



# HOME DIVERSIFICATION CORPORATION

DIVERSIFY AND REDUCE YOUR HOME PRICE RISK

## Mortgage Credit Loss Reduction Analysis

January 2021

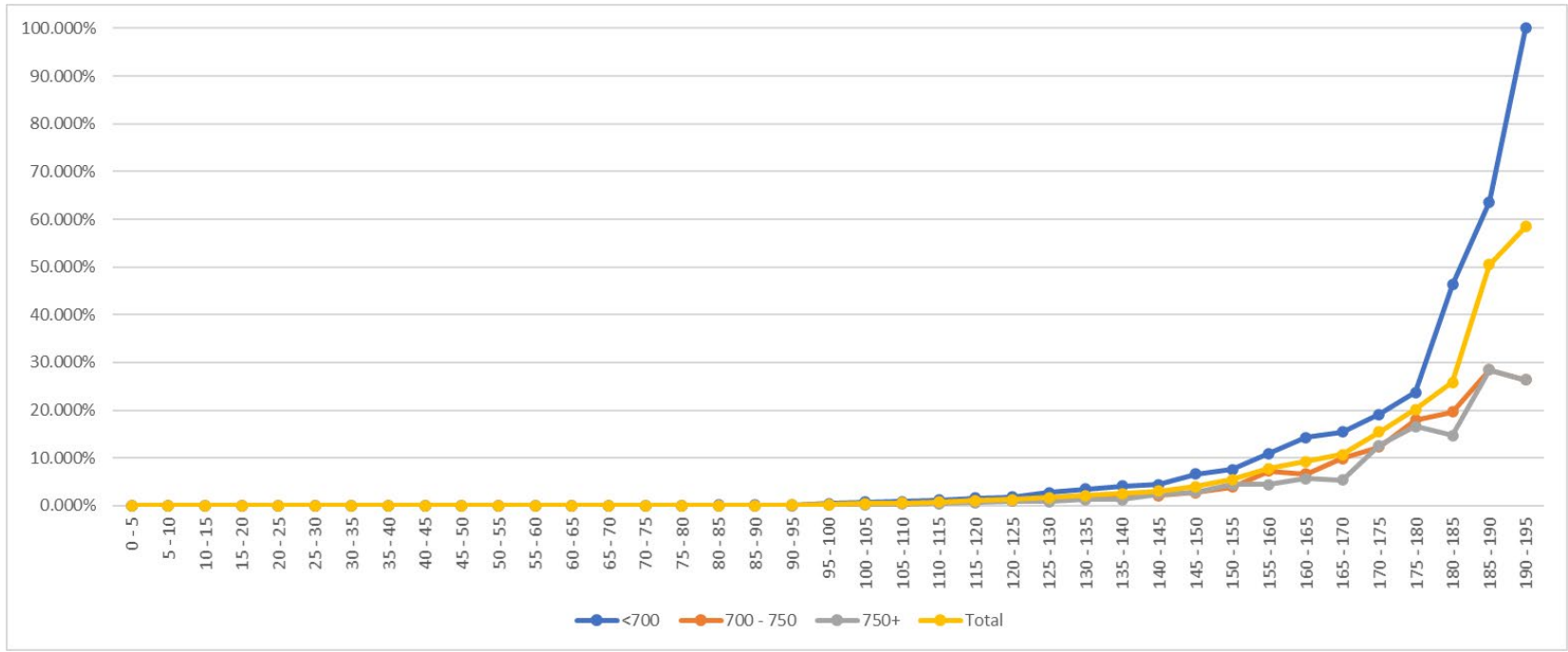
# Overview

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- Mortgage credit losses from Home Diversification (SM) are obviously overwhelming, and measurable as we can demonstrate.
- Home Diversification (SM) guarantees homeowner / borrowers nationally diversified home price appreciation.
- Leading industry experts agree, and the thorough analysis in this presentation proves, that borrowers do not go into foreclosure, lose their homes and ruin their credit, unless they are substantially underwater.
- Experts agree that negative home equity and ability to repay are both necessary conditions for foreclosure. Exceptions to every rule, but exceptions are rare.
- Home Diversification protects home equity. For example, for a 95% LTV mortgage, the national market would need to decline by 5% plus cumulative loan amortization - a rare, but measurable event – for foreclosures even to begin to occur.

