



## Multicultural Market Trends and Opportunities

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# Changing mortgage market climate



- About one of every 20 subprime-financed homes has fallen into foreclosure this year
- An estimated \$500 billion in subprime loans will reset between now and the end of 2008
- Home sales continue to fall, unsold inventories remain near all-time highs, and starts have dropped to the lowest levels since 1993
- The subprime crisis has affected many of the multicultural communities the hardest. The Center for Responsible Lending -- citing federal data -- said that about 52 percent of loans made to African Americans in 2005 were subprime and 40 percent made to Latinos were subprime. That's over twice as high as the 19 percent of whites with subprime loans.

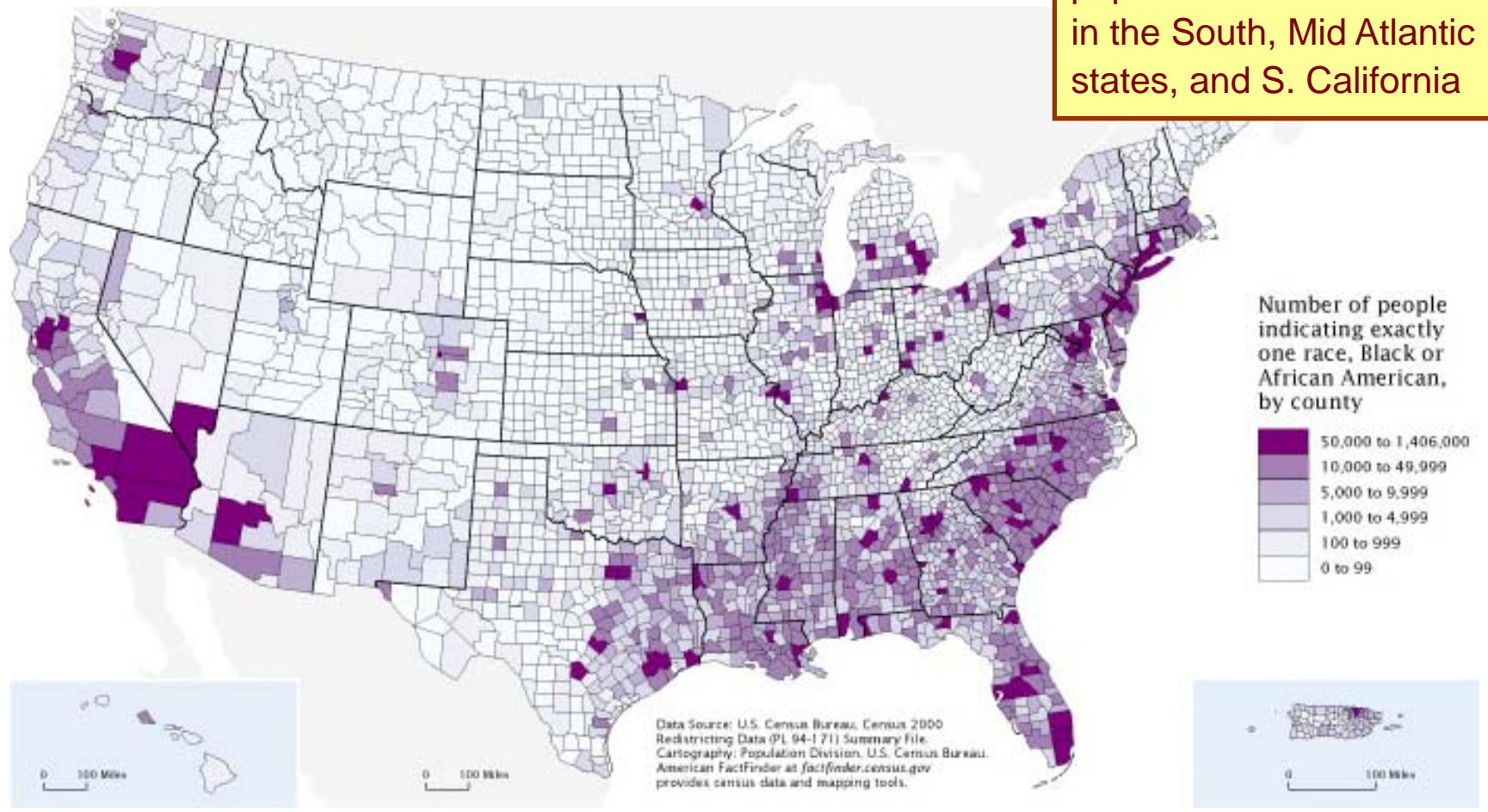
# The good news...



