

ANNUAL HOUSING ACTIVITIES REPORT FOR 2009

FEDERAL HOME LOAN MORTGAGE CORPORATION

MARCH 16, 2010

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 2009 Annual Housing Activities Report to Congress and FHFA under section 307(f) and the regulation at 24 C.F.R. § 81.63, 24 C.F.R. § 81.63 (2007).¹

A. Information Required Under § 307(f)(2)(A)

§ 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.

In 2009, Freddie Mac purchased more than 2.4 million mortgages on single-family properties, and more than 1,000 mortgages on multifamily properties.²

Exhibit A-1 lists, for each affordable housing goal category, the dollar volume of goal-qualifying mortgages that Freddie Mac purchased in 2009, and the number of units financed by goal-qualifying mortgages. Exhibit A-2 summarizes Freddie Mac's 2009 housing goals performance for these purchases.

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, and qualified by reference to, certain tables included in Freddie Mac's 2009 Annual Mortgage Report (2009 AMR). The 2009 AMR is being delivered to FHFA with this report.

² The vast majority of these single-family and multifamily mortgages funded "eligible housing units" for purposes of the housing goals, and thus were used as the basis for calculating our performance under the housing goals. See Table 1 of the 2009 AMR for more information.

Exhibit A-1: Freddie Mac's 2009 Mortgage Purchases Meeting Affordable Housing Goals

| | Low- and Moderate-Income Housing Goal | | Underserved Areas Housing Goal | | Special Affordable Housing Goal | |
|--------------------|---------------------------------------|----------------|--------------------------------|----------------|---------------------------------|----------------|
| | Volume (\$ Billions) | Units Financed | Volume (\$ Billions) | Units Financed | Volume (\$ Billions) | Units Financed |
| Single-Family | \$138.1 | 927,837 | \$96.6 | 553,212 | \$41.7 | 349,978 |
| Owner-Occupied | \$129.6 | 841,132 | \$90.8 | 498,298 | \$37.9 | 301,073 |
| Rental | \$8.5 | 86,705 | \$5.8 | 54,914 | \$3.8 | 48,905 |
| Multifamily Rental | \$11.0 | 214,906 | \$7.6 | 131,384 | \$3.7 | 104,138 |
| Total | \$149.1 | 1,142,743 | \$104.2 | 684,596 | \$45.4 | 454,116 |

Exhibit A-2: Freddie Mac's 2009 Housing Goals and Subgoals Performance³

| | 2009 Goal | 2009 Result |
|--|---------------|---------------|
| Goals | | |
| Low- and Moderate-Income | 43% | 44.7% |
| Underserved Areas | 32 | 26.7 |
| Special Affordable | 18 | 17.8 |
| Subgoals | | |
| Low- and Moderate-Income | 40 | 48.4 |
| Underserved Areas | 30 | 27.9 |
| Special Affordable | 14 | 20.6 |
| Multifamily Special Affordable Subgoal | \$4.6 billion | \$3.7 billion |

Under section 1336(b)(2) of Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA), as amended by the Federal Housing Finance Regulatory Reform Act of 2008 (enacted as part of the Housing and Economic Recovery Act of 2008), Freddie Mac may submit any written information appropriate for consideration by FHFA in making a final determination under section 1336(b)(3) as to whether the achievement of the housing goals was feasible. In response to FHFA's preliminary determination that there was a substantial probability that Freddie Mac would not achieve one or more of the affordable housing goals, in January 2010, Freddie Mac submitted an analysis to FHFA demonstrating that achievement of the 2009 Underserved Areas and Special Affordable housing goals, Underserved Areas home purchase subgoal and the Multifamily Special Affordable subgoal was infeasible, taking into consideration market and economic conditions, as well as Freddie Mac's financial condition.

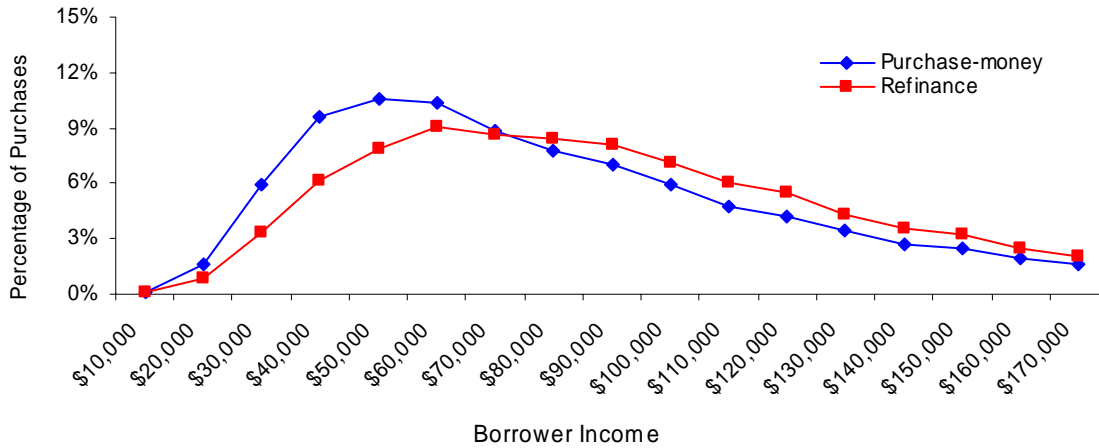
³ Figures calculated by Freddie Mac and published in the 2009 AMR Report. Final performance will be calculated and published by FHFA.

