

# Make an Impact with Freddie Mac Affordable Housing Solutions

12/12/24



# Today's Speakers



**Madelynn Tejeda**

Loan Consultant

**Newrez Home Loan Div**

**Joseph Alvini**

Business Development Manager

**NJHMFA**

**Carolina Valderrama**

Affordable Lending Manager

**Freddie Mac**

**Luis Ortiz**

Real Estate Agent

**Keller Williams**

# Course Agenda

1. About Freddie Mac
2. Barriers and Needs
3. New Jersey  
Housing & Mortgage Finance  
Agency
4. Affordable Lending with Newrez
5. Empowering Homeownership:  
Latino Communities and Down  
Payment Assistance
6. Panel Q&A
7. Audience Q&A



# Making Home Possible for 54 Years

- Freddie Mac was [chartered by Congress in 1970](#) and operates in the Secondary Mortgage Market
- [Mission](#) to promote liquidity, stability, affordability and equality in housing – nationwide, in all economic conditions
- [Community mission](#)
  - Stabilize communities
  - Prevent foreclosures
  - Expand credit responsibly
  - Educate future homebuyers and counsel homeowners
  - Support affordable rental housing
- [Three main business lines](#)
  - Single-Family (1- to 4-unit for-sale properties)
  - Multifamily (5+-unit for-rent properties)
  - Capital Markets





# The Affordable Ecosystem

**It takes many hands to make home possible.**

Partnership and collaboration across the affordable ecosystem are critical to drive both business opportunities and making the dream of home a reality for families.





# State of Homeownership in Underserved Communities

## Barriers and Needs

# Challenges to Homeownership



17%

of All Buyers



38%

of Gen Z/Millennials  
25 to 33



24%

of Millennials  
34 to 43

**Saving for down payment a difficult step in home buying process**



54%

of Buyers' down payment  
came from their savings



37%

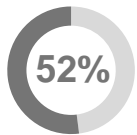
of Buyers' down payment  
came from the sale of a primary

**Sources of down payment**

*Access to a down payment for a mortgage remains one of the most common hurdles for today's borrower.*

*With housing prices rising, incomes remaining stagnant and limited housing stock, it creates a highly competitive market for very-low and low-income borrowers who increasingly struggle to save for their initial down payment.*

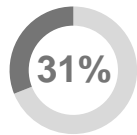
## Top Expenses that Delayed Saving for Down Payment



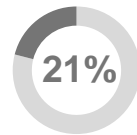
Student Loans



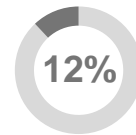
Credit Card



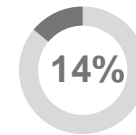
Car Loan



Child Care



Health Care



Other

# Down payment is the biggest barrier to homeownership among Millennials



## Biggest barriers millennial renters face when wanting to purchase a home

55%

Not enough money for a **down payment** and closing costs

49%

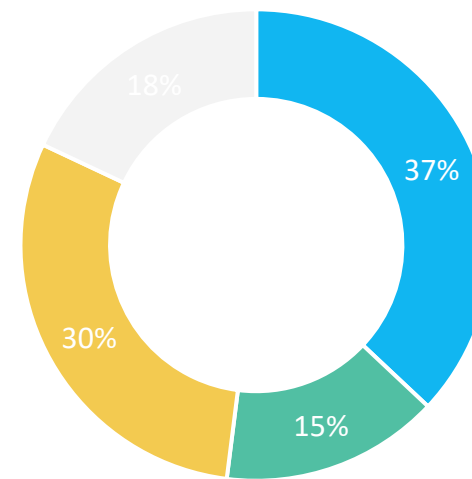
Not earning enough money to meet a **monthly mortgage payment**

42%

Not having established a credit history to qualify for a loan

**MYTH**  
~ 44% of millennials who are renters believed that a 20% down payment on a home is required, or they didn't know.

2023 FTHB Millennial Downpayment % Distribution



■ 0-5% ■ 6-10% ■ 11-20% ■ 20%+

Q. How likely do you think it is that you will ever purchase/own a home? (n=695) Q. If you ever purchase a home, how old do you think you will be when you purchase your first home? Q. The following life milestones/events are often associated with one's decision to buy a home. Which event(s) do you think would influence your decision the most when deciding to buy your next home/ a home in the future? Q. If you were considering buying a home/a different home today, please indicate if you think the following would be a major obstacle, minor obstacle or no obstacle for you. Q.To the best of your knowledge, what is the percentage of a home's sale price lenders require borrowers to pay as a down payment for a typical mortgage today? (Renter, n=695)

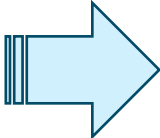
Source: American Housing Survey (AHS) 2023; Q1 2023 Freddie Mac Rising Generation Survey



# Nearly half of Millennial renters expect to use down payment assistance programs as a source of down payment



Top 5 <b>Expected</b> Source(s) of Down Payment	Millennial Renter
Personal savings	57%
Down payment assistance program(s)	<b>44%</b>
Gifts from family member(s)	17%
Loan(s) from family member(s)	16%
Loan(s) from someone who is not a family member	16%



## Actual Financial Assistance Usage



**8%**  
Of consumers who used financial assistance

Q. Which of the following do you believe would be a source for you for a future down payment on a home? Millennial Renters n=695  
Source: Q1 2023 Freddie Mac Rising Generation Survey