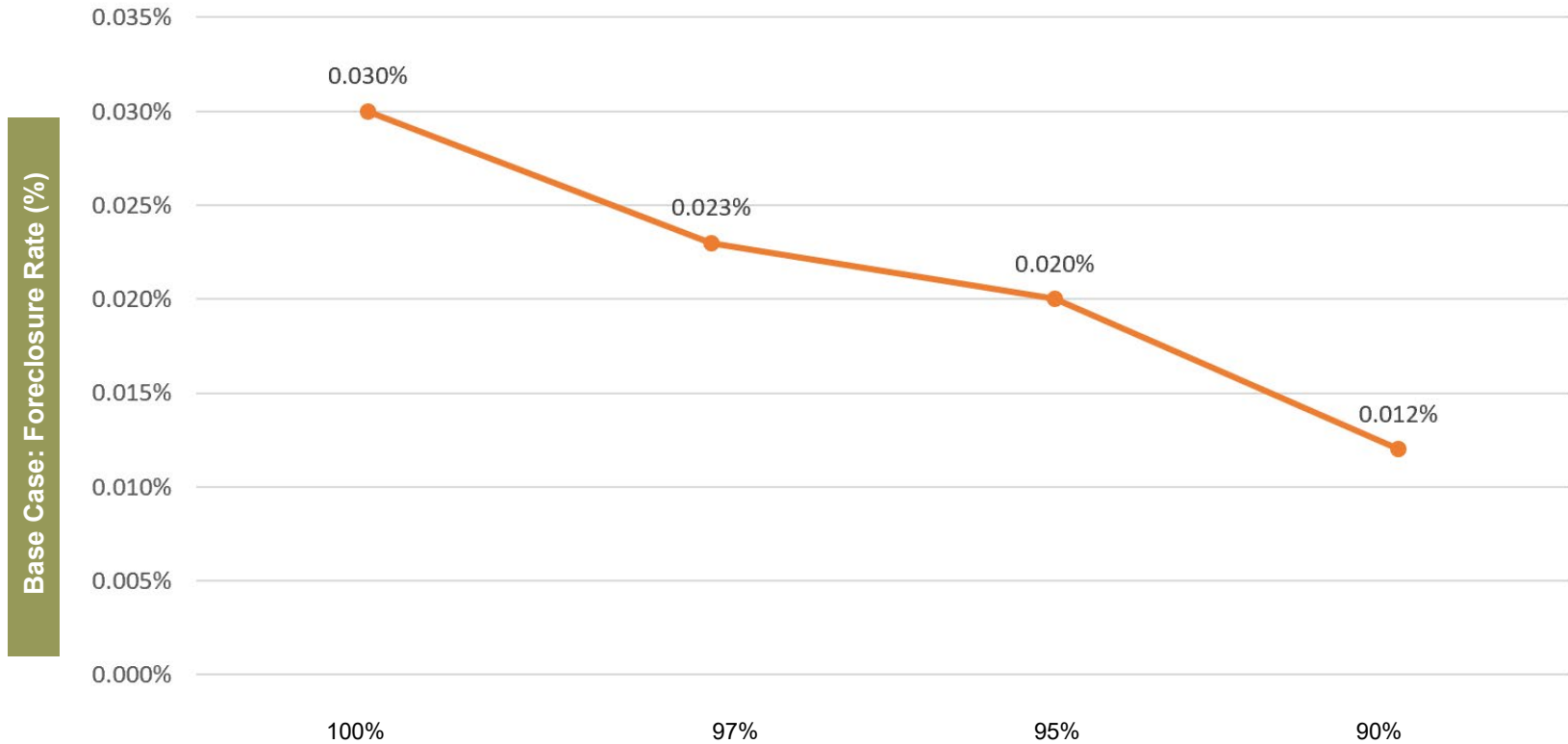
# MMLTV vs Foreclosure Rate

Foreclosure Rate (%)