B. Information Required Under § 307(f)(2)(B)

§ 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.

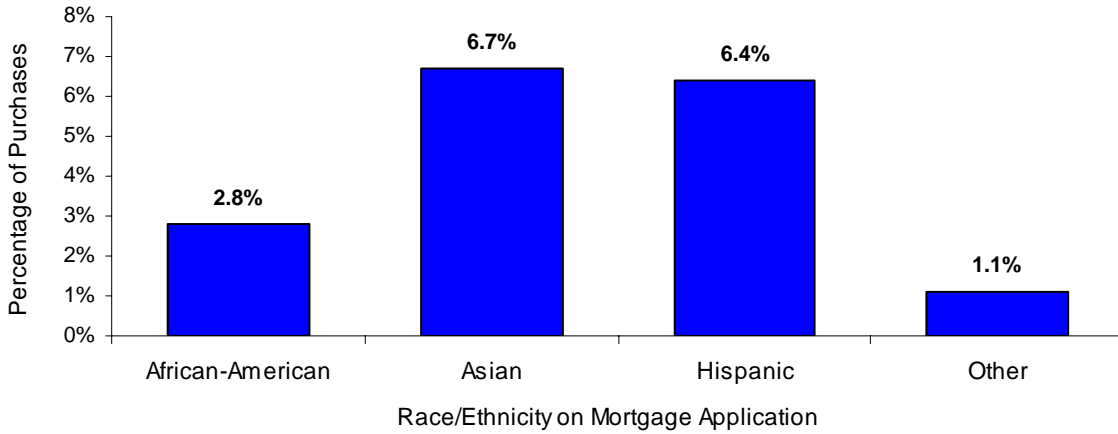
The following Exhibits provide the information required under § 307(f)(2)(B).

**Exhibit B-1:
Freddie Mac's 2009 Single-Family Owner-Occupied Mortgage Purchases,
by Borrower Income**



Source: Freddie Mac internal data

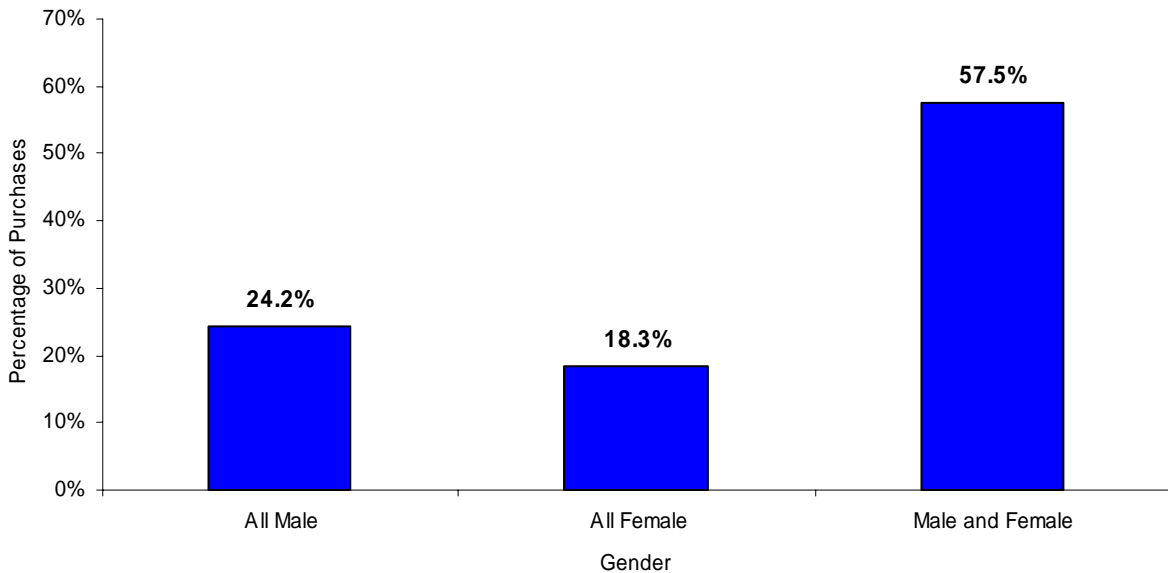
**Exhibit B-2:
Freddie Mac's 2009 Single-Family Mortgage Purchases,
by Race/Ethnicity of Minority Borrowers**



Source: Tables 7A and 7B of the 2009 AMR.