- Now “flight to quality” and “back to basics” are the themes among mortgage lenders.
- The good news: Our country continues to grow and there will be need for housing.
- Over the next 10 years, the nation is expected to create 15 million new households. 68% of that growth will be from minorities and New Americans.

# Distribution of African American Population

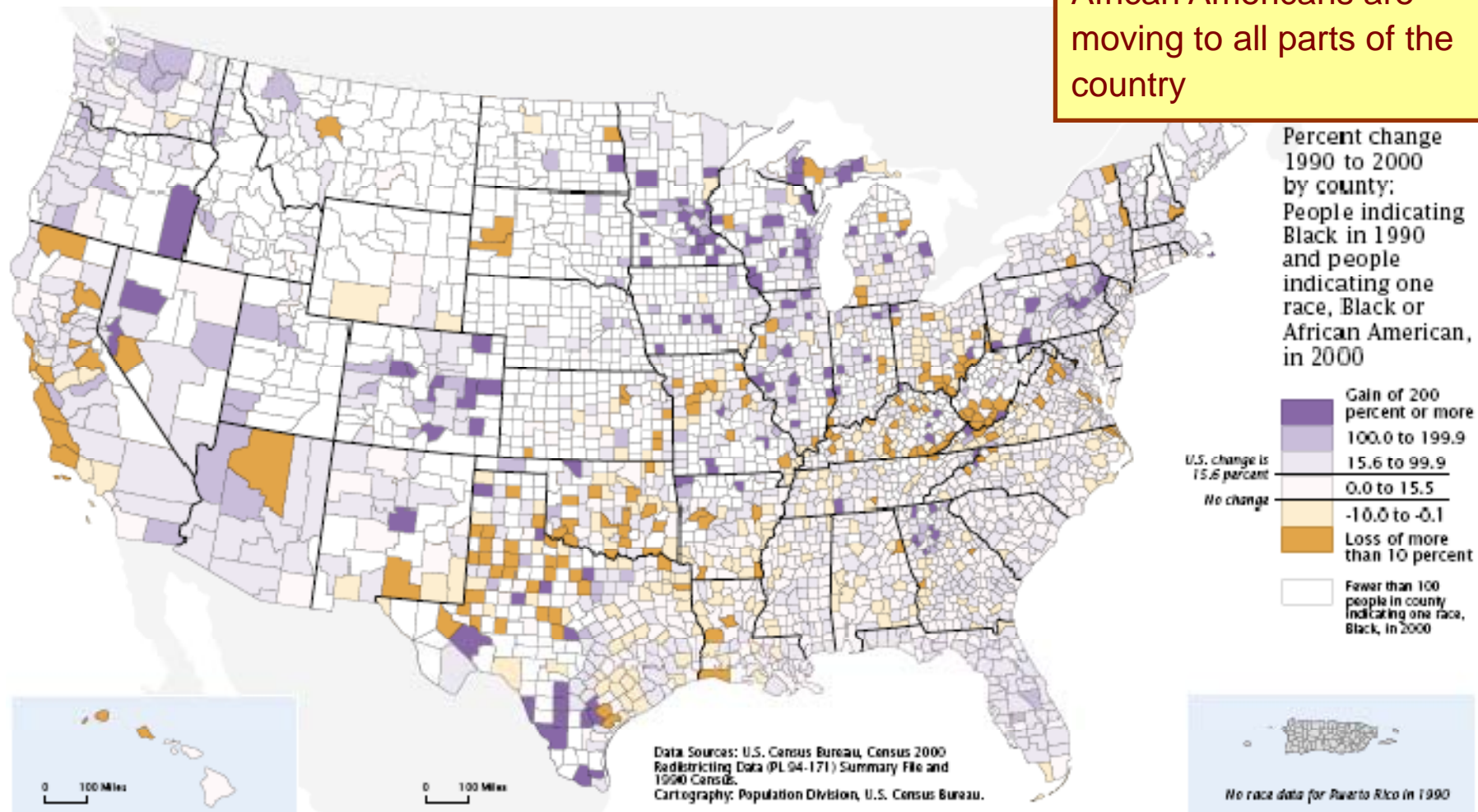
The African American population is concentrated in the South, Mid Atlantic states, and S. California