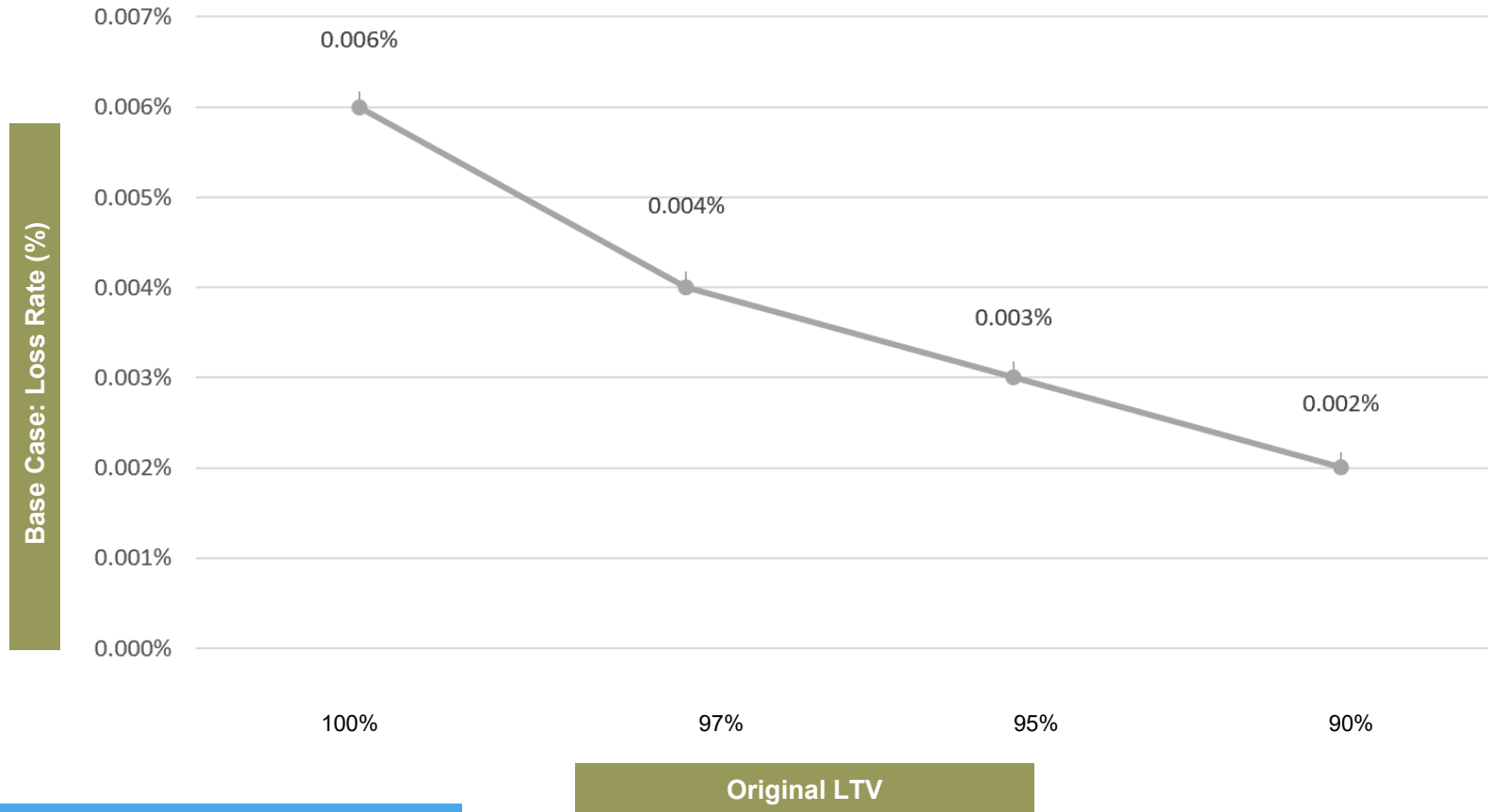


MMLTV