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 Hispanic borrower category overlaps with other minority categories, since borrowers may define themselves to be of Hispanic ethnicity and also belong to one or more racial classifications. Minority shares exclude mortgages where (a) ethnicity is non-Hispanic and race is missing, (b) race is White and ethnicity is missing, or (c) both race and ethnicity are missing.

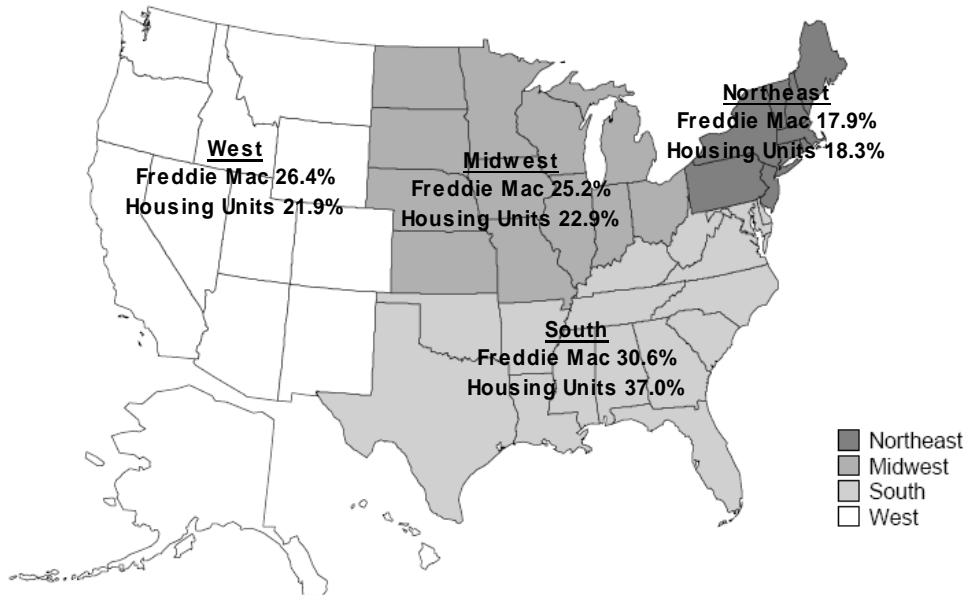
**Exhibit B-3:
Freddie Mac's 2009 Single-Family Mortgage Purchases,
by Borrower Gender**



Source: Table 10 of the 2009 AMR.

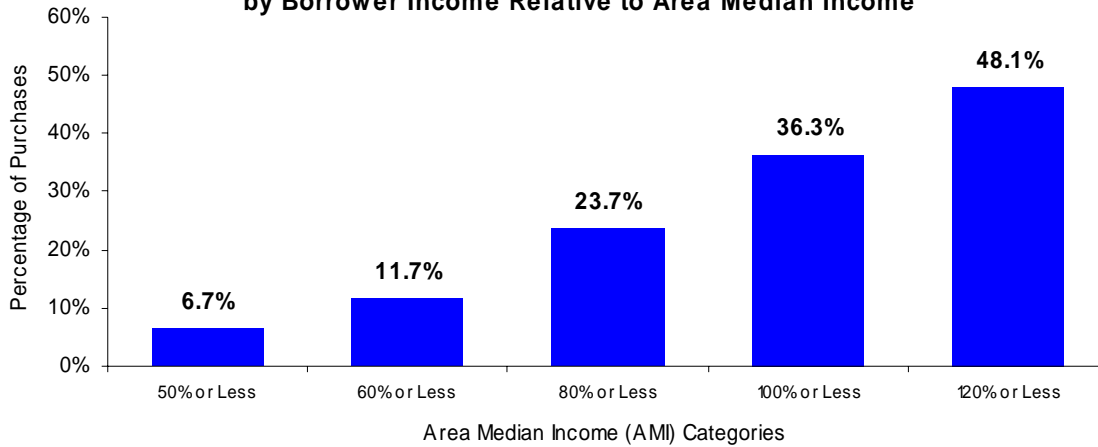
Note: These calculations exclude those mortgages for which we do not have borrower gender information.

**Exhibit B-4:
Freddie Mac's 2009 Single-Family Units Compared to
2008 Occupied Single-Family Housing Units, by Census Region**



Source: Freddie Mac data from Table 14 of the 2009 AMR and Housing Unit data from 2008 American Community Survey. Does not include Puerto Rico, Guam or U.S. Virgin Islands.