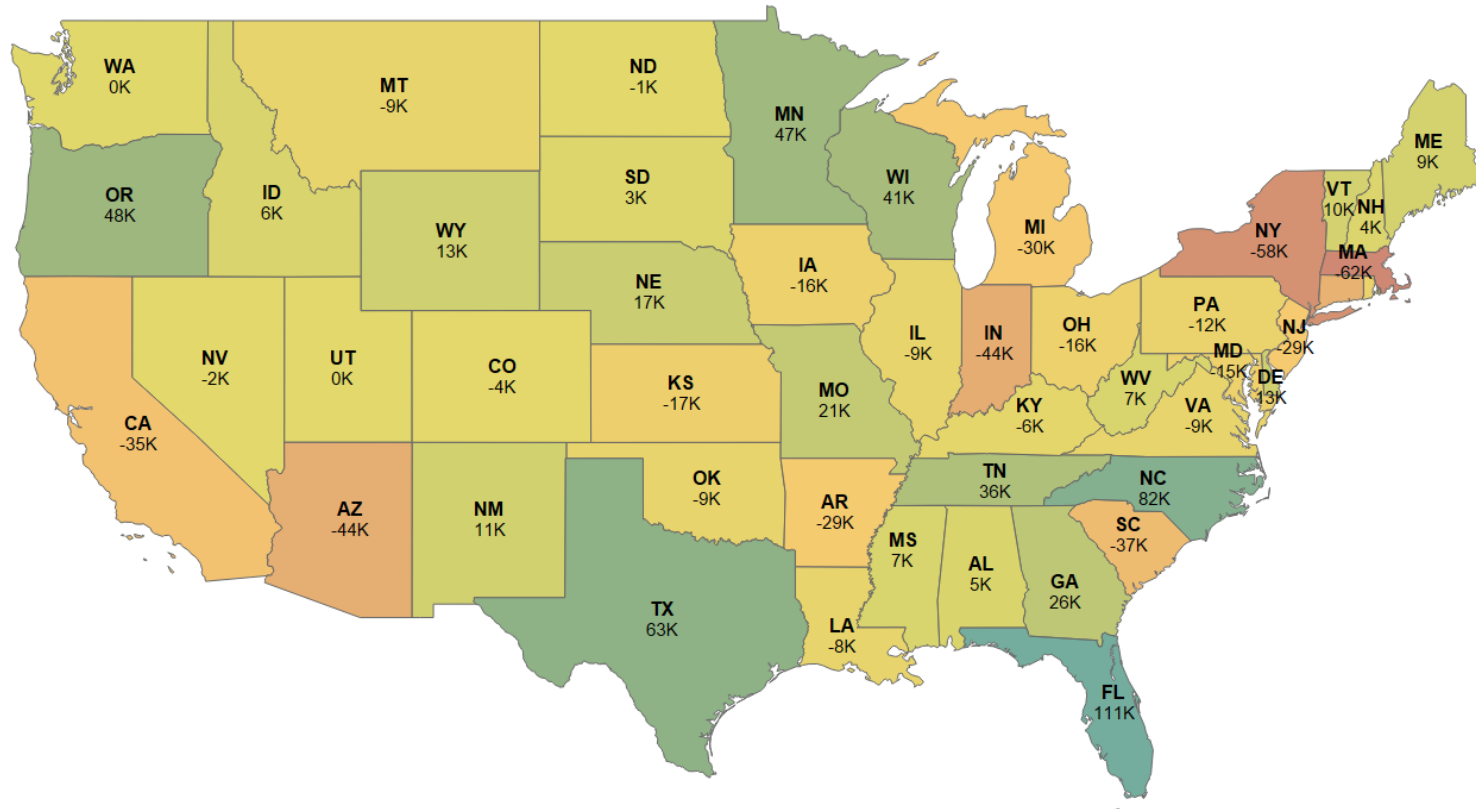
Q. Did you use any of the following sources of funds to purchase this property?  
Source: Freddie Mac analysis of the National Survey of Mortgage Originations