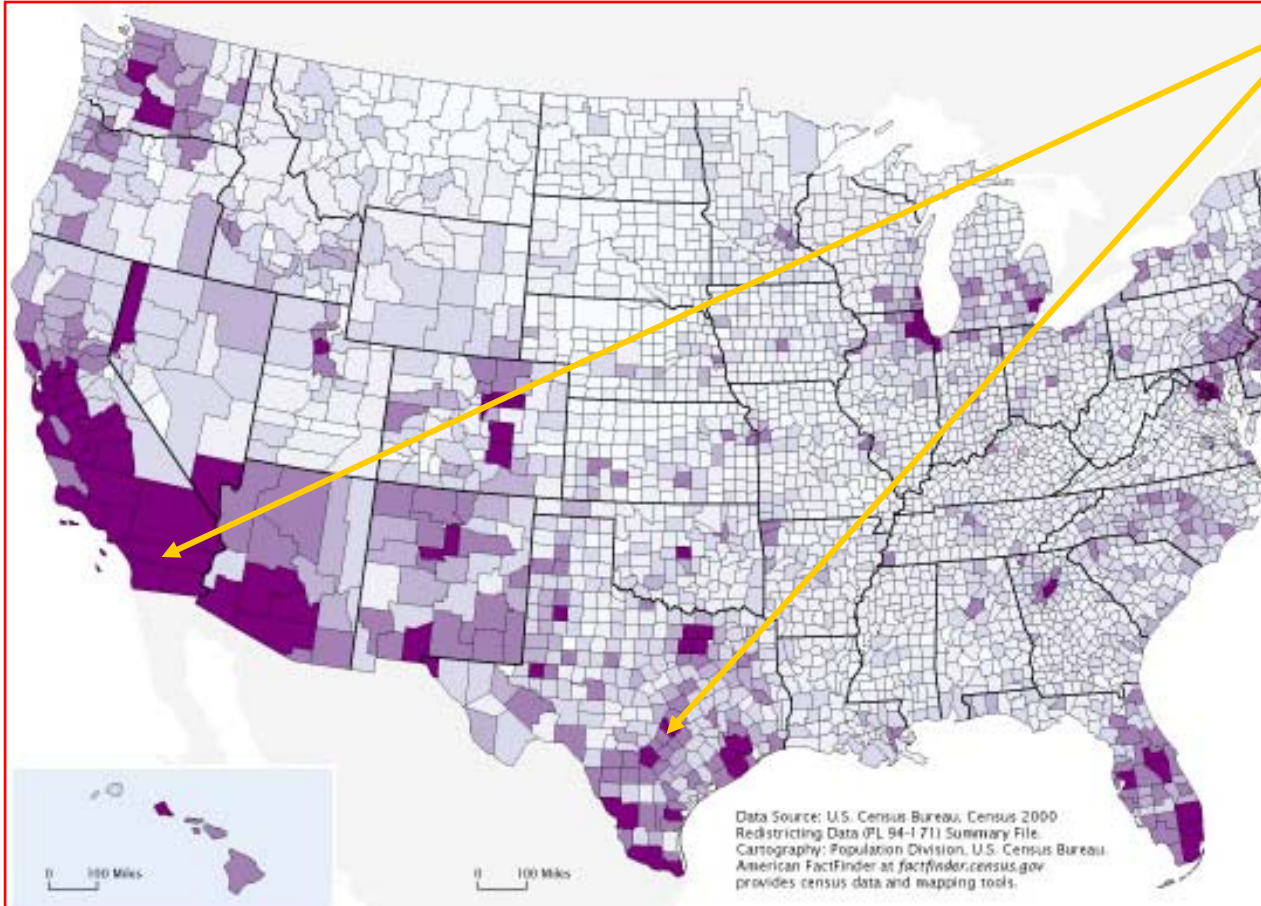
Source: US Census 2000

# Growth Pattern of African American Population (1990 - 2000)

African Americans are moving to all parts of the country



# Distribution of Hispanic Population



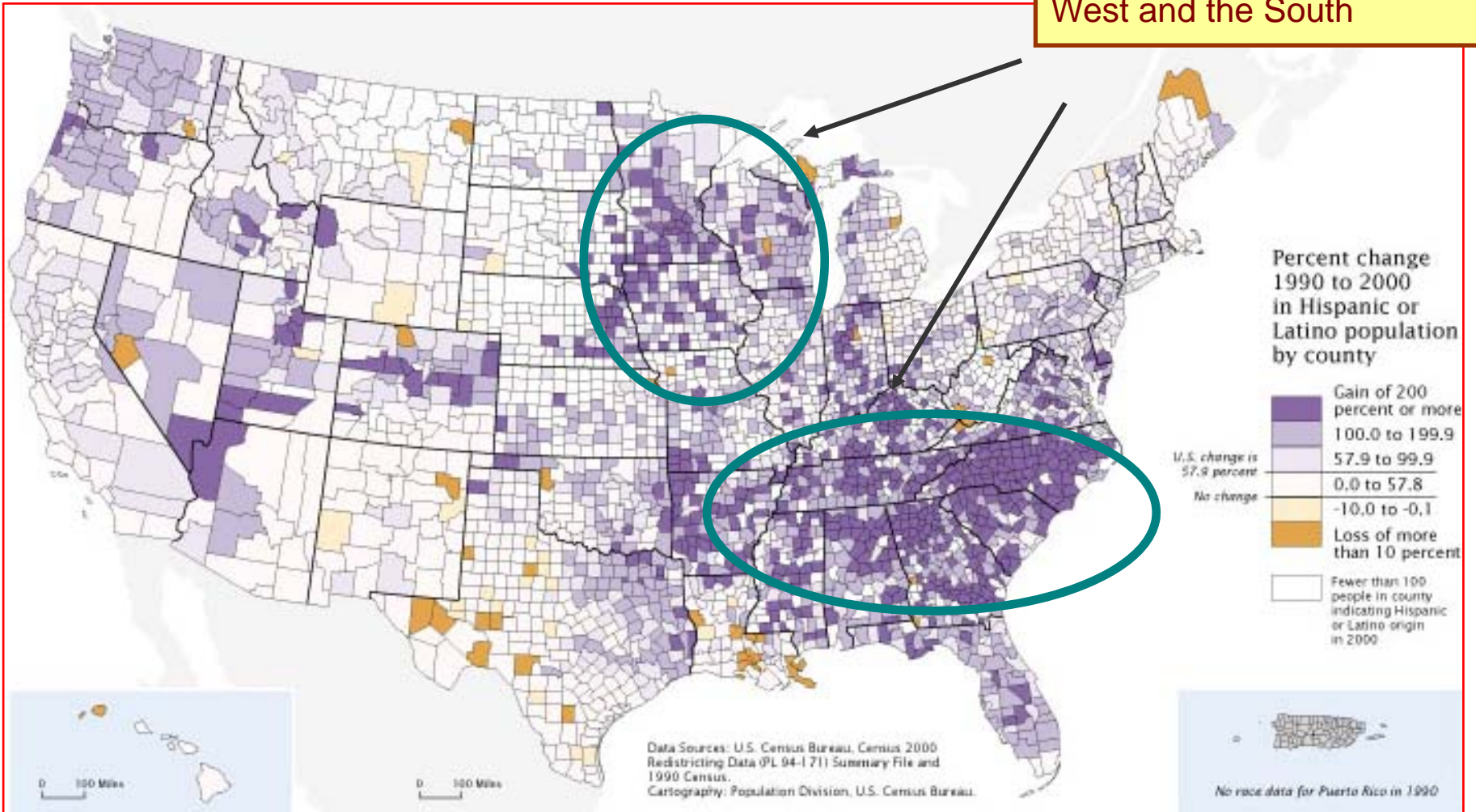
Half of the Hispanic population is concentrated in just 2 states - CA & TX

6 states with largest Hispanic populations contain **75%** of U.S. Hispanics, but only **38%** of the total U.S. population:

1. California
2. Texas
3. New York
4. Florida
5. Illinois
6. Arizona

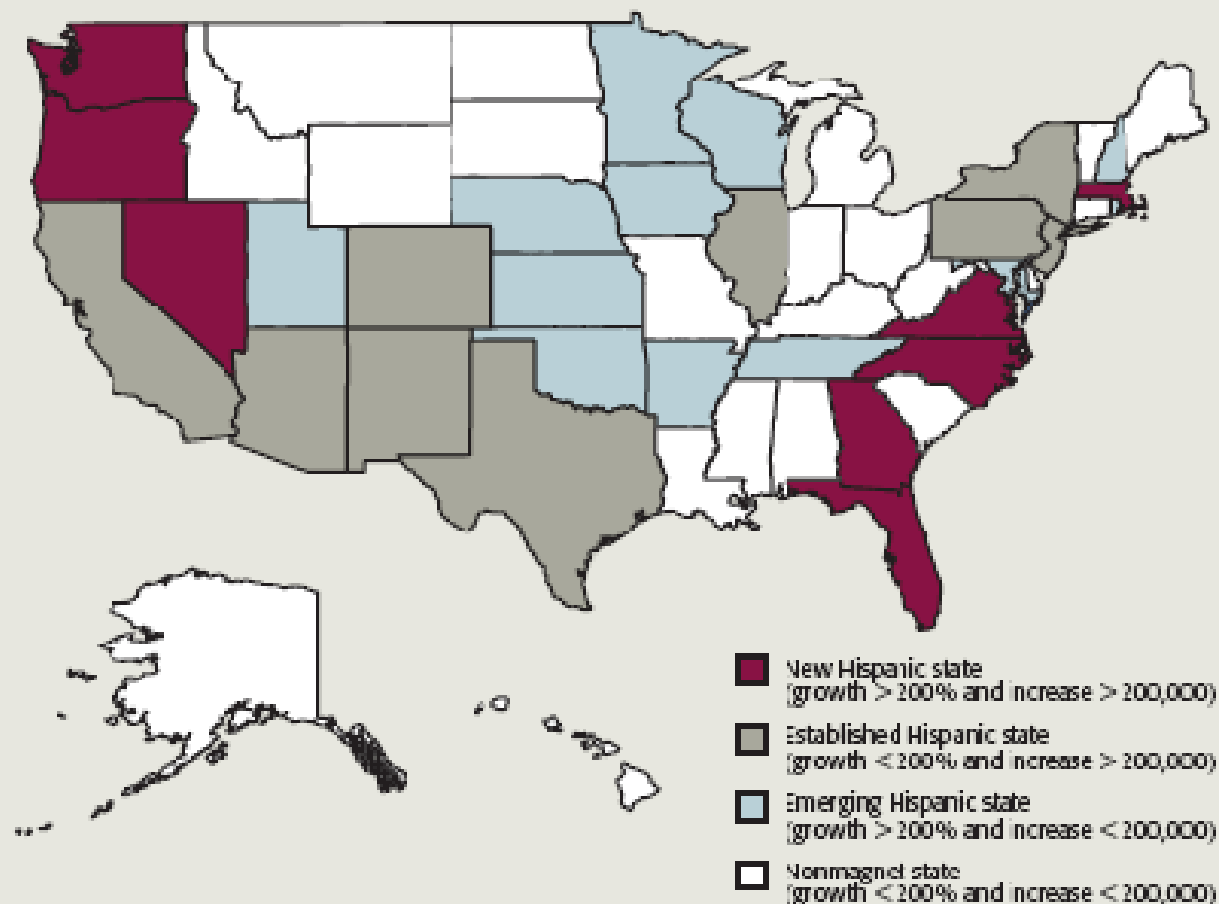
# Growth Pattern of Hispanic Population (1990 – 2000)

