



10th Annual LARIBA Symposium

“Building For The Future”

Saber Salam
Vice President, Freddie Mac

March 22, 2003



We Open Doors®
Every Step of the Way



Discussion Outline

- Islamic Mortgage Program Results
- Outlook for Mortgage Originations
- Opportunities for 2003 and Beyond



Islamic Mortgage Program Results

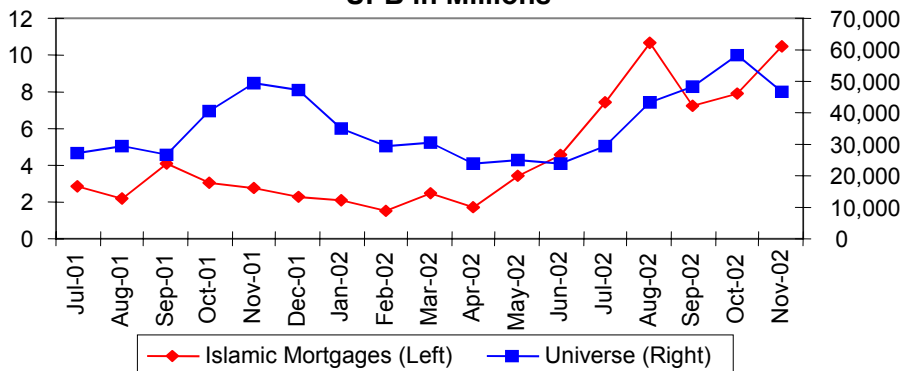
1. Over \$100 million in funding.
2. Product available in 20 states and growing.
3. Multiple products and lenders.
4. High percentage of 1st Time Home Buyers.
5. High percentage of minority & immigrant home buyers.

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Activity Increased in Latter Part of 2002

Volume of Activity by Origination Year/Month
UPB in Millions

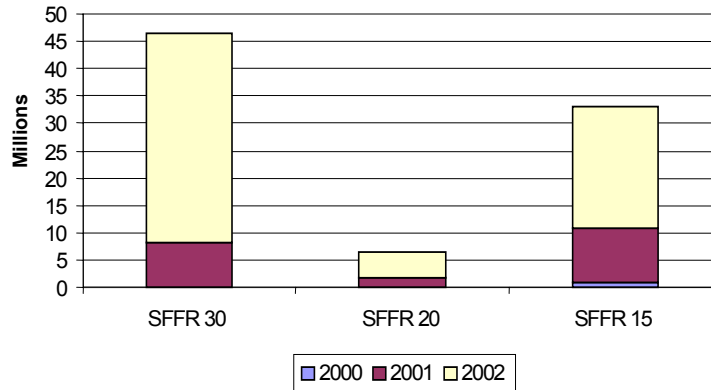


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30-Year Most Common Product

UPB by Product Type and Origination Year

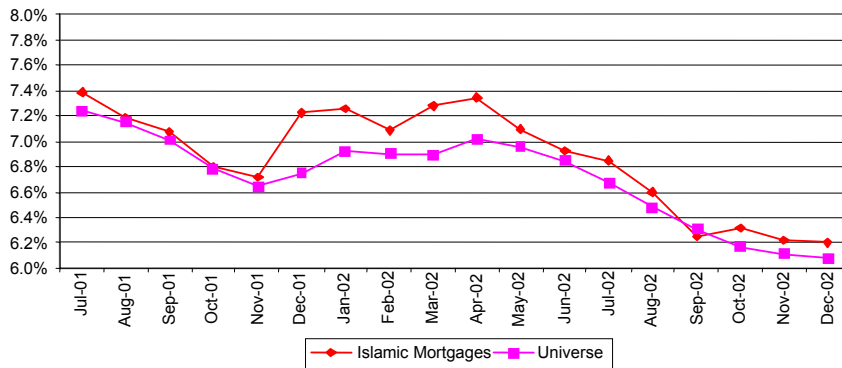


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WAC's Are Generally Higher than Universe

WAC by Origination Year/Month (Fixed-30)