# Millennials are migrating in the pursuit of better housing

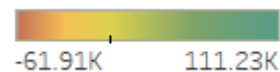


## Millennials' Net Migration Between States

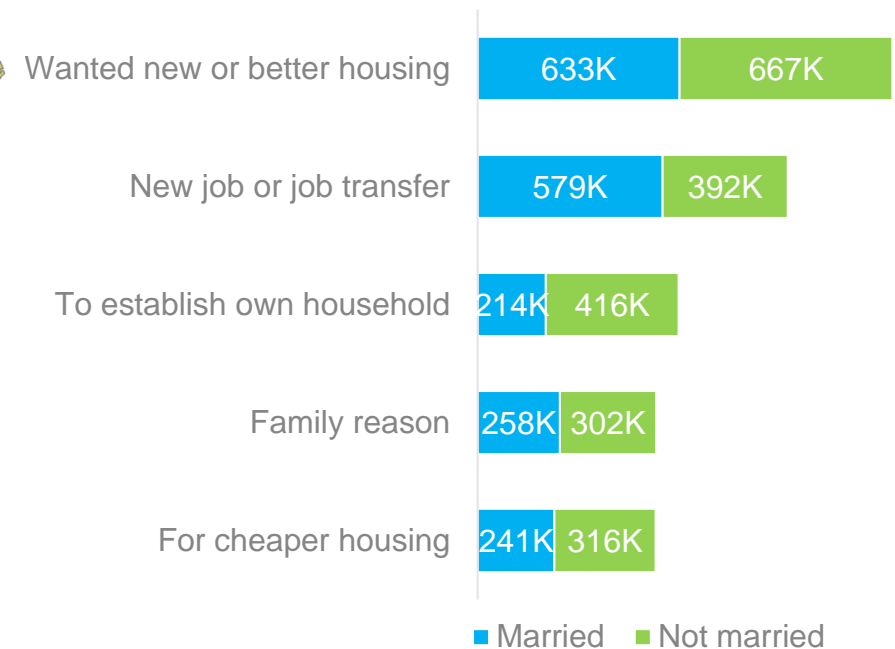
2023-2024



# of Millennials that migrated between states

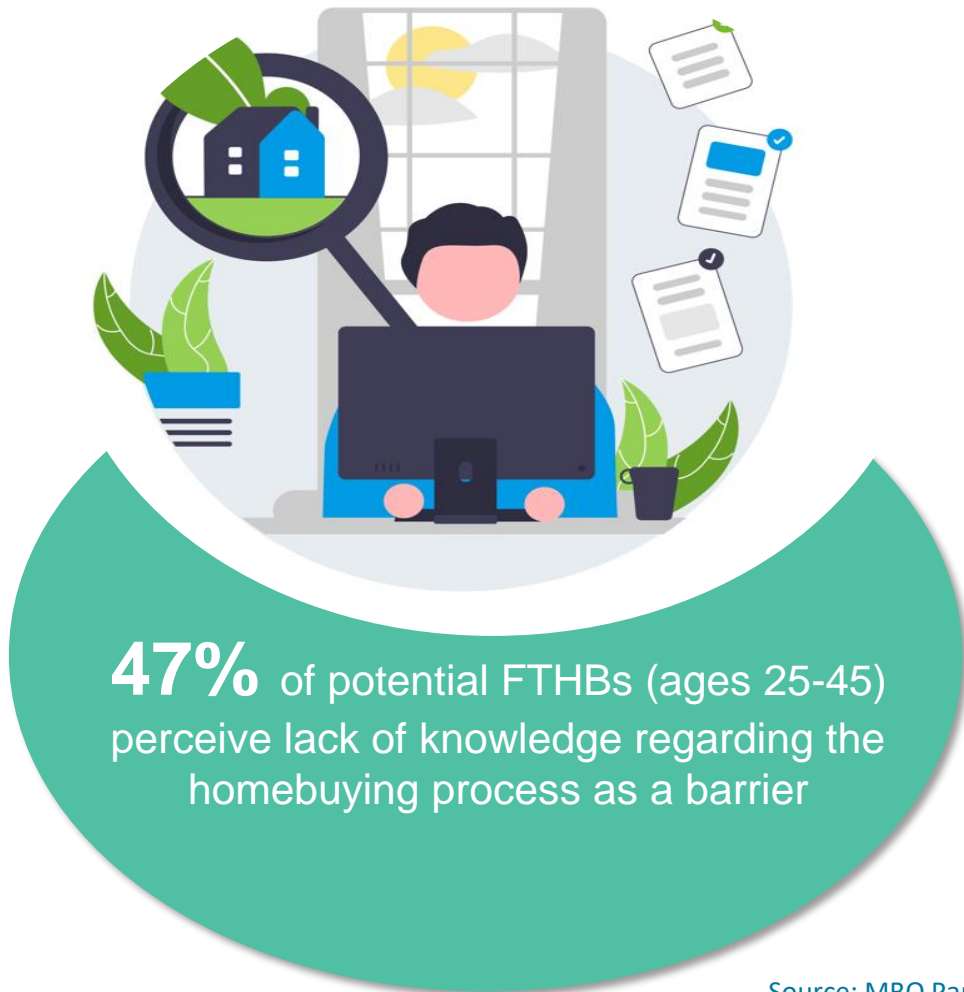


## Reasons to Move Among Millennials by Marital Status



Source: CPS Annual Social and Economic (March) Supplement 202403 via IPUMS CPS

# Lack of financial education is one of major impediments to homeownership for Millennials



Source: MBO Partners State of Independence in America Report 2022 - MBO Partners

Source: 2021 & 2023 Freddie Mac Consumer Research



**36%**

Were **NOT** taught how to set a budget



**43%**

Did **NOT** discuss how to invest money



**43%**

Were **NOT** involved in family financial decisions



**30%**

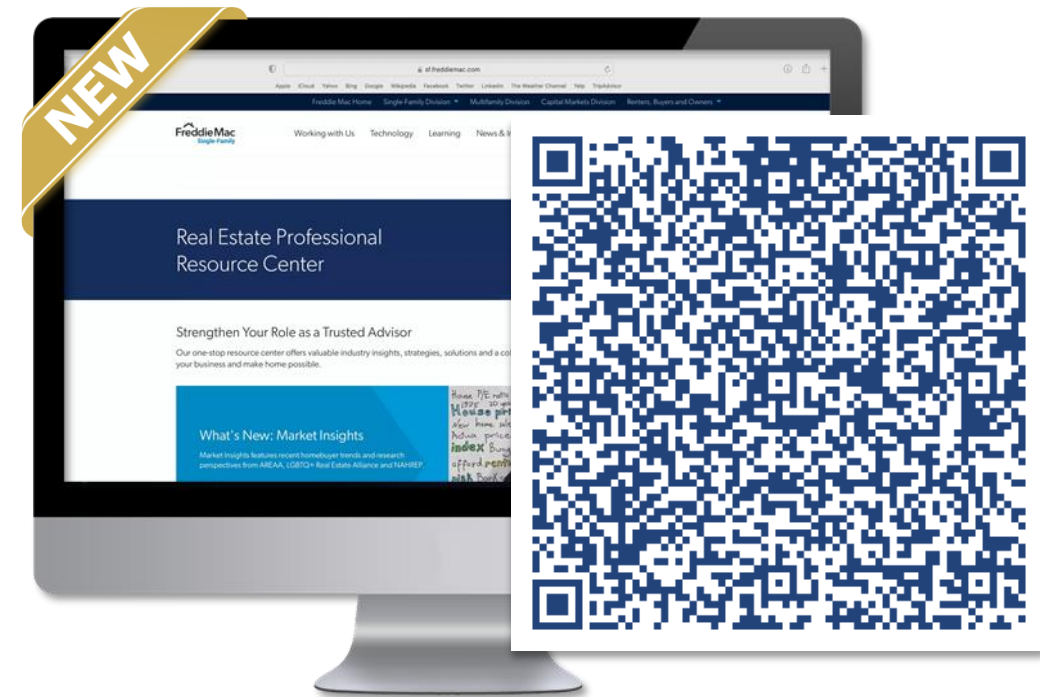
Were **NOT** taught about managing finances

# Real Estate Professional Resource Center: New and Expanded



## Strengthen Your Role as a Trusted Advisor With Your One-Stop Access to:

-  Industry Insights
-  Enhanced Business Growth Strategies and Tools
-  Resources to Share with Clients
-  Connections to Expand Professional Networks
-  Latest News, Market Insights and Updates



Take a tour: [sf.freddiemac.com/realestatepros](https://sf.freddiemac.com/realestatepros)

# New Jersey Housing & Mortgage Finance Agency





# **HFA Advantage**

## **Conventional Mortgage Program Overview**

Updated 09.11.24

# HFA Advantage Mortgage Loan Program

## Program Overview

- The Freddie Mac HFA Advantage Mortgage is a conventional 30-year fixed rate mortgage loan product, offering affordable mortgage insurance and low down-payment requirements to credit worthy borrowers. The HFA Advantage Mortgage product is available to purchase a primary residence located anywhere within the State of New Jersey.
- The HFA Advantage offers reduced Mortgage Insurance premiums, no loan level price adjustments, and is able to be combined with the NJHMFA DPA program. Origination or discount points cannot be charged.
- Borrowers are not required to be first-time homebuyers to use the HFA Advantage program, but please note, borrowers seeking to use the HMFA DPA programs must also meet all requirements of the DPA program, which includes a first-time homebuyer requirement.



# HFA Advantage Mortgage Loan Program

## Borrower(s) Requirements

- Borrower(s) must purchase and occupy a residential home in New Jersey.
- Borrower(s) must qualify and meet all requirements for an NJHMFA first mortgage loan originated through a participating lender.
- All Borrower(s) must have a minimum representative credit score of 620 or greater and have a DTI of 50% or less. (0/50 DTI)
- Borrower(s) household income must not exceed NJHMFA maximum program limits.





# NJHMFA DPA Programs

## DPA/Smart Start-Plus FirstGeneration

- NJHMFA (DPA) Program provides qualified homebuyers with up to \$15,000 toward down payment and/or closing costs, based upon the county of the purchase property.
- The First Generation DPA Program offers an additional \$7,000 for a total of up to \$22,000 toward down payment and/or closing costs.
- All borrowers must be first-time homebuyers who have not owned a primary residence in the last 3 years.
- The DPA is a forgivable loan, with no payments or interest due. The DPA is a second mortgage that must be coupled with the HFA Advantage Program.
- If the homebuyer resides in the property as their primary residence for 5 years after purchase without selling, refinancing or defaulting, the DPA is completely forgiven.
- In the event the borrower conveys, refinances or ceases to occupy the premises during the five-year term, all DPA loan funds will be due and payable.
- Borrower(s) may not possess more than 20% of the purchase price in liquid assets (Only required with DPA)



# Smart Start Plus First-Generation Home Buyer Program

- The Smart Start Plus First-Generation Home Buyer Program was released on October 20th, 2023 . The Smart Start Plus First-Generation Home Buyer Program provides qualified first-time homebuyers who are also first-generation homebuyers with \$7,000 towards down payment and closing costs.
- The Smart Start Plus First-Generation Home Buyer Program **must be coupled** with an HMFA first mortgage program and the Down Payment Assistance Program; eligible borrowers will be able to receive up to \$22,000 for down payment and closing costs depending on the county in which the property being purchased is located.

