



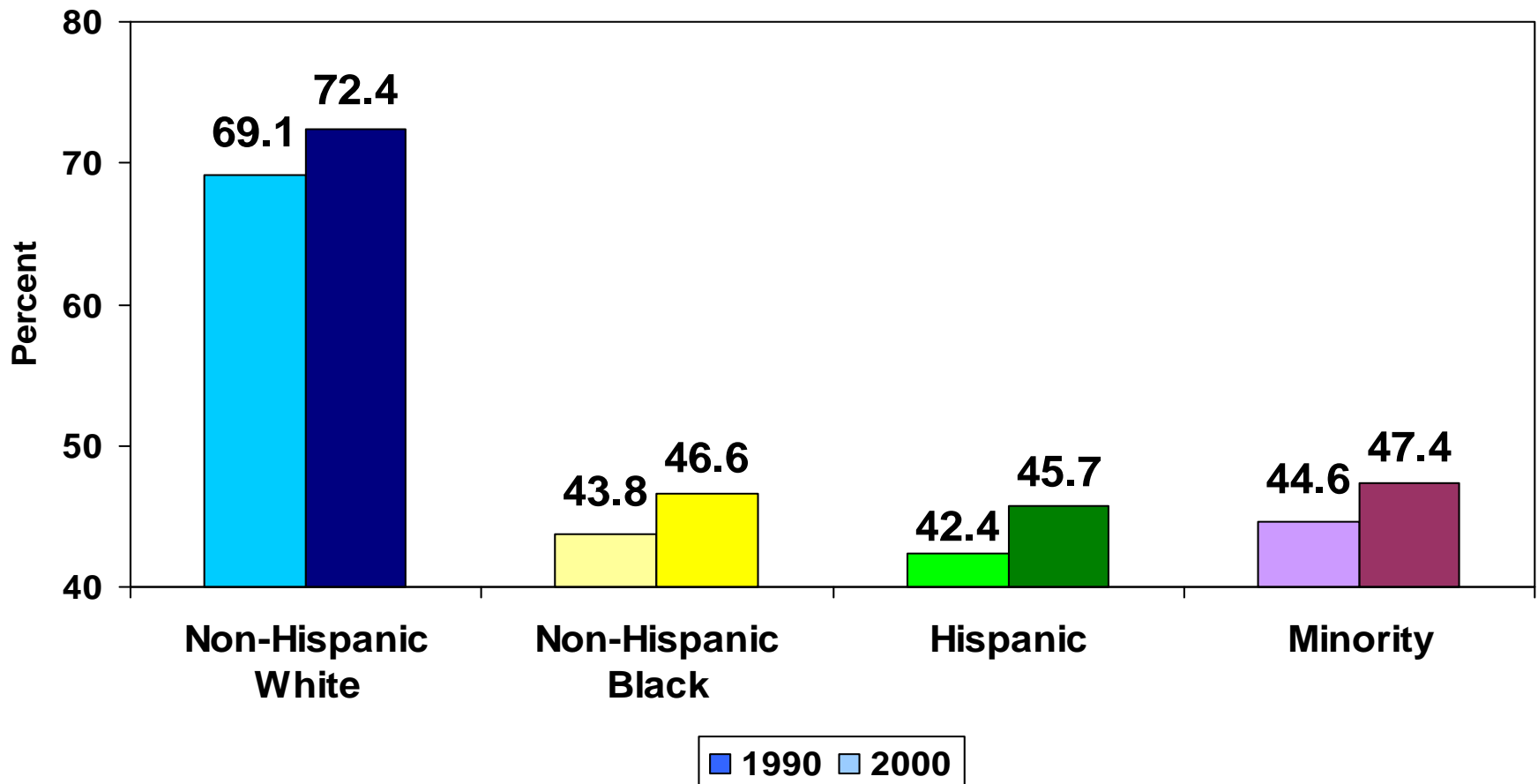
# Reflections on Homeownership Strategies