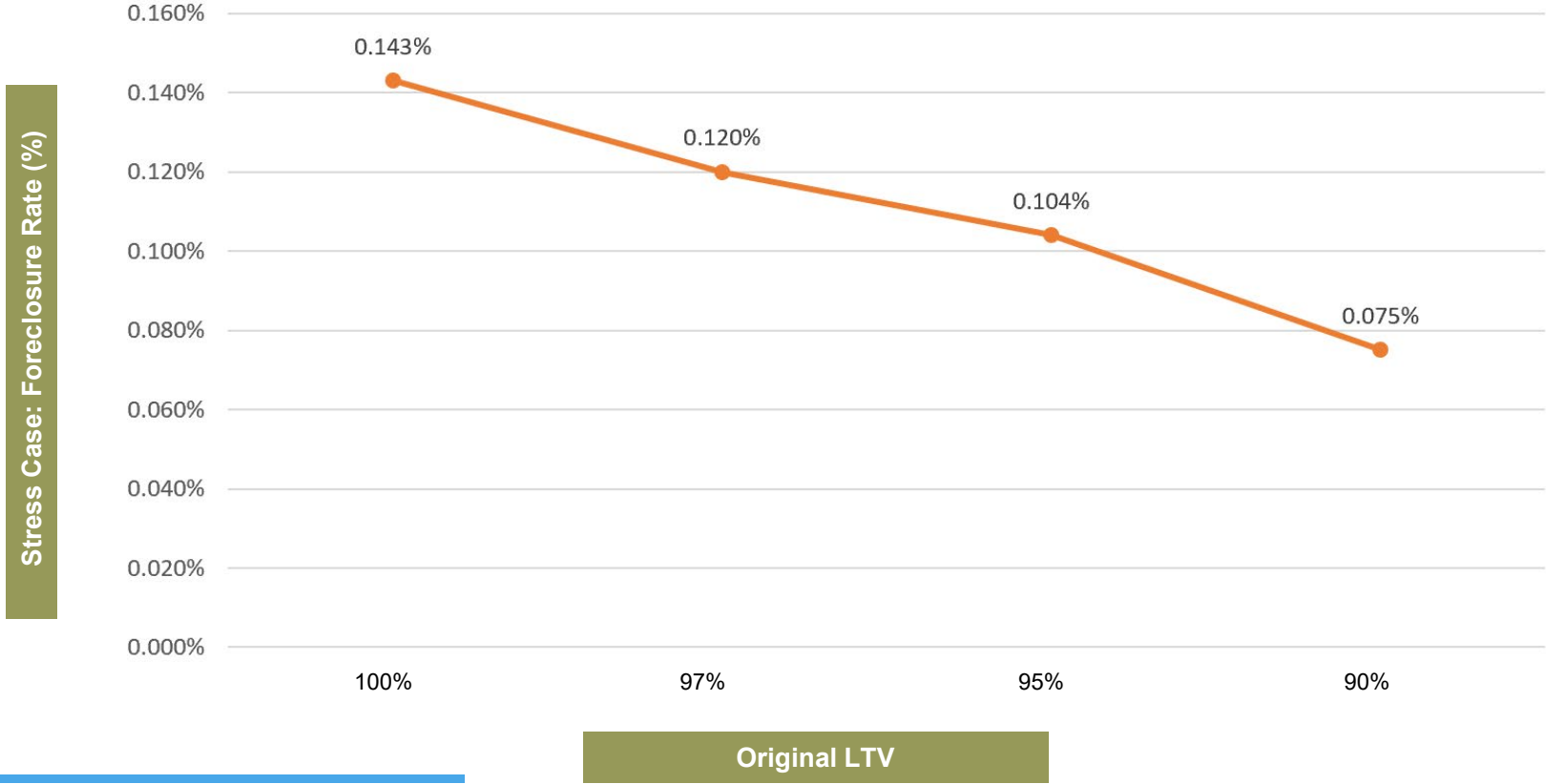
# Base Case: MLTV / Foreclosure Rate Results