COUNTY LIST	Amount of Smart Start DPA	First Generation Homebuyer	Total Amount
Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union	\$15,000	\$7,000	\$22,000
Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem, Sussex, Warren	\$10,000	\$7,000	\$17,000



# Smart Start Plus First-Generation Home Buyer Program

For purposes of the Smart Start Plus First-Generation Program, "First-generation homebuyer" means a first-time homebuyer, who is:

1. an individual:

(1) whose parents or legal guardians do not have any present ownership interest in any residential real property in any state or territory of the United States, or outside of the United States;

AND

(2) whose spouse, or domestic partner has not, during the three-year period ending upon acquisition of the eligible home to be acquired using such assistance, had any present ownership interest in any residential real property used as their principal residence in any state or territory of the United States, or outside of the United States;

OR

2. an individual who has at any time been placed in foster care in the State, was an emancipated youth, or was designated as a homeless, unaccompanied youth pursuant to the "McKinney-Vento Homeless Assistance Act," as described in 42 U.S.C.s.11434a.

Borrower(s) must purchase and occupy a residential home in New Jersey.

The property must be occupied as the Borrower's primary residence within 60 days of closing. Borrower(s)

must meet credit score and debt-to-income requirements.



# HFA Advantage Mortgage Loan Program

## Eligible Properties

- The property must be located in the state of New Jersey.
- Single-family home, condominium, townhome, PUD, manufactured or mobile home which is permanently affixed to real property owned by the Borrower, or a two-to-four family dwelling unit. Follow 1<sup>st</sup> insurer guidelines on dwelling unit's.



# HFA Advantage Mortgage Loan Program

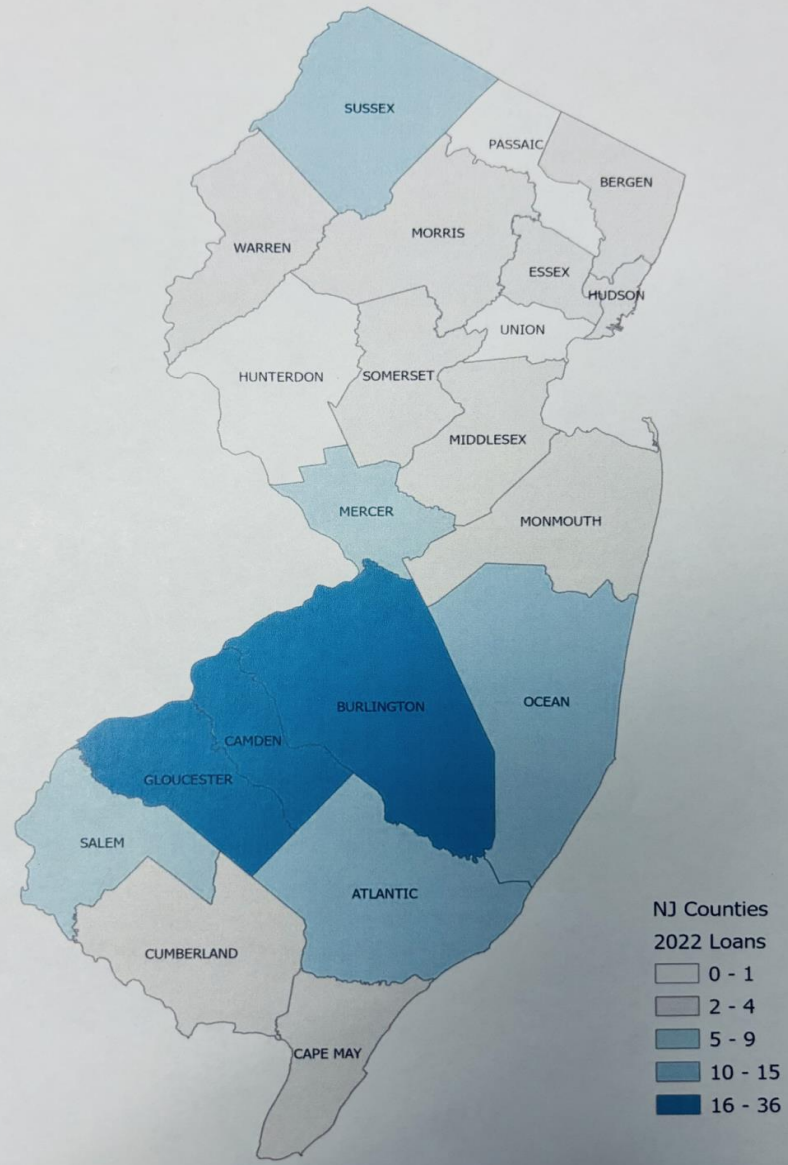
## Down Payment Assistance Program

- The DPA is disclosed following FreddieMac's LPA Guidelines
- For the DPA you are required to use the NJHMFADPA Disclosure; following TRID Guidelines.
- Please ensure that all final figures match on all documents submitted- Loan Application, Transmittal, AUS Findings, & DPA Product and Rate. Please ensure that the signatures for the Loan Application and Loan Estimate follow TRID guidelines.