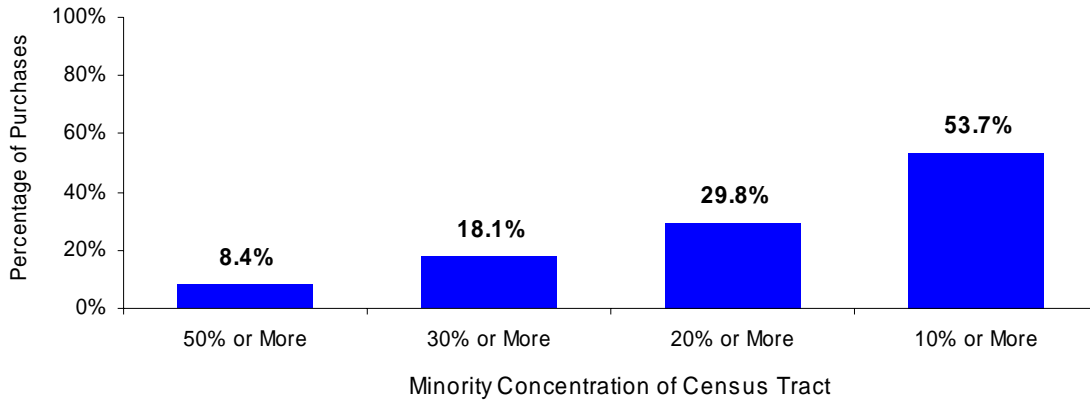
**Exhibit B-5:
Freddie Mac's 2009 Single-Family Owner-Occupied Mortgage Purchases,
by Borrower Income Relative to Area Median Income**



Source: Table 2 of the 2009 AMR.

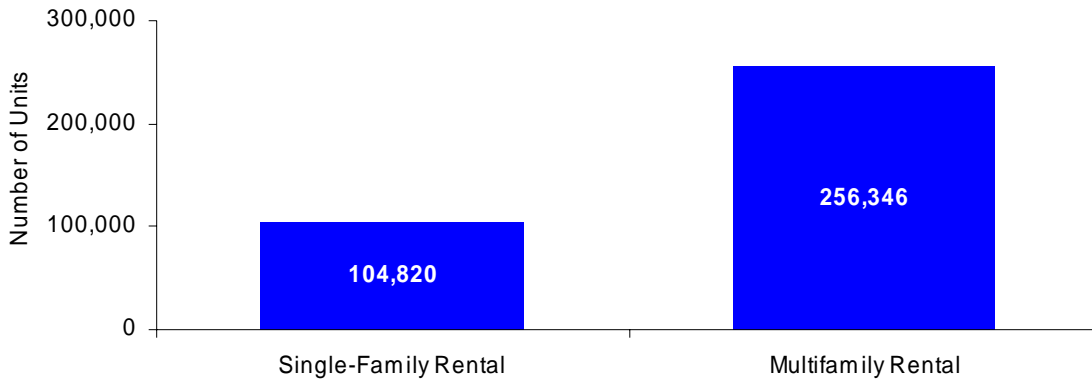
Note: These calculations exclude those mortgages for which we do not have borrower income information.

**Exhibit B-6:
Freddie Mac's 2009 Single-Family Owner-Occupied Mortgage Purchases,
by Minority Concentration of Census Tract**



