to the BbB lead organization, Neighborhood Housing Services of Chicago. More than 250 residents received education and mortgage assistance grants which allowed them to make home repairs or helped them avoid losing their homes.

Block-by-block Chicago reached nearly 6,000 residents through over 100 engagements in 2023. The lead agency was able to resume homebuyer fairs and other community activities in person post pandemic. These activities were held in all BbB neighborhoods at several community venues including libraries, schools and churches. Resident engagement remains high and popular workshop include DIY repairs, property taxes, wealth building and rental/mortgage assistance programs.

Similar to Chicago, the Block-by-Block initiative in Baltimore was significantly impacted by the pandemic but was able to return to many pre-pandemic activities in 2023. The community re-brand and marketing campaign that began in 2022 showcased the revitalization efforts undertaken on the Fayette Street corridor, as well as complimentary efforts of other nonprofit organizations. They continued leveraging social media, local advertising and the voices of local influencers to create community conversations about the benefits of homeownership, and the opportunities for homeownership in Baltimore City.

The lead nonprofit was able to return to doing face-to-face outreach and education in 2023, post-pandemic. This allowed them to host more community meetings and workshops. More than 100 potential homebuyers from Baltimore received homebuyer education and counseling. Although homebuyer volumes were down due to rising interest rates, the shortage of inventory and increasing home prices, the lead nonprofit successfully renovated and sold eight properties. Moving into 2024 they have one property currently on the market for sale, six under construction and are awaiting permits to begin work on six additional homes.

Borrower Help Centers/Borrower Help Network

Freddie Mac continues to maintain its Borrower Help Centers & Borrower Help Network (BHC/N) [21] with selected HUD approved nonprofit organizations in several metropolitan areas, as a single source of mortgage-related help with professional and tenured housing counselors. Along with the BHC/N, we work with more than 50 local and national nonprofit intermediaries to support Freddie Mac's ongoing commitment to educating renters and preparing prospective buyers for sustainable homeownership and helping struggling borrowers avoid foreclosure. Given the impact of increased interest rates and limited affordable housing supply, the demand for front-end homebuyer education has decreased. Many of these agencies have had increased demand for wraparound services such as rental assistance, utility assistance and job placement. The need for post-purchase counseling continues, as borrowers continue to struggle economically post the pandemic.

In 2023, the BHC/N and other partners provided approximately 28,000 individuals with one-on-one pre-purchase counseling, homebuyer education to more than 138,000 consumers, financial capability education and counseling to approximately 317,000 individuals; referred more than 11,000 potential

[20] https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/Neighborhood-Stabilization-Initiative.aspx
[21] https://myhome.freddiemac.com/resources/working-with-freddie-mac-borrower-help-centers

homebuyers to lenders for homeownership opportunities; and provided foreclosure avoidance education and counseling to more than 30,000 households.

Other Initiatives with Nonprofits

Freddie Mac continues to engage nonprofit organizations, lenders and housing professionals in education and outreach initiatives designed to inform and prepare renters, homebuyers and homeowners on how to build and maintain better credit, make sound financial decisions and understand the steps to sustainable homeownership.

Freddie Mac recognizes that in addition to Borrower Help Centers, Renter Resource Organizations (RRO) and homeowner support agencies are essential partners to meaningfully address the challenges renters and potential homebuyers face in accessing credit. We have engaged seven RROs across unique markets, nationally. These partnerships have benefitted thousands of renters and potential homeowners due to our intentional focus on financial empowerment activities.

The educational tools used to support these initiatives include the CreditSmart® suite of educational resources designed to empower consumers with the skills and knowledge to assist them through every stage of their financial capability and homeownership journey. The suite includes:

- **CreditSmart® Essentials**, a financial capability curriculum for consumers. Since its 2020 launch, CreditSmart Essentials usage has continued to increase with approximately 8,000 users in 2023, 600 of whom used the Spanish curriculum. CreditSmart Essentials was launched in Spanish in July 2023.
- **CreditSmart® Coach**, an interactive financial capability train-the-trainer program for industry professionals.
- **CreditSmart® Homebuyer U**, a comprehensive homeownership education course to help guide first-time homebuyers. Completion of Homebuyer U satisfies the homebuyer education requirement for our low-down payment mortgage products and is available in English and Spanish. Approximately 95,000 potential homebuyers completed CreditSmart Homebuyer U in 2023, of which approximately 2,500 completed in Spanish.
- **CreditSmart® Multilingual**, which includes CreditSmart Español and CreditSmart Asian.
- **CreditSmart® Military**, a version tailored for military personnel.

Regional and Local Initiatives

Freddie Mac also undertakes numerous outreach initiatives in support of affordable, sustainable and equitable homeownership, designed to expand homeownership opportunities specifically in minority and underserved communities in states and localities across the country. These initiatives include financial capability, homebuyer education and counseling, wealth building and estate planning, access to bilingual homeownership information and counseling, outreach to military service members and outreach to individuals and families with disabilities. We have continued participating in local, regional and national industry events virtually, but have also resumed presenting our tools and resources in face-to-face settings.

Affordable Housing Advisory Council (AHAC)

The Affordable Housing Advisory Council (AHAC) is a group of affordable housing representatives that Freddie Mac convenes to discuss and review various aspects of our affordable housing approach, policies, and initiatives. In addition, we seek views and recommendations to support future policies and programs that may support the needs of the housing market. The group met virtually two times in 2023. The AHAC is comprised of 48 members with representation across the housing ecosystem including: advocacy groups, housing finance agencies, minority trade associations, industry associations, nonprofits and national, regional and community lenders.

In our April 2023 meeting, we highlighted Freddie Mac's continued exploration of solutions that address lagging homeownership rates and discussed the widening wealth gap for traditionally underserved minority communities. Our Single-Family Equitable Housing team provided an update on our special purpose credit program (SPCP) initiatives. Additionally, we highlighted our new tool launched in 2023, DPA One.

Our August 2023 meeting highlighted our efforts in Native American homeownership. The longest standing Native community development financial institution (CDFI) intermediary shared their efforts to provide financial products and development services exclusively to Native CDFIs and Native communities. The discussion covered Native American geographical information, the state of housing along with related barriers and challenges, and the efforts required to increase homeownership.

We also provided an overview of HeritageOne, Freddie Mac's innovative, conventional financing solution designed to meet the borrowing needs of enrolled members of federally recognized American Indian and Alaska Native (AIAN) tribes living within tribal areas.

The meeting concluded with an exploration of the intersection between housing affordability and new construction homes. The National Association of Homebuilders (NAHB) shared their housing trends report, housing market index, consumer sentiment and builder incentives and builder confidence. Freddie Mac's economist and NAHB discussed how entry-level homebuyers are impacted by new construction trends.