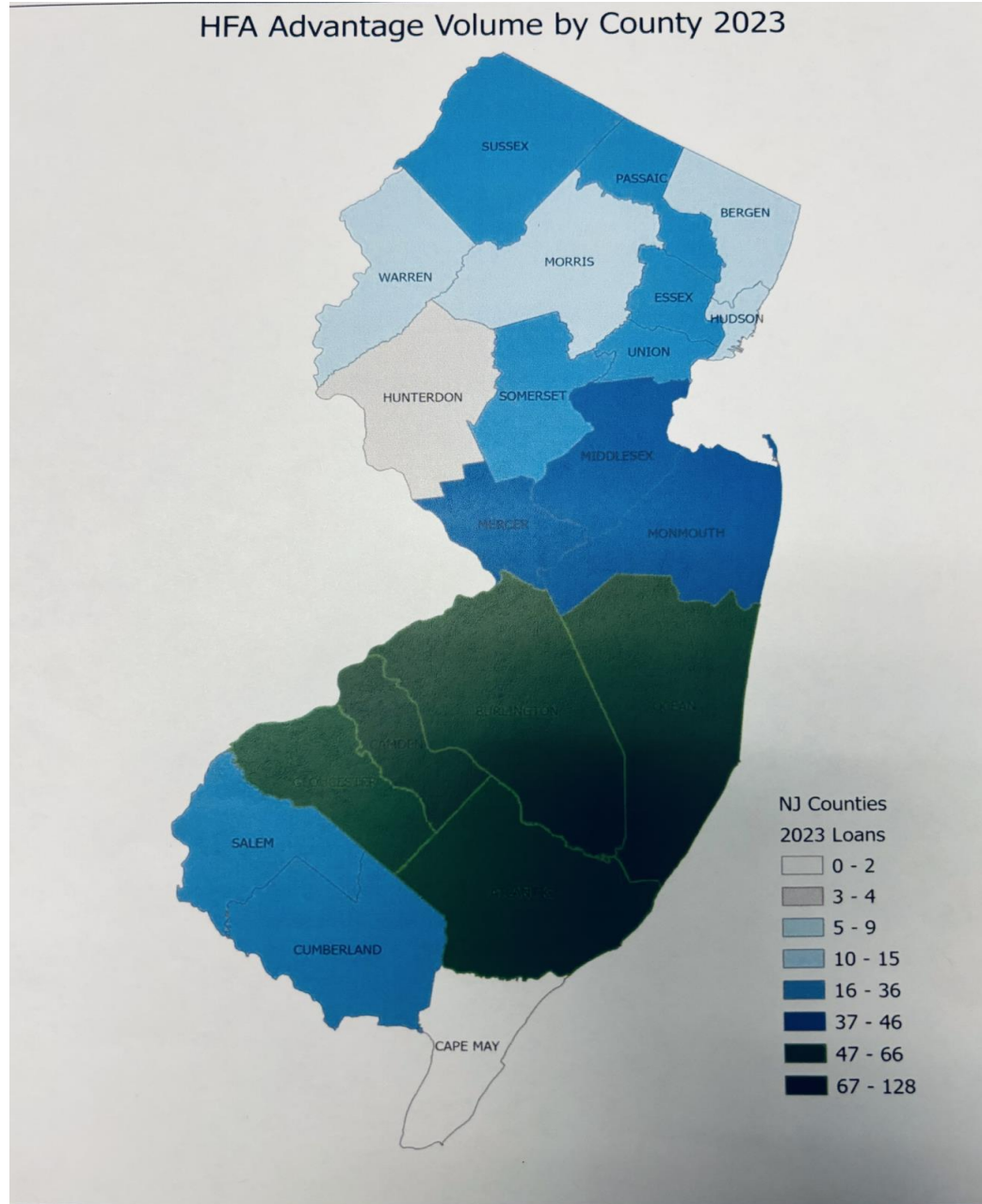


# HFA Advantage Volume by County 2022



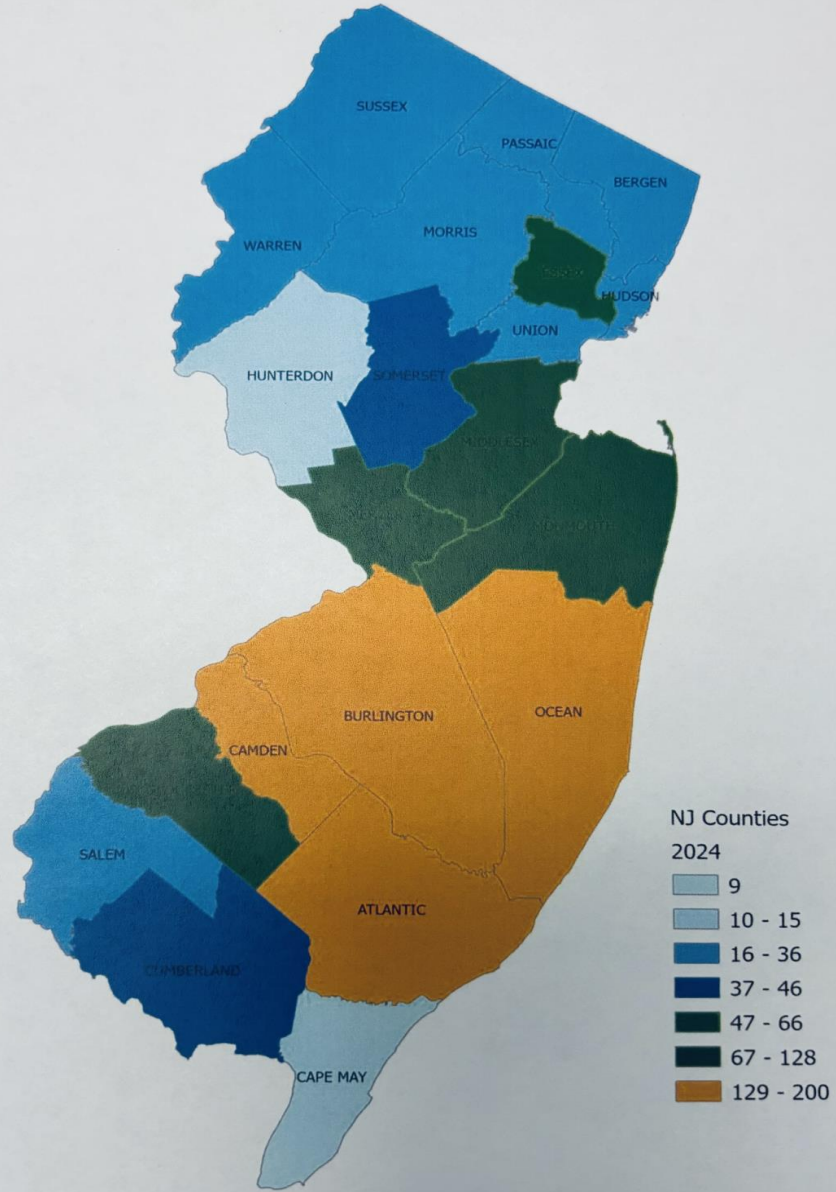


# HFA Advantage Volume by County 2023





# HFA Advantage Volume by County 2024





# Contact Information for the Business Development Team

*Email: [SFLenders@njhmfa.gov](mailto:SFLenders@njhmfa.gov)*

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Email: [Dsabol@njhmfa.gov](mailto:Dsabol@njhmfa.gov)

Business Development Analyst: Danielle Wituschek

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Business Development Analyst: Madeline Pacheco

Email: [Mpacheco@njhmfa.gov](mailto:Mpacheco@njhmfa.gov)


# Affordable Lending with Newrez



A young couple is sitting on a grey couch in a modern living room. The woman, on the left, has long dark braids and is wearing a light-colored sleeveless top. The man, on the right, has a beard and is wearing an orange t-shirt. They are both smiling and looking towards a smartphone held by the man. A black and white dog is sitting on the couch between them. The background features a wood-paneled wall and a green plant.

Affordable lending  
with Newrez!





We are excited to offer a diverse selection of programs to fit your client's unique needs.



# Freddie Mac Home Possible®

With Home Possible's® low down payment options and flexibility, more people are able to qualify for a home mortgage.

Home Possible®, by Freddie Mac® is a conventional mortgage programs that are perfect for many homebuyers, including first-time homebuyers, and low-income borrowers. They feature flexible mortgage options like low down payments, lower mortgage insurance coverage requirements and relaxed reserve requirements.

## Program Benefits:

- \$2,500 in the form of a grant towards down payment and/or closing costs, will be applied to borrowers whose total qualifying income is ≤ 50% of the applicable area median income limit for the subject property's location
- Low down payments for 1-4 unit primary residences
- Fixed and adjustable rate options available
- Limited to no reserves are required

## Qualification Requirements:

- One borrower must complete an online Homebuyer Education course if all occupying borrowers are first-time homebuyers
- See income and property eligibility requirements in your area at [www.freddie.com](http://www.freddie.com)



# RezSource

Buyers can pursue a home with significantly less money upfront. In fact, we'll contribute up to \$5,000 in closing cost and/or down payment assistance. That means you'll help borrowers get into their dream home faster while mitigating additional costs.