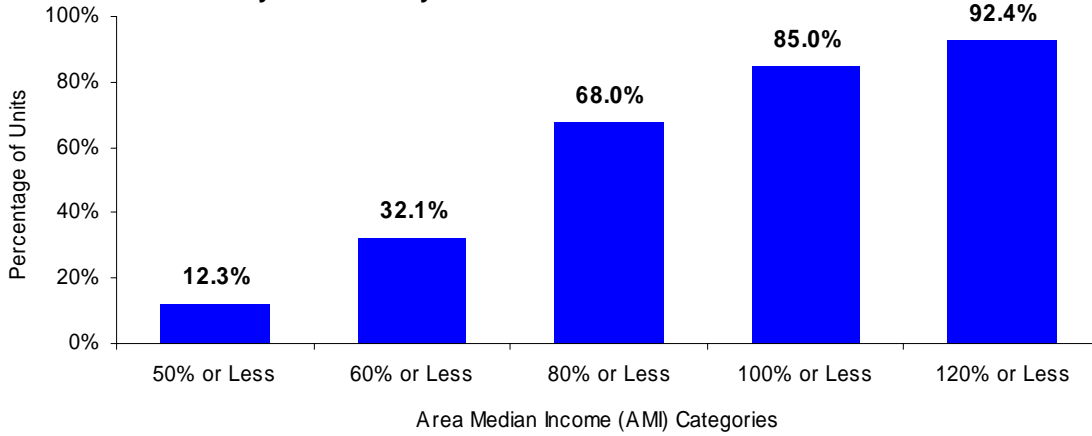
Source: Table 11 of the 2009 AMR

**Exhibit B-7:
Freddie Mac's 2009 Rental Units, by Single-Family and Multifamily**



Source: Tables 1 and 1B of the 2009 AMR

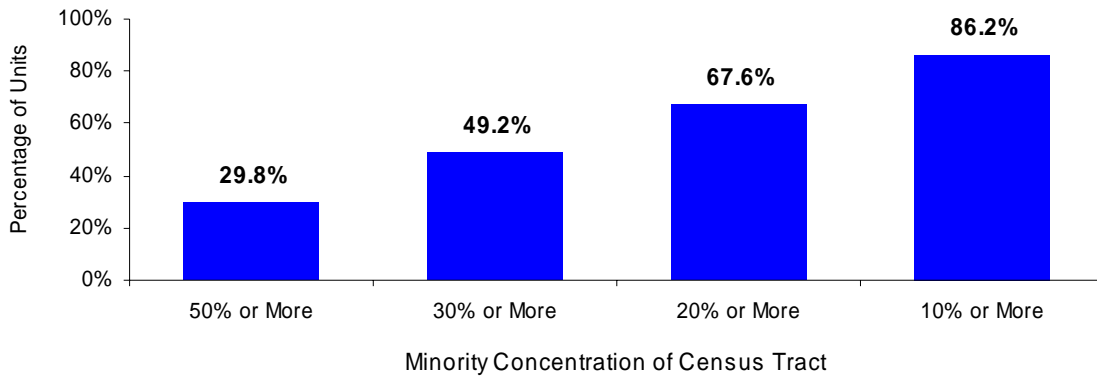
**Exhibit B-8:
Freddie Mac's 2009 Rental Units,
by Affordability Relative to Area Median Income**



Source: Tables 3 and 4 of the 2009 AMR

Note: These calculations exclude those rental units for which we do not have rent information.

**Exhibit B-9:
Freddie Mac's 2009 Rental Units,
by Minority Concentration of Census Tract**



Source: Table 12 of the 2009 AMR

C. Information Required Under § 307(f)(2)(C)

§ 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.

In 2009, Freddie Mac purchased or guaranteed an aggregate of \$2.15 billion in single-family mortgages (financing approximately 18,000 units) and \$682 million in multifamily mortgages (financing approximately 12,000 units) that had been used in conjunction with various federal public subsidy programs including the following:

- the Federal Housing Administration (FHA) program;
- the Veteran Administration (VA) program;
- the U.S. Department of Agriculture's Guaranteed Rural Housing program;
- Mortgage Revenue Bonds (MRBs) issued by various state and local housing finance agencies (HFAs); and
- 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 and taxable multifamily mortgage revenue bonds through its bond credit enhancement program. These transactions totaled \$576 million in 2009, financing approximately 13,000 units.

D. Information Required Under § 307(f)(2)(D)

§ 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.

In 2009, Freddie Mac purchased more than 164,000 mortgages of first-time homebuyers, representing 37.3 percent of the owner-occupied, purchase money mortgages for which information on the borrower's ownership history is available.⁴

Freddie Mac's Home Possible suite of mortgage products continues to play an important role in the company's support of home ownership. Home Possible mortgages are designed to reduce barriers to homeownership by reducing the minimum down payment requirement and providing flexible credit and payment terms. In 2009, Freddie Mac purchased more than \$211

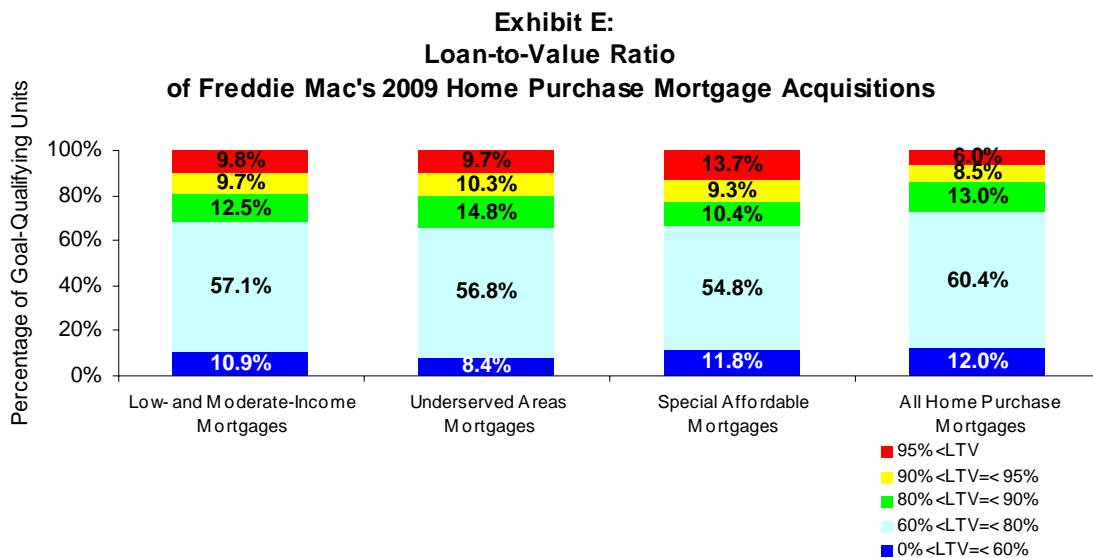
⁴ We do not have information on the borrower's ownership history for 0.7 percent (2,983) of the single-family, owner-occupied, purchase money mortgages we purchased in 2009. Therefore, we excluded those mortgages from the calculations underlying the information presented in this section.

million in mortgages through the Home Possible suite of products and similar lender-branded or negotiated affordable offerings.