Largest growth in the Mid-West and the South



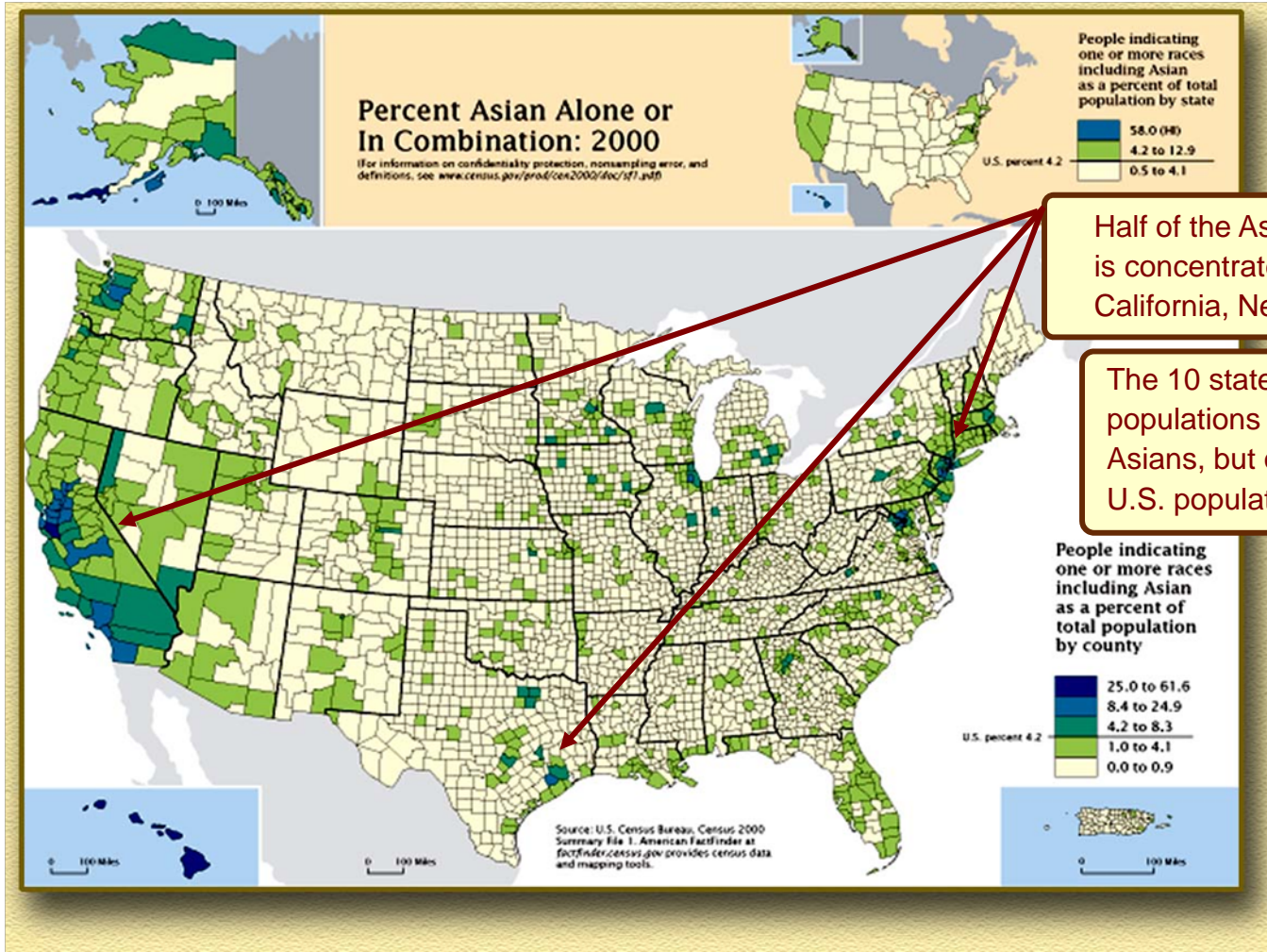
# Hispanic Growth by State 1980-2000

## Hispanic Population Growth by State, 1980-2000



Source: Pew Hispanic Center tabulations from the 1980 and 2000 Censuses

# Asian Americans: Percent Composition at the County Level



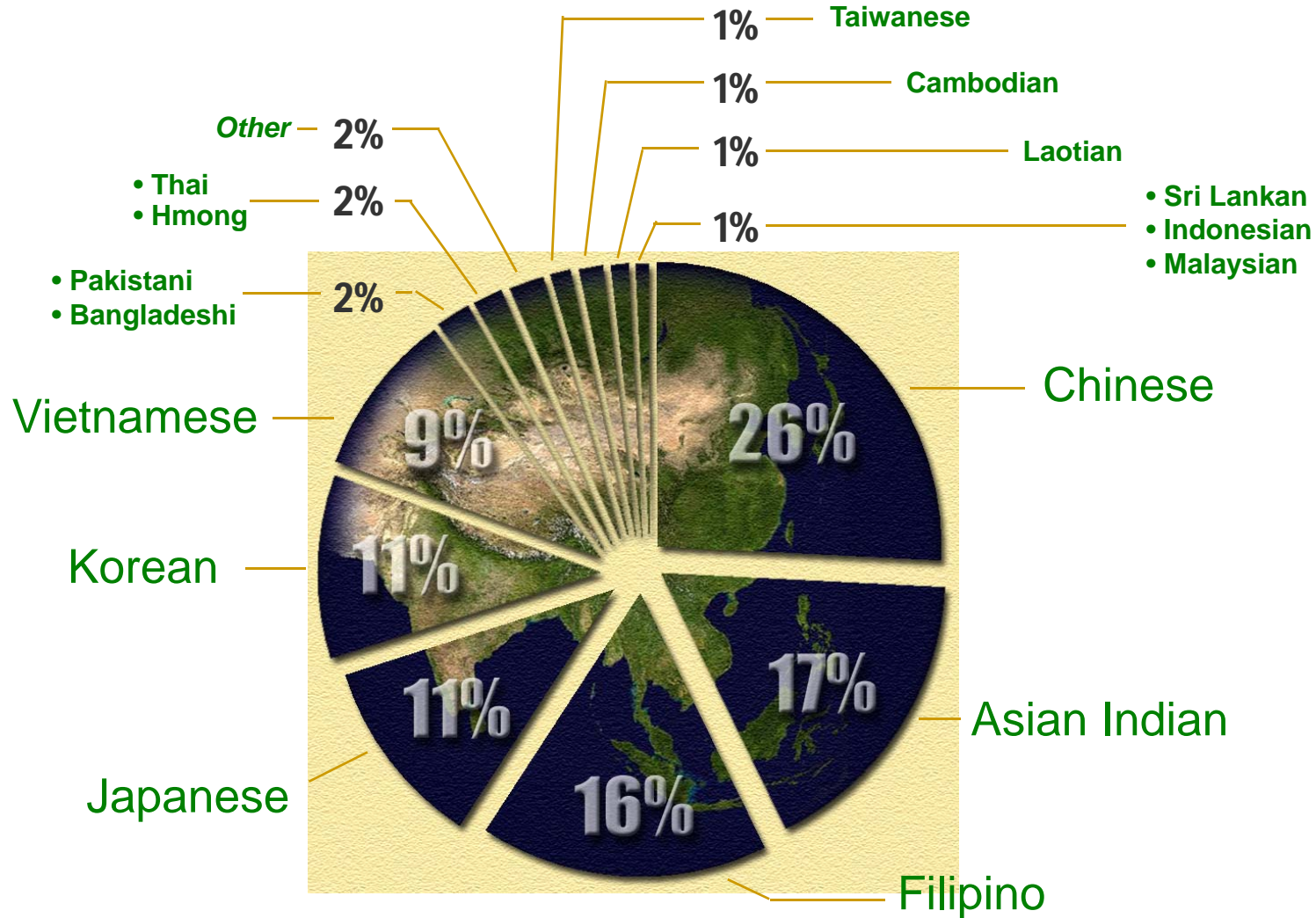
Half of the Asian population (52%) is concentrated in just 3 states: California, New York and Texas.

The 10 states with largest Asian populations contain **75%** of U.S. Asians, but only **47%** of the total U.S. population:

1. California
2. New York
3. Texas
4. Hawaii
5. New Jersey
6. Illinois
7. Washington
8. Florida
9. Virginia
10. Massachusetts