## Program Benefits:

- Eligible for grant when coupled with Freddie Mac Home Possible<sup>®</sup>
- Down payments as low as 1%
- Reduced mortgage insurance (MI) coverage and premium
- Minimum 580 credit score required

## Eligible Property Types:

- Single family homes manufactured homes, and condos
- Planned unit developments
- Manufactured homes
- 2-4 units

Offer only available for 30-year fixed rate loans. Income limits and property type restrictions apply. Minimum loan amount \$25,000 in all states but Michigan (\$10,000). Other terms and restrictions apply. Contact Newrez for additional details.



# Freddie Mac BorrowSmart®

BorrowSmart® is a program that can provide up to \$1,250 in down payment/closing cost assistance based on area median income (AMI) and other eligibility criteria. The best part is, this isn't a loan to be repaid, it's supplemental funds that may help homebuyers with the upfront costs of buying a home.

## How it Works:

The program works in tandem with the Freddie Mac Home Possible® and Freddie Mac HomeOne® mortgage options, which require as little as a 3% down payment.

## BorrowSmart® Highlights:

- Primary residences only
- Homebuyer counseling required
- Available in all 50 states
- Low-and moderate income requirements

## Eligible Property Types:

- 1-unit single family homes\*
- Condos
- Planned unit developments
- Manufactured homes (not eligible for HomeOne®)

\*HomeOne® must be secured by 1-unit properties that are not manufactured homes.

# Freddie Mac BorrowSmart Access<sup>SM</sup>

With Freddie Mac BorrowSmart Access<sup>SM</sup>, your clients could receive \$3,000 in down payment/closing cost assistance based on Area Median Income and other eligibility criteria to ease the financial stress of a home purchase!

## **Borrowers can use funds from other eligible sources including:**

- Gifts funds from family
- Government agencies
- Employer Assisted Homeownership programs
- Affordable Seconds<sup>®</sup>
- Eligible nonprofits
- Other third party programs that meet Freddie Mac's Guide requirements

## **Eligible Property Types:**

- 1-unit single family homes
- Condos
- Planned unit developments
- Manufactured homes (not eligible for HomeOne<sup>®</sup>)





# Freddie Mac's ChoiceRenovation®

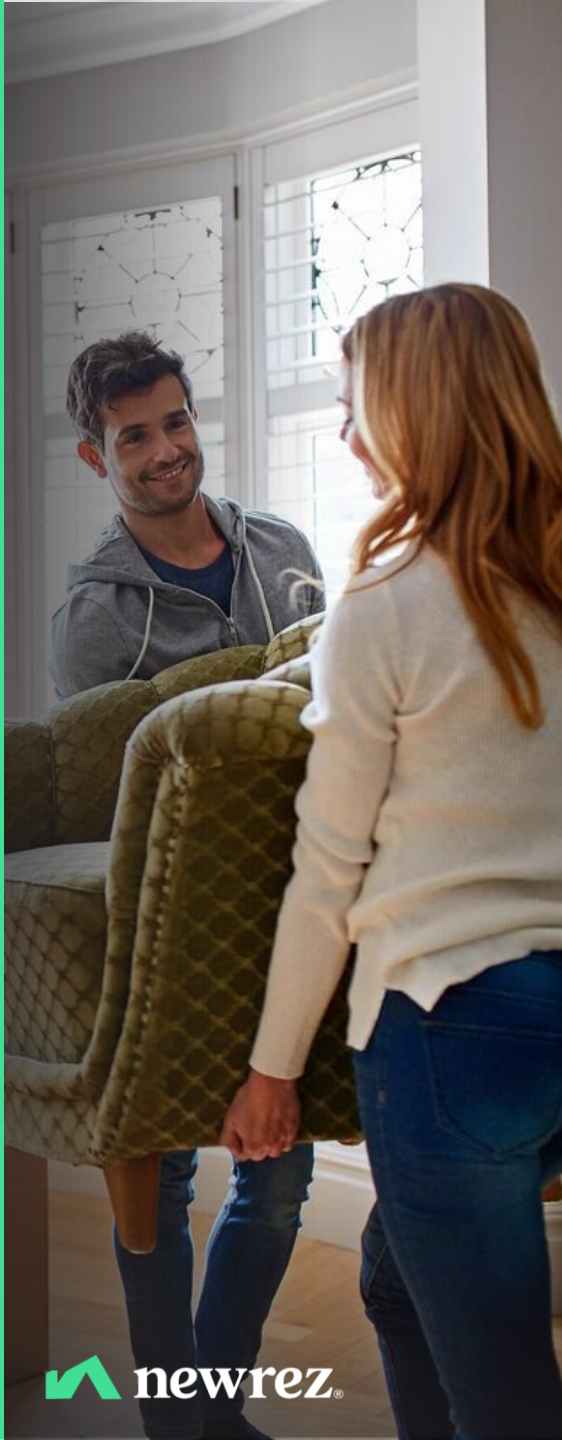
Help your clients unlock the full potential of a property without the hassle and stress typically associated with renovations. I'm ready to help you take the first step towards transforming a property into your clients dream home. Affordable home and renovation financing — all in one loan.

- Funds are used for new appliances or other upgrades like a kitchen refresh or flooring update.
- Wait until it's move in ready — borrowers don't have to occupy the home during renovations.
- The buyer must occupy the property within 60 days
- Of the last disbursement. giving them time to move in
- AFTER the renovations are completed.

## Program Highlights

- Purchase Transactions: 75% Of the sum of the purchase price of the property plus the estimated total of the renovation costs, or; as completed value of the property determined by the appraiser
- NO Cash-Out Refinance Transactions: 75% Of the as completed value of the property as determined by the appraiser
- Manufactured Homes: The lesser of \$50,000 or 50% the as completed value of the property as determined by the appraiser

Freddie Mac® and CHOICERenovation® are registered trademarks of the Federal Home Loan Mortgage Corporation and are not affiliated with the Company. By refinancing an existing loan, the total finance charges may be higher over the life of the loan. We may transfer the escrow account balance from the current loan to the new loan. If the current escrow amount is insufficient due to changes in taxes or insurance, we may require additional money when closing on the new loan.



## 3-Step Reno and Home Possible<sup>®</sup>

Help your clients unlock the full potential of their property without the hassle and stress typically associated with renovations. With our 3-Step Reno and Freddie Mac's Home Possible<sup>®</sup>, first-time buyers may qualify for renovation funds with as little as 3% down (97% Loan-To-Value ratio ("LTV") with Freddie Mac<sup>®</sup> Conforming Fixed Rate).