E. Information Required Under § 307(f)(2)(E)

§ 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 of purchased mortgages at the time of origination].

Exhibit E compares the LTV distribution on the goal-qualifying, single-family home purchase mortgages acquired by Freddie Mac in 2009 with the LTV distribution on all single-family home purchase mortgages acquired by Freddie Mac in 2009, as measured at the time of origination.



F. Information Required Under § 307(f)(2)(F)

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

In 2009, Freddie Mac securitized \$472 billion in single-family and multifamily mortgages and purchased \$73 billion in single-family and multifamily mortgages for its portfolio, net of mortgage loan securitizations during the year.

G. Information Required Under § 307(f)(2)(G)

§ 307(f)(2)(G) 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.⁵

Freddie Mac continues to seek ways of increasing access to sustainable homeownership opportunities. To that end, Freddie Mac regularly evaluates market conditions, the credit environment, and the performance of our mortgage purchases in an effort to ensure that our underwriting standards, business practices, repurchase requirements, pricing, fees and procedures serve our mission to provide liquidity and stability to the conforming mortgage market, and promote affordable housing and fair lending.

As the housing crisis continued in 2009, the rate of mortgage delinquencies and foreclosures increased while the values of homes continued to fall. In the face of this crisis, Freddie Mac took steps consistent with prudent risk management to reduce or eliminate higher-risk credit terms, provide mortgage credit risk leadership in the marketplace, and help lenders make mortgage financing available for homeowners on terms intended to sustain successful homeownership.

In 2009, Freddie Mac made significant credit changes to:

- reduce the maximum LTV ratio on certain higher-risk mortgages (cash-out refinances, 2-4 unit properties, and investment properties);
- strengthen our appraisal and LTV requirements for mortgages with higher balances;
- introduce additional underwriting standards for Higher Priced Mortgage Loans;
- reduce risk layering on cash-out refinances and limit the purchase of interest-only mortgages;
- support the Making Home Affordable Program by introducing the Freddie Mac Relief Refinance Mortgage which allows the refinance of Freddie Mac first-lien mortgages with LTV ratios of up to 125 percent;
- allow funds received through the first-time homebuyer tax credit to be used toward down payment; and
- refine our underwriting requirements for manually underwritten mortgages to improve the underwriting decisions made by lenders.

⁵ 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).

H. Information Required Under § 307(f)(2)(H)

§ 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.

National Trends in the Primary and Secondary Multifamily Mortgage Markets

Financial institutions that retain or securitize multifamily mortgages, such as commercial and investment banks, dealers, thrift institutions, and insurance companies ceased their activities or severely limited their financing activity in 2009. Freddie Mac, Fannie Mae, and to a lesser extent, FHA, were the primary vehicles for multifamily financing in 2009, with the GSEs providing the overwhelming share of multifamily financing as other financing sources evaporated in the economic and credit crisis that produced historic market dislocations.

The multifamily housing market severely contracted during 2009. The multifamily vacancy rate increased to a 30-year high of 8 percent by year-end. Despite low interest rates, lower asset values made refinancing more difficult.

In addition, new construction starts for multifamily properties were extremely low with only 97,700 new multifamily units started, a 63.3 percent decline from 2008 and the lowest since 1964.⁶ The supply of rental units was also increased by unsold condominium properties and unsold or foreclosed houses offered for rent. This additional supply offset low new construction numbers and weakened the supply/demand balance of the multifamily rental market.

Falling rents and reduced property values increased loan defaults. While our multifamily delinquency rate is relatively low compared to other industry participants (less than 20 basis points), Freddie Mac experienced increases in both our watch lists and delinquencies.

Freddie Mac Multifamily Financing and Initiatives

Freddie Mac helps meet the need for affordable rental housing by credit enhancing or purchasing multifamily mortgages originated by numerous financial institutions. Working through our networks, Freddie Mac supports the financing of affordable apartment communities across America through a variety of products and services.

In 2009, Freddie Mac Multifamily financed its highest percentage of market volume, estimated to be approximately 37 percent of the overall multifamily market, compared to 29 percent in 2008. Due to a contracting market, Freddie Mac had \$16.6 billion in volume for its multifamily

⁶ U.S. Census, New Residential Construction in December 2009.

purchases and credit enhancements, excluding efforts under the HFA initiative, compared to \$24 billion in 2008.