**Paul Weech**

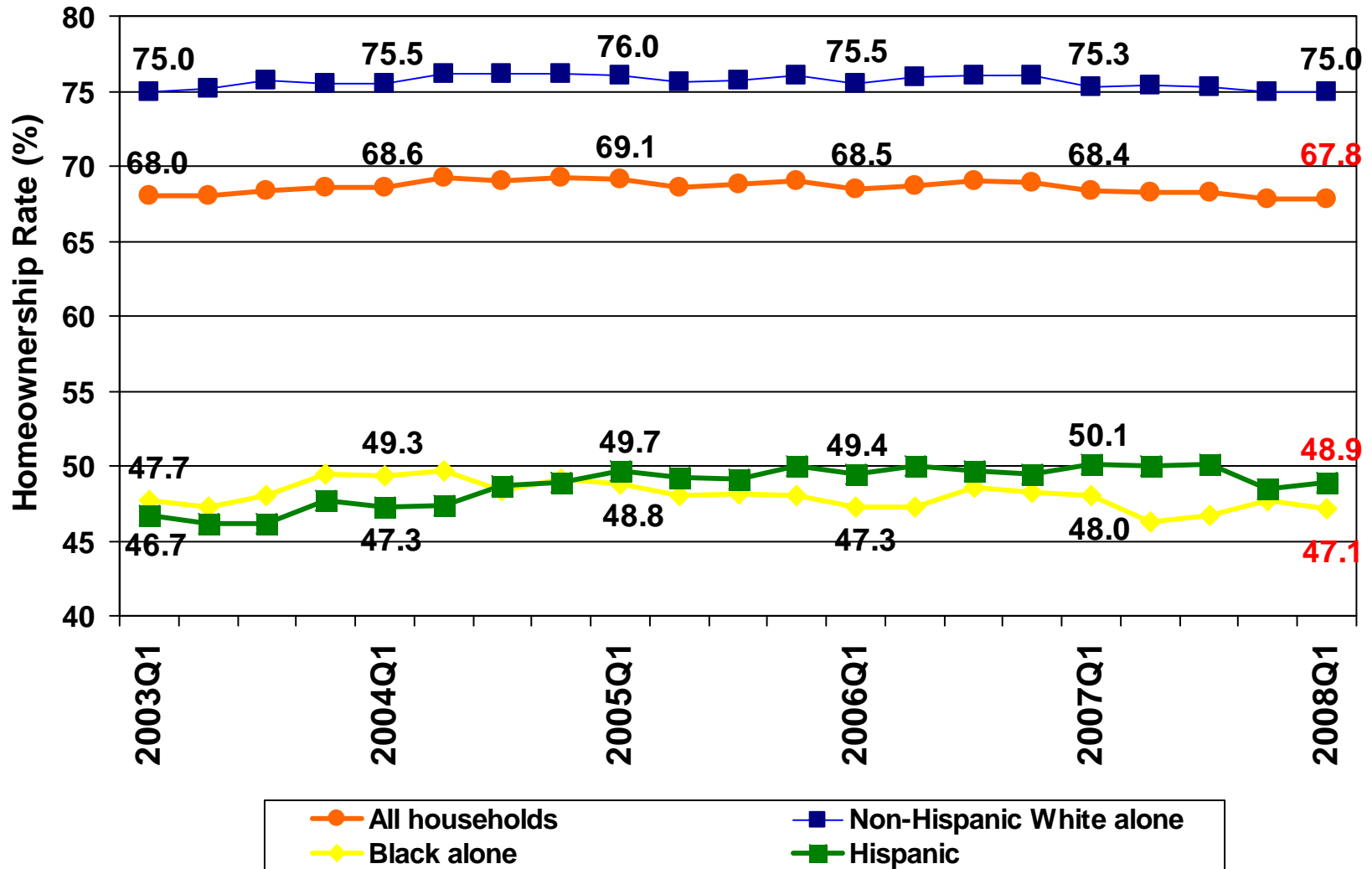
Fannie Mae

Asset Policy Initiative of California  
Assets and Homeownership Symposium  
Los Angeles, California  
June 4, 2008