### 3-Step Reno makes updates easy!

- Funds are used at local big box store for new appliances or other upgrades like a kitchen refresh or flooring update.
- Choose from the store's list of approved contractors in addition to project materials.
- Wait until it's move in ready – borrowers don't have to occupy the home during renovations.
- The buyer must occupy the property within 60 days of the last disbursement, giving them time to move in AFTER the renovations are completed.

Minimum loan amount: \$25,000

Up to 97% LTV of the "as-completed" value;

Up to 95% LTV for high balance, manufactured homes, and co-ops



# ffew Jersey Housing and Mortgage Finance Agency (ffJHMFA) Down Payment Assistance Program\*

**Together, helping more people achieve their dream of homeownership through down payment assistance up to \$22,000!**

We've proudly partnered with the NJHMFA Down Payment Assistance Program since 2017, first as Caliber Home Loans and now as Newrez: Home Loan Division. With up to \$22,000 in forgivable assistance for first-time and first-generation homebuyers, we're committed to helping more families achieve their homeownership dreams in New Jersey!

**NJHMFA Freddie Mac® HFA Advantage® Mortgage Program  
Participating Lender**

\*Down payment assistance products may have a higher interest rate or higher finance charges than other loan products which may be available. Restrictions apply. Visit <https://nj.gov/dca/hmfa/roadhome/> for more information. The New Jersey Housing and Mortgage Finance Agency and Newrez LLC are not affiliated.

# Thank you!

We look forward to partnering with you to make affordable homeownership a reality!



Apply  
Now!

## Reach out to learn more!



**Madelynn Tejada, Loan Consultant**

**Call/Text: 609-402-5352**

1630 New Road Suite 2A & 2D  
Northfield, NJ 08225

English/Spanish | NMLS# 207250 • NJ

O: 609-910-5305 | eF: 844-211-2134

Apply Now: [newrez.com/mtejeda](https://newrez.com/mtejeda)  
Learn more about me and our products on socials:

**MadMortgageTeam**



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Down payment assistance products may have a higher interest rate or higher finance charges than other loan products which may be available. Freddie Mac®, Freddie Mac BorrowSmart®, Freddie Mac BorrowSmart AccessSM, HomeOne®, Home Possible®, Affordable Seconds®, and HFA Advantage® are registered trademarks of Federal Home Loan Mortgage Corporation. The previously mentioned companies and programs are not affiliated with Newrez LLC. © 2024 Newrez LLC, 601 Office Center Dr., Ste. 100, Fort Washington, PA 19034. 1-888-673-5521. NMLS # 3013 ([www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)). Doing business as Newrez Mortgage LLC in the state of Texas. Alaska Mortgage Lender License #AK3013. Arizona Mortgage Banker License #919777. Licensed by the Department of Financial Protection&Innovation under the California Residential Mortgage Lending Act. Loans made or arranged pursuant to a California Finance Lenders Law license. Massachusetts Lender #ML-3013. Licensed by the N.J. Department of Banking and Insurance. Licensed Mortgage Banker-NYS Banking Department. Additional licenses available at [www.newrez.com](http://www.newrez.com). For real estate and mortgage professionals only and not intended for distribution to consumers or other third parties. All transactions are completed in English.

# Empowering Homeownership: Latino Communities and Down Payment Assistance



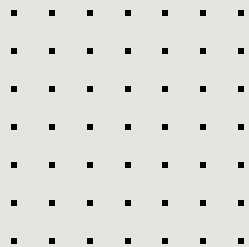


"EMPOWERING  
HOMEOWNERSHIP:  
LATINO COMMUNITIES AND  
DOWN PAYMENT ASSISTANCE"

Luis Ortiz

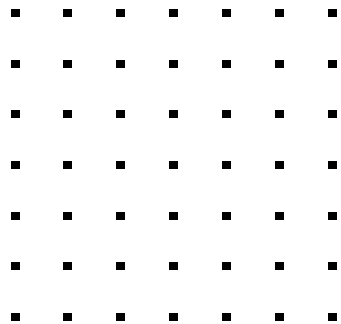
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# LATINO HOMEOWNERSHIP STATISTICS

- Hispanic homeownership rate: 49.5% in 2023, with a net gain of 377,000 owner-households in a year.
- Over 9.5 million Hispanic households now own their homes



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# YOUTH AS A DRIVING FORCE

- Median age of Latinos: 30.7 years, compared to 41.1 years for non-Hispanics.
- 2.2 million Latinos will turn 18 in the next two years, driving household formation

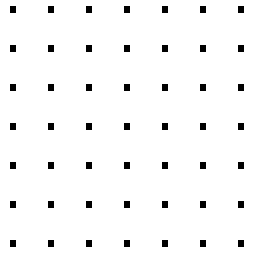
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# AFFORDABILITY CHALLENGES



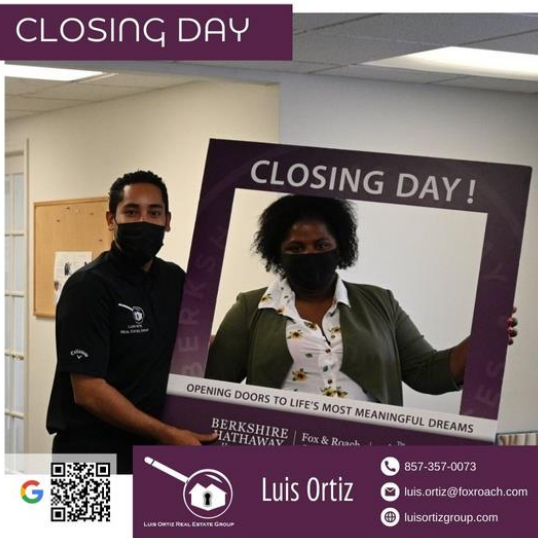
- Housing affordability is the #1 barrier.
- Rising interest rates significantly reduced buying power, with 2023 seeing rates as high as 7.79%

# SOLUTIONS THROUGH DOWN PAYMENT ASSISTANCE

- Down Payment Assistance helps bridge affordability gaps, enabling buyers to secure homes.