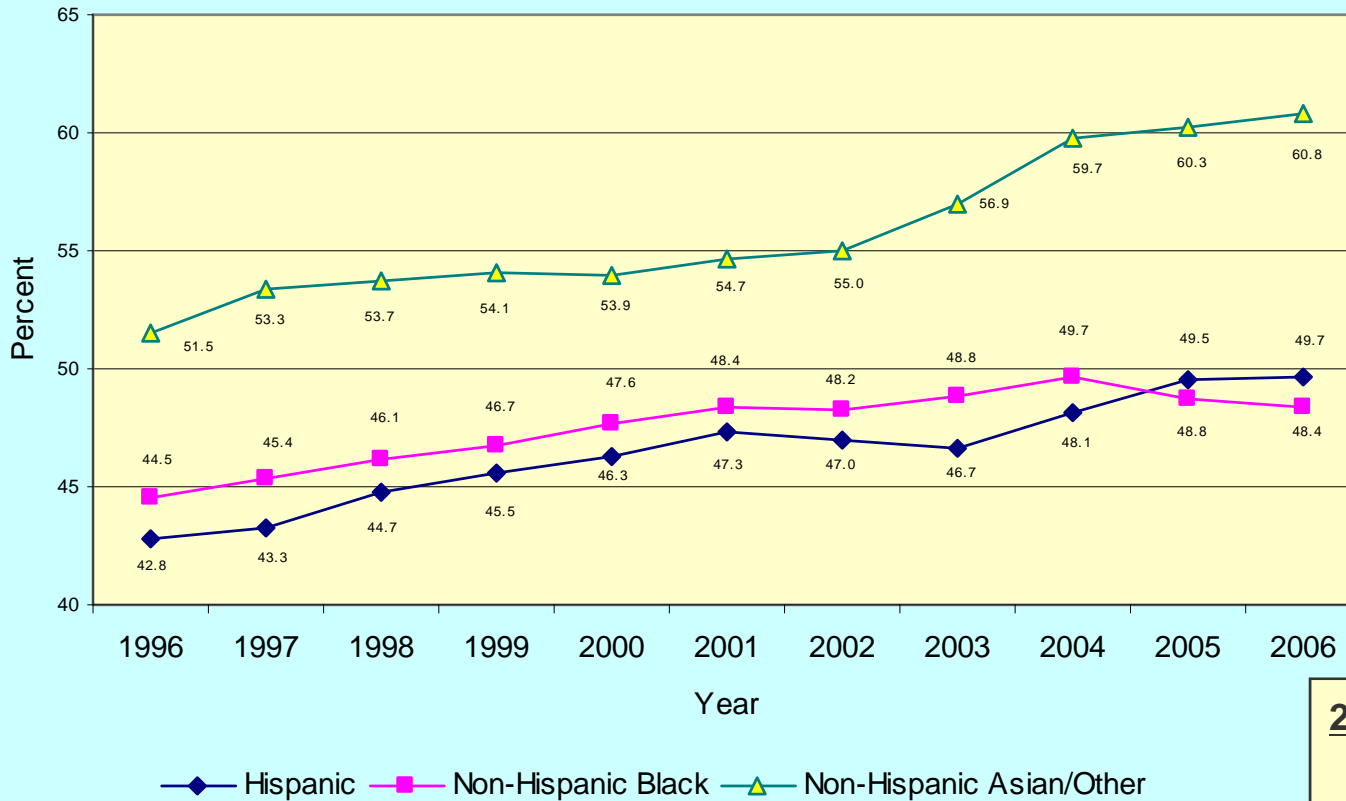
# Asian Americans are a diverse population

They represent a multitude of ethnicities, nationalities, languages and cultural backgrounds.



# Minority Homeownership Rates

**Minority Homeownership Rates 1996-2006**



**2006 rates**

- African American: 47.3%
- Hispanic: 48.7%
- Asian: 59.8%
- White: 75%
- National rate: 68%

# Growth trends



- Hispanic and Asian populations of the United States will triple by 2050.
- People of color accounted for nearly 40 percent of the growth in homeownership from 1994 to 1999, and will represent 30 percent of total households by 2010.
- Hispanics expected to grow about 17%, resulting in roughly 1.5 million new households.
- African-Americans will grow by 8%, adding 1 million new households.
- Asian-Americans expected to grow by 17%, resulting in approximately 600,000 new households.
- Between 1990 and 2008, the combined buying power of African-Americans, Asian-Americans, and Native Americans will have exceeded \$1.5 trillion, a gain of 231% percent. Hispanic buying power will be up 357% and African American up 189%.

# Growing business opportunities



- Growth of the Asian market
- Younger ethnic homebuyers
- More African American women and female head of households in general
- Baby Boomers looking for second homes
- Echo Boomers entering labor force and starting households

- **HomeStay Initiative**

- Umbrella initiative highlighting tools and products that help homeowners avoid losing their homes
- Grant support to nonprofits like NeighborWorks® America that provides foreclosure-prevention counseling
- Loan options for subprime borrowers who have good payment histories but are facing rate resets and payment shock

- **Products Highlighted in HomeStay**

- My Community Mortgage® – for low-to-moderate income borrowers who need flexibilities and may have nontraditional credit
- Flex 97® and Flex 100™ – for borrowers with little funds for down payment or closing costs who need low monthly payments
- Expanded Approval® – for people with blemished credit who need an affordable loan

# Other tools and resources



- Desktop Underwriter®
- Desktop Originator®
- Home Counselor Online™ & Home Counselor Online en Español™
- Customizable Bilingual Marketing Materials
- Bilingual Glossary of Mortgage Terms

# For more information



- Speak with your Fannie Mae Customer Account Manager
- Visit the Fannie Mae Customer Service Room open Monday and Tuesday from 8:30 a.m. – 5:30 p.m.
- Visit our business-to-business website: [www.efanniemae.com](http://www.efanniemae.com)