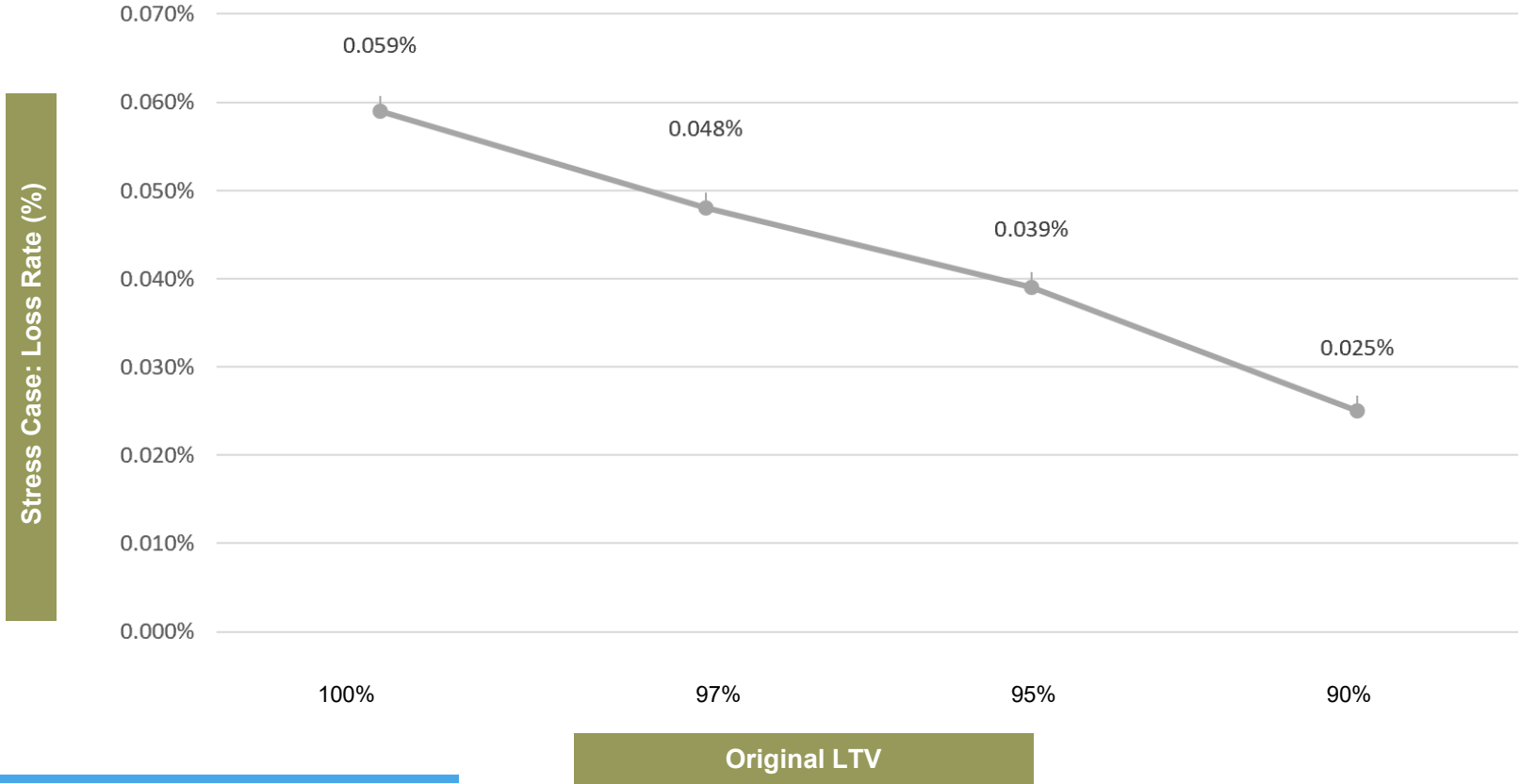
# Base Case: MLTV / Loss Rate Results



# Stress Case: MLTV / Foreclosure Rate Results



# Stress Case: MLTV / Loss Rate Results



# Summary

High-LTV home diversified mortgages carry about 1 basis point (.01%) of credit losses vs 50-60 bps without. The GSE PMI portfolio has about 30 bps of through-the-cycle credit losses after recovery of claims paid by the mortgage insurance companies. This dramatic reduction in mortgage credit losses underpins HDC's value proposition to consumers and creditors.

Please contact us if you have any questions at [contactus@homediversification.com](mailto:contactus@homediversification.com)