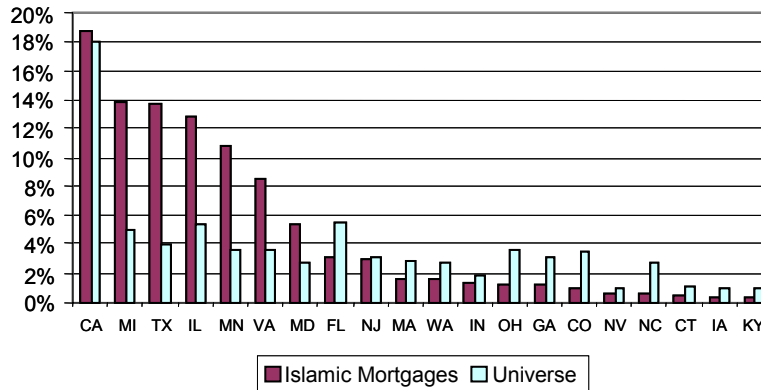


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Geographic Concentrations in California, Michigan, Texas, Illinois, Minnesota, Virginia, and Maryland

Geographic Distribution of UPB



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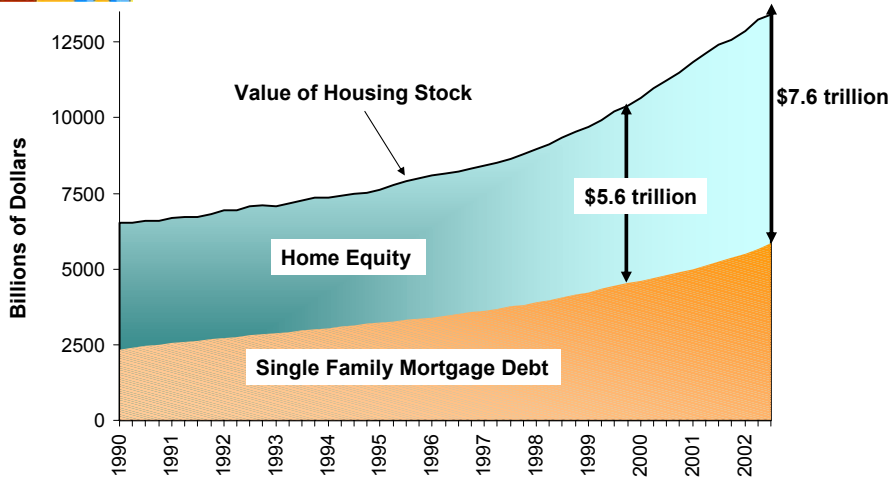
Outlook For Mortgage Originations

- Home Equity continues to be key to wealth accumulation for American Families.
- 2002 was another record origination year
 - \$2.5 trillion in originations
 - \$90 billion of home equity converted to cash
- House price appreciation is keeping pace with income growth
- Delinquency is on the rise for consumer loans and sub-prime mortgages.

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Home Equity Grew \$2 Trillion Over Three Years

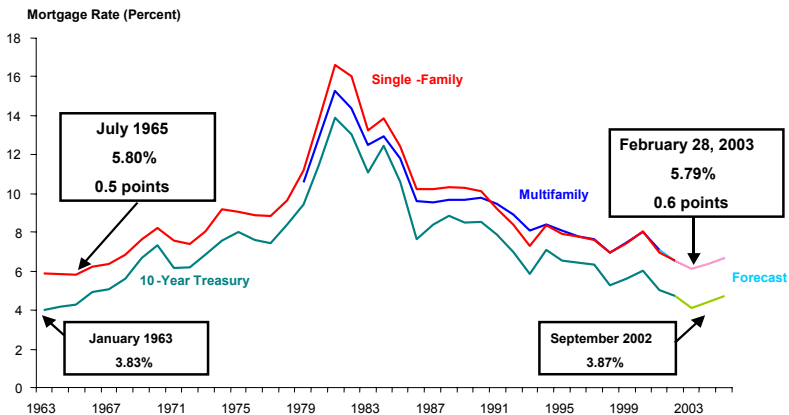


Source: Board of the Governors of the Federal Reserve System

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Mortgage Rates Are Near a 40-Year Low