In 2009, a majority of warehouse providers exited the markets, reduced their warehouse lines and increased costs, or declined to accept new customers. In order to help meet the needs of our Seller-Servicers for adequate warehouse funding, Freddie Mac provided a guarantee to a warehouse facility that Freddie Mac will purchase multifamily loans originated by Seller-Servicers that Freddie Mac pre-approved for purchase.

Freddie Mac also eliminated the loss sharing requirement for targeted affordable loans, which required Seller-Servicers to maintain significant cash or cash-equivalent reserves, and returned to a Prior Approval model where credit decisions are made by Freddie Mac. Many participants had been unable to profitably participate in the program due to current economic challenges that had resulted in reduced targeted loan originations. In addition, by returning to the Prior Approval model, many of the targeted affordable loans will now be eligible for securitization.

Standardization and Securitization

In 2009, Freddie Mac issued its first two securitizations of multifamily loans originated through its Capital Markets ExecutionSM (CME) pilot program. The CME is a conventional mortgage product designed for securitization and allows Freddie Mac to access more potential capital sources and provides Freddie Mac with additional opportunities to finance multifamily properties at competitive rates, while providing greater liquidity and stability to the multifamily marketplace.

Freddie Mac purchased a total of \$4.6 billion of CME loans and settled \$2.1 billion in multifamily mortgage-backed securities through two oversubscribed offerings. By investing in securitizations of multifamily loans, Freddie Mac is extending liquidity to a sector of the apartment market that would not otherwise be served under current market conditions.

I. Information Required Under § 307(f)(2)(I)

§ 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.

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 second column presents the ratio of early payment delinquency rates for LMI borrowers to that of non-LMI borrowers by

acquisition year. The third column in Exhibit I presents the ratio of cumulative lifetime default rates for the two groups of borrowers.⁷

Exhibit I
Delinquency and Default Rate of LMI Borrowers
Relative to the Delinquency and Default Rate of Higher Income Borrowers

| Year of Acquisition | Relative Early Payment Delinquency Rate | Relative Cumulative Default Rate |
|---------------------|---|----------------------------------|
| 1996 | 1.5 | 1.7 |
| 1997 | 1.7 | 1.8 |
| 1998 | 1.5 | 1.8 |
| 1999 | 1.7 | 1.9 |
| 2000 | 1.9 | 2.6 |
| 2001 | 1.9 | 2.7 |
| 2002 | 2.8 | 3.7 |
| 2003 | 2.7 | 3.4 |
| 2004 | 2.3 | 2.6 |
| 2005 | 1.7 | 1.6 |
| 2006 | 1.2 | 0.9 |
| 2007 | 1.1 | 0.9 |
| 2008 | 1.4 | 1.6 |
| Average | 1.6 | 1.7 |

Source: Internal Freddie Mac delinquency study.

⁷ The information presented in this section and in Exhibit I is based upon an analysis of a sample of unseasoned, conforming, conventional, forward amortizing, first liens, non Graduated Equity Mortgages/Graduated Payment Mortgages. The delinquency and default rates presented in Exhibit I were determined by dividing the delinquency and default rates on mortgages serving low- and moderate-income families by the delinquency and default rates for mortgages serving households with incomes above the median level. 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.

J. Information Required Under § 307(f)(2)(J)

§ 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.

Freddie Mac purchases mortgages from a network of nearly 2,100 lenders, benefiting borrowers across the U.S. and its territories. Freddie Mac purchases mortgages from all major lender types. Some of these firms sell mortgages to Freddie Mac on a regular basis, while others sell to Freddie Mac only occasionally. Of the total seller network, more than 1,100 lenders sold mortgages to Freddie Mac in 2009. Approximately 90 percent of these lenders are considered community-oriented lenders. In 2009, Freddie Mac purchased approximately \$61.1 billion of mortgages from community-oriented lenders and approximately \$54.2 billion of mortgages from regional lenders.

Freddie Mac's ongoing efforts to facilitate relationships with community-oriented lenders supported our ability to source mortgages from these institutions. We renewed our Community Lending Alliance with the American Bankers Association and continued the alliance relationships with the Independent Community Bankers of America and the Credit Union National Association. Over 500 lenders are currently taking advantage of the alliance offerings provided by Freddie Mac. In 2009, approximately 25 percent of the dollar volume of mortgages that Freddie Mac purchased from community and regional lenders came from participants in the Community Lending Alliances.

Minority-owned lenders and women-owned lenders represented a total of four percent of Freddie Mac's lender base in 2009. Freddie Mac purchased approximately \$1.1 billion in mortgages from minority-owned lenders and women-owned lenders. Freddie Mac also maintained its relationship with the National Association of Professional Mortgage Women (NAPMW) in 2009, continuing our educational alliance with NAPMW and acting as one of its sponsors.