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# SUCCESS STORIES

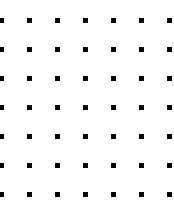


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# NAVIGATING GETTING OFFER ACCEPTED IN THIS MARKET

- Have your lender call when submitting offer- Make your buyer a rockstar!
- Write a letter on behalf of your buyer
- Advise buyer to look under their budget to be able to compete
- Making sure your buyer understands different contract terms and payment to make fast decisions- Buyer Consultations are Key

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THANK YOU

Luis Ortiz, Sales Associate, Realtor

Keller Willaims Moorestown

ProCoach, 2024 NAHREP South New Jersey Chapter President

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Luis Ortiz

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# Panel Q&A

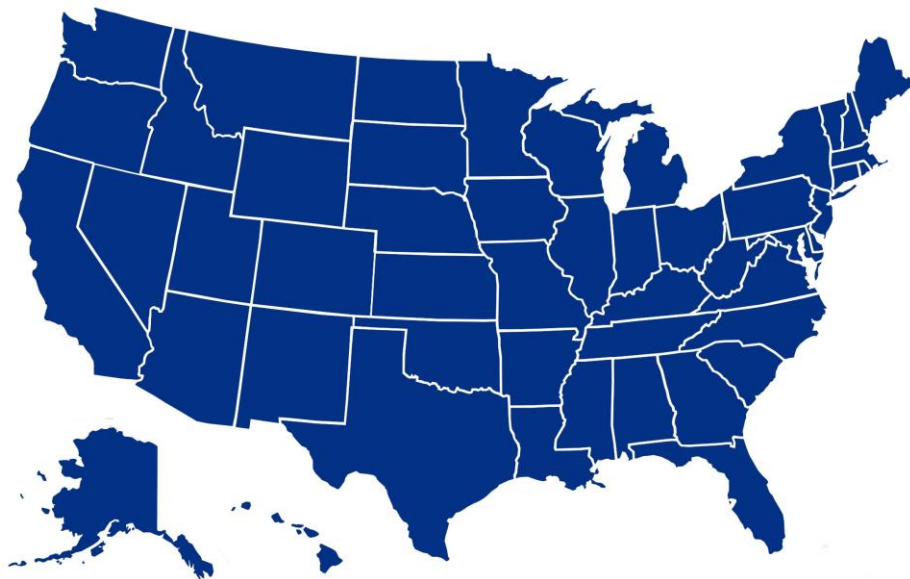


# Addressing a Challenge



One of the most cited challenges for first-time homebuyers is securing down payment funds.

While down payment assistance (DPA) programs are available, it can be difficult for housing professionals to find the right program that meets the specific needs of a borrower.



## INDUSTRY CHALLENGE

- Over 2,000 down payment assistance programs exist today but are under-utilized.
- Programs are often difficult to navigate and appropriately match to borrowers.
- Challenges can increase time to close and put borrowers at a disadvantage in a competitive market.

# Making the Right Match For Down Payment Assistance



## About DPA One®

- Freddie Mac developed DPA One® as a free, online tool to host down payment assistance programs nationwide and ease the matching efforts within the business-to-business mortgage ecosystem.
- DPA One facilitates the partnerships between housing professionals and DPA program providers in reaching the shared goal of helping more borrowers get into homes.



## Value Proposition

### Lenders / Loan Officers / Housing Counselors

Allows housing professionals to **quickly find, understand and match the best DPA programs to their clients** by providing all the DPA program information they need in one place right when they need it most.

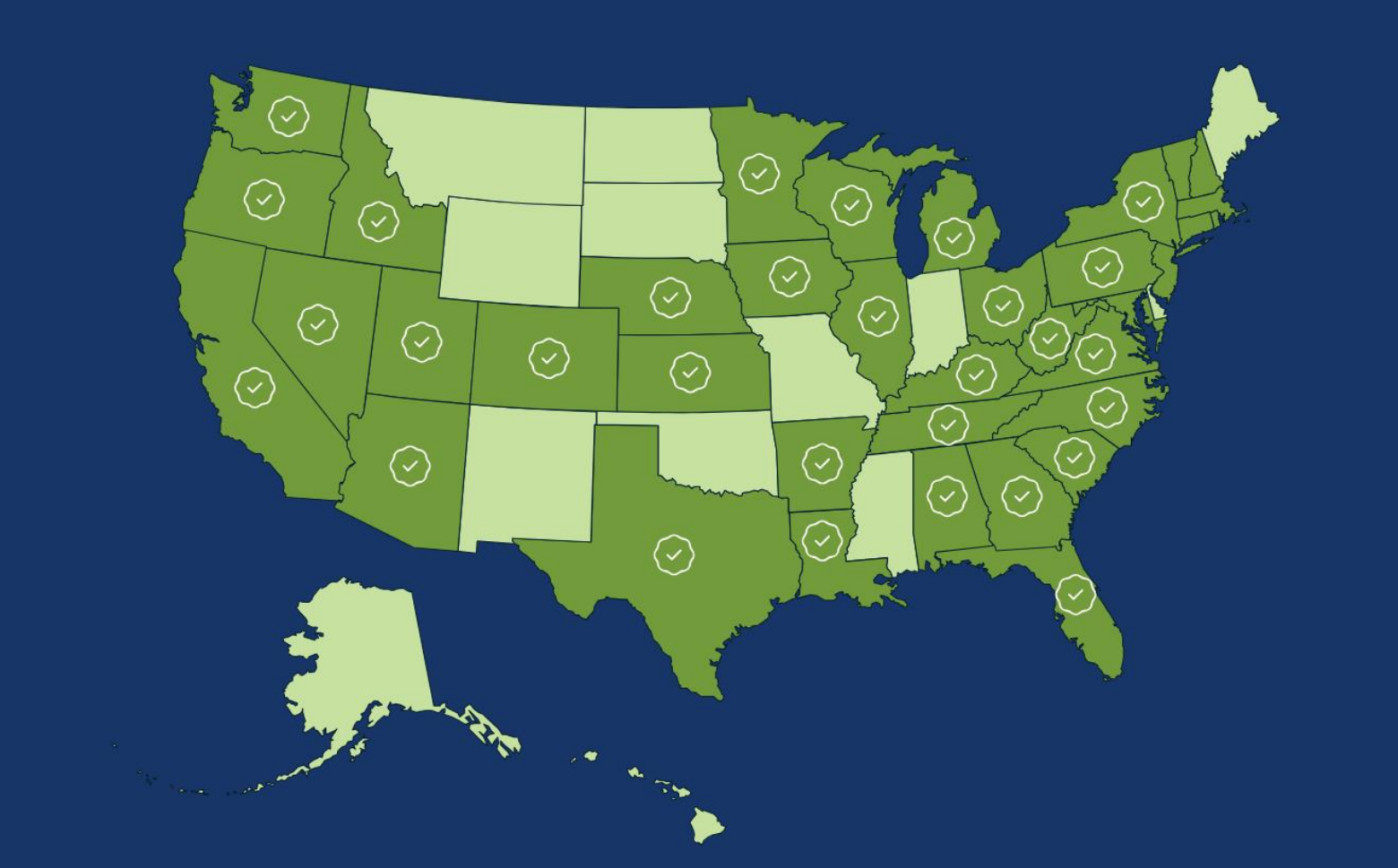
### DPA Program Providers

Can easily manage DPA programs in a standardized format so that **information is efficiently delivered through one centralized mechanism, reducing submission errors** and program requirement questions from housing professionals.

# Promoting DPA One



Freddie Mac is promoting DPA One in a phased approach. The promotion timing for each state is based on population and early DPA provider participation. Housing professionals outside of these states may still access the program and enjoy the benefits.\*



The nationwide rollout will be completed by the end of 2024.

\*The current release of DPA One is designed for housing professionals. A consumer version is in discussion.



Thank you!