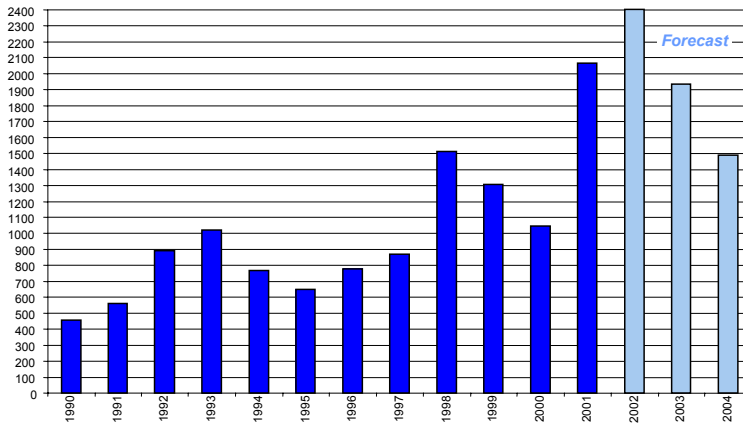
Source: American Council of Life Insurers (ACLI), Freddie Mac (PMMS), Federal Reserve

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Mortgage Originations Will Be Quite Strong

Total Single-Family Mortgage Originations (Billions of Dollars)