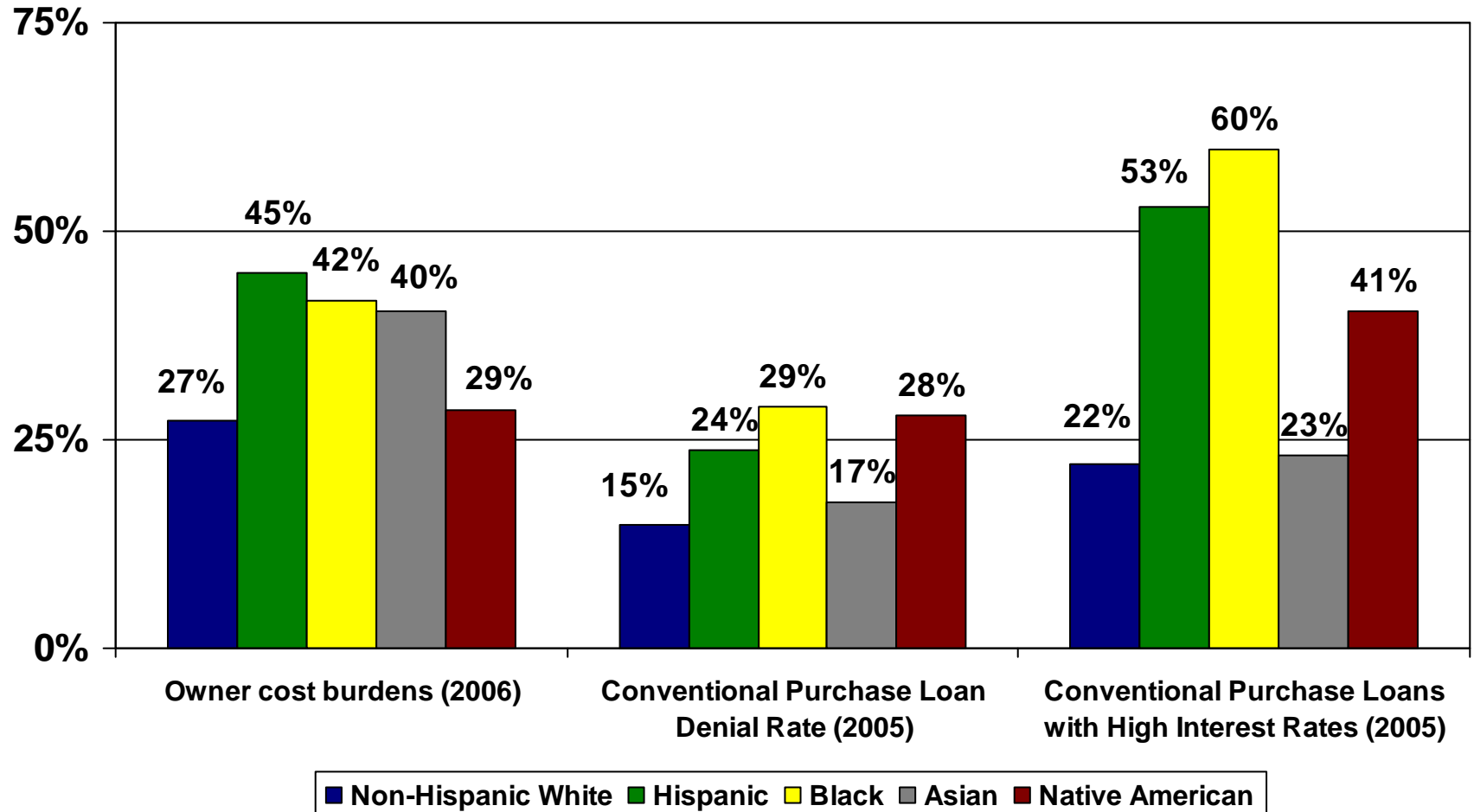
# 1990s: Important Progress on Homeownership