K. Information Required Under § 307(f)(2)(K)

§ 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.

Freddie Mac undertakes numerous activities in support of affordable housing, with state and local governments, housing finance agencies, our lender customers, and a wide variety of non-profit and for-profit organizations. The following section describes some of the affordable

housing initiatives Freddie Mac undertook in 2009 that also should support the objectives of the Cranston-Gonzalez National Affordable Housing Act.

Housing Finance Agency Initiative

In 2009, Freddie Mac joined with FHFA, the U.S. Treasury, HUD and Fannie Mae to assist state and local housing finance agencies (HFAs) to address the challenges they have faced as a result of the current housing and economic downturns.

As part of the Obama Administration's *Homeowner Affordability and Stability Plan*, the HFA Initiative is an interim solution designed to assist HFA's lending programs and support their infrastructure. As indicated by the Treasury Department, the goal of the HFA Initiative is to:

- provide hundreds of thousands of affordable mortgages for working families;
- enable the development and rehabilitation of tens of thousands of affordable rental units;
- provide refinancing opportunities for at-risk borrowers to convert to sustainable mortgages;
- incent HFAs to transition back to market sources of capital as quickly as possible; and
- maintain viability of HFAs to preserve an important role in providing housing resources.

The HFA Initiative consists of two main components:

- **New Issue Bond Program (NIBP)** – To enable the HFAs to originate mortgages to low- and moderate-income borrowers at affordable rates, Freddie Mac and Fannie Mae developed a securitization execution whereby Treasury purchased partially guaranteed GSE securities backed by tax-exempt (and certain taxable) bonds issued by the HFAs. The HFAs will use the proceeds from bond issuances to originate new single-family and multifamily mortgages. 112 state and local HFAs participated in the NIBP pursuant to which a total of \$15.3 billion of bonds were issued.
- **Temporary Credit and Liquidity Program (TCLP)** – Under the TCLP, Freddie Mac and Fannie Mae provided substitute credit and liquidity facilities to HFAs to replace their existing liquidity facilities. For a three-year period, Freddie Mac, together with Fannie Mae, will provide, on a standby basis, credit support and liquidity guaranties for certain variable rate single-family and multifamily housing revenue bonds. Twelve HFAs participated in the TCLP for an aggregate single-family and multifamily usage of \$8.2 billion.

Other Activities Relating to HFAs and Mortgage Revenue Bonds

Freddie Mac continued its efforts in 2009 with select state and local HFAs and national lenders (serving as master servicers) to promote the use of Freddie Mac PCs as collateral for single-family mortgage revenue bonds. As a result of these efforts, master servicers swapped approximately \$65 million of mortgages originated by lenders pursuant to a Mortgage Revenue Bond initiative for Freddie Mac PCs. These PCs helped support first-time homebuyers nationwide.

In 2009, Freddie Mac made a series of targeted investments in approximately \$180 million of single-family mortgage revenue bonds (MRBs) issued by various state and local HFAs. Although these purchases did not qualify for the affordable housing goals, Freddie Mac bought these MRBs as part of our effort to support affordable housing, as the HFAs are required to use the proceeds from the sales of the MRBs to originate below-market interest rate mortgages to lower-income first-time homebuyers.

Borrower Help Centers/Borrower Help Network

In order to provide more assistance to delinquent borrowers to help avoid foreclosure, Freddie Mac established "Borrower Help Centers" with selected non-profit organizations in several metropolitan areas. In these centers, delinquent borrowers receive free, in-person, face-to-face financial reviews and counseling assistance through a trusted intermediary.

Freddie Mac also initiated "The Borrower Help Network" with numerous national and local non-profit organizations to provide free, phone-based financial reviews and counseling assistance to a targeted group of pre-identified delinquent borrowers nationwide who have not responded to previous contact attempts from their mortgage servicer. The initiative is designed to encourage delinquent borrowers to pursue mortgage workouts to prevent foreclosure.

Other Initiatives with Non-Profits

Freddie Mac continues to participate with non-profit organizations in numerous initiatives each year that are designed to educate borrowers about homeownership, including Freddie Mac's *CreditSmart*, *Don't Borrow Trouble* and *Get the Facts!* initiatives.

State and Local Lending Initiatives

In collaboration with our lender customers (including Fifth Third Bank, Bank of America and US Bank), state and local governments, and other organizations, Freddie Mac undertakes numerous initiatives designed to expand homeownership opportunities in minority and underserved communities in states and localities across the country.

Affordable Housing Advisory Council

Freddie Mac's Affordable Housing Advisory Council met in 2009 to review the components of Freddie Mac's Making Home Affordable program - refinance, modification, and outreach - and discuss ways to improve their effectiveness in preventing foreclosure.