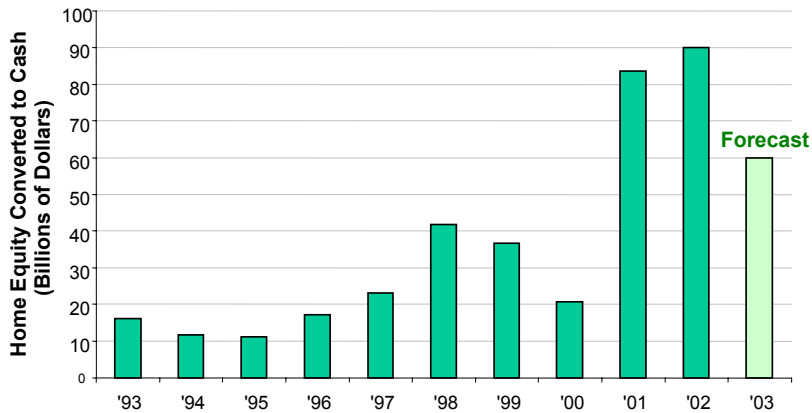


Sources: HUD, Freddie Mac

Office of the Chief Economist



Mortgage Cash Out Refis Support the Economy

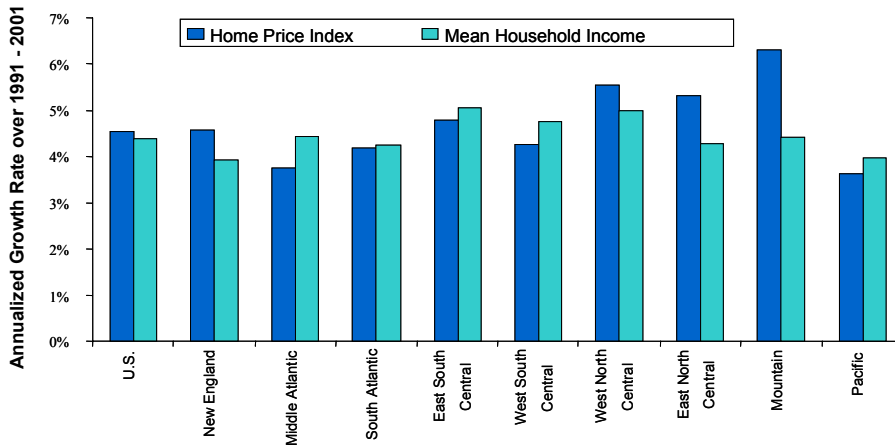


Sources: Freddie Mac

Office of the Chief Economist



Home Value Growth Has Been in Line with Income Growth



Source: Freddie Mac and Census Bureau

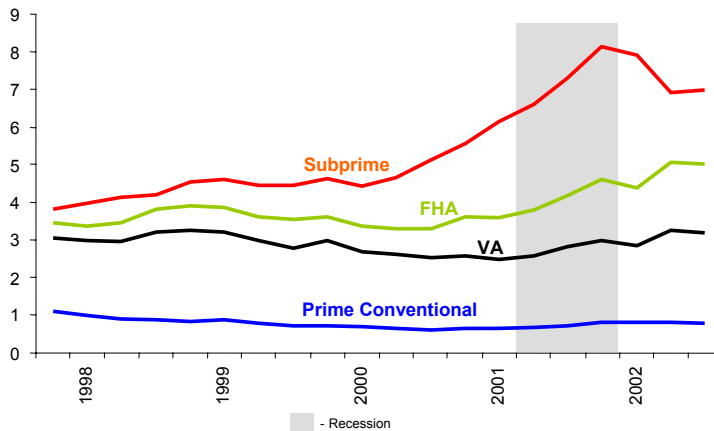
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Subprime Has Performed Poorly

Percent of Loans 90 Days or More Delinquent or in Foreclosure



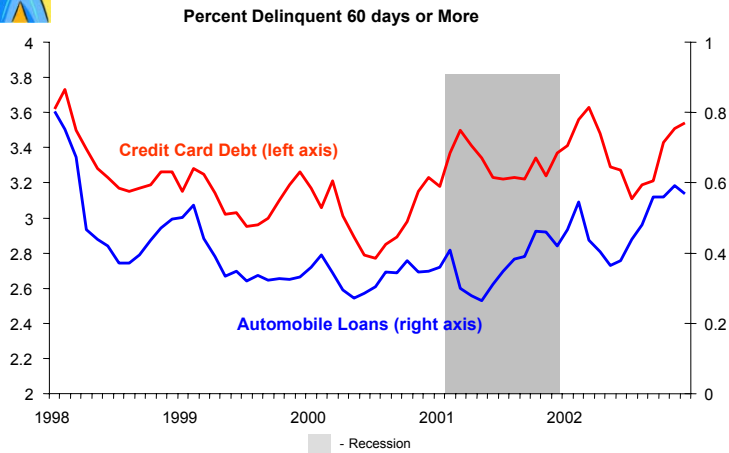
Source: Mortgage Bankers Association and Loanperformance.com

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Consumer Loan Delinquencies Are Up



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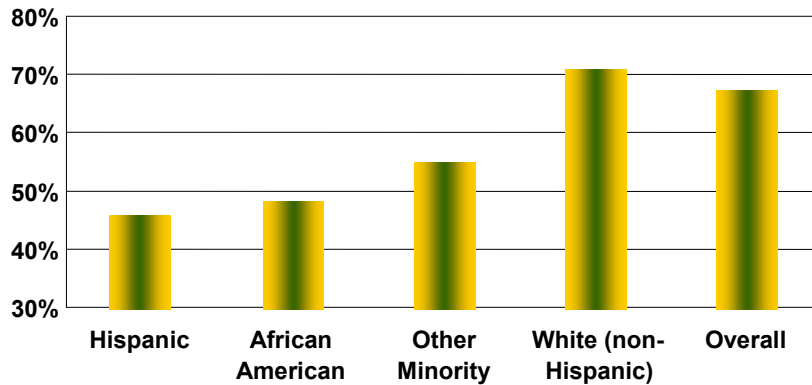
Opportunities in 2003 & Beyond

- Expect 2003 to be another strong origination year.
- Mortgage rates will remain stable in 2003.
- Home values are expected to grow 3-5%, but some markets may see declines.
- Mortgage Debt Outstanding to continue to grow in the coming decade.
- Home Equity continues to be central to wealth accumulation for American families.
- 60% of the 1st time home buyer market expected to be represented by minority and immigrant families.

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Homeownership Rates (Census Bureau 2Q 2001)



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Islamic Mortgage Opportunities

- Strong growth area as evidenced by the success of the program.
- Freddie Mac's is helping lower costs for Muslim families and bringing much needed capital.
- We need more companies to focus on this opportunity and become Freddie Mac Seller/Serviceers.
- Standardization of products, strong community outreach, investments in origination and servicing infrastructure will be keys to success.

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