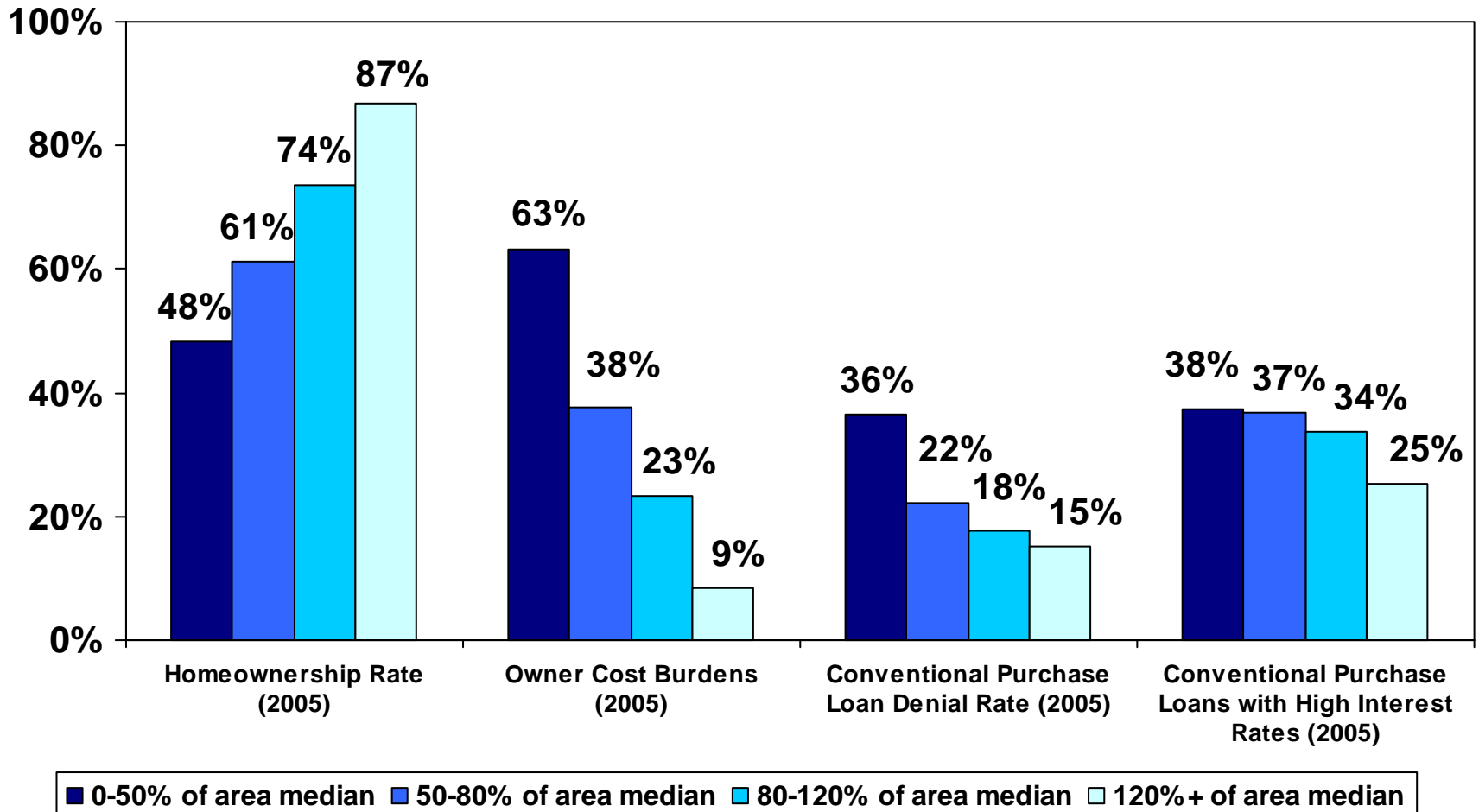
# Progress Now Threatened



# Housing and Lending Outcomes Differ by Race and Ethnicity



# Housing and Lending Outcomes Differ by Incomes





# Role of Fannie Mae

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- Liquidity, Stability, Affordability
  
- HomeStay<sup>®</sup> Initiative
  - 200,000 refinanced into safer loans or worked out
  - \$10 million in grants for counseling and workshops
  - Homesaver Advance<sup>®</sup> and attorney fees incentives for workouts
  
- Housing Recovery Plan<sup>®</sup>
  - Jumbo-Conforming (\$729,750): priced at TBA rates
  - Streamline refinancing: Allows CLTV 120
  - Neighborhood stabilization: Self-Help partnership
  - Housing Finance Agency Investment: \$10 billion
  
- National Downpayment Policy
  - 97% LTV if underwritten through Desktop Underwriter<sup>®</sup>
  - 95% LTV if underwritten outside Desktop Underwriter<sup>®</sup>
  - In all geographic locations

# Reflections on Homeownership Strategies

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## ■ Concern about lasting effects

- Ruined consumer credit
- Changed consumer attitudes
- Wider social costs
- Lingering credit conservatism

## ■ Fix the origination space

- New emphasis and rigor on counseling
- Policy changes: Better disclosures, register originators, national standards evenly applied
- Reevaluate the Trusted Advisor Model

## ■ Require skin in the game

- The value of the downpayment
- Community seconds
- Other potential innovations: Shared Equity

## ■ Return to the basic value of homeownership

- Care for the housing ecosystem
- House as an asset, not an ATM
- Home-owning, not home-buying