



# HOME DIVERSIFICATION CORPORATION

DIVERSIFY AND REDUCE YOUR HOME PRICE RISK

## Mortgage Credit Loss Reduction Methodology and Analysis

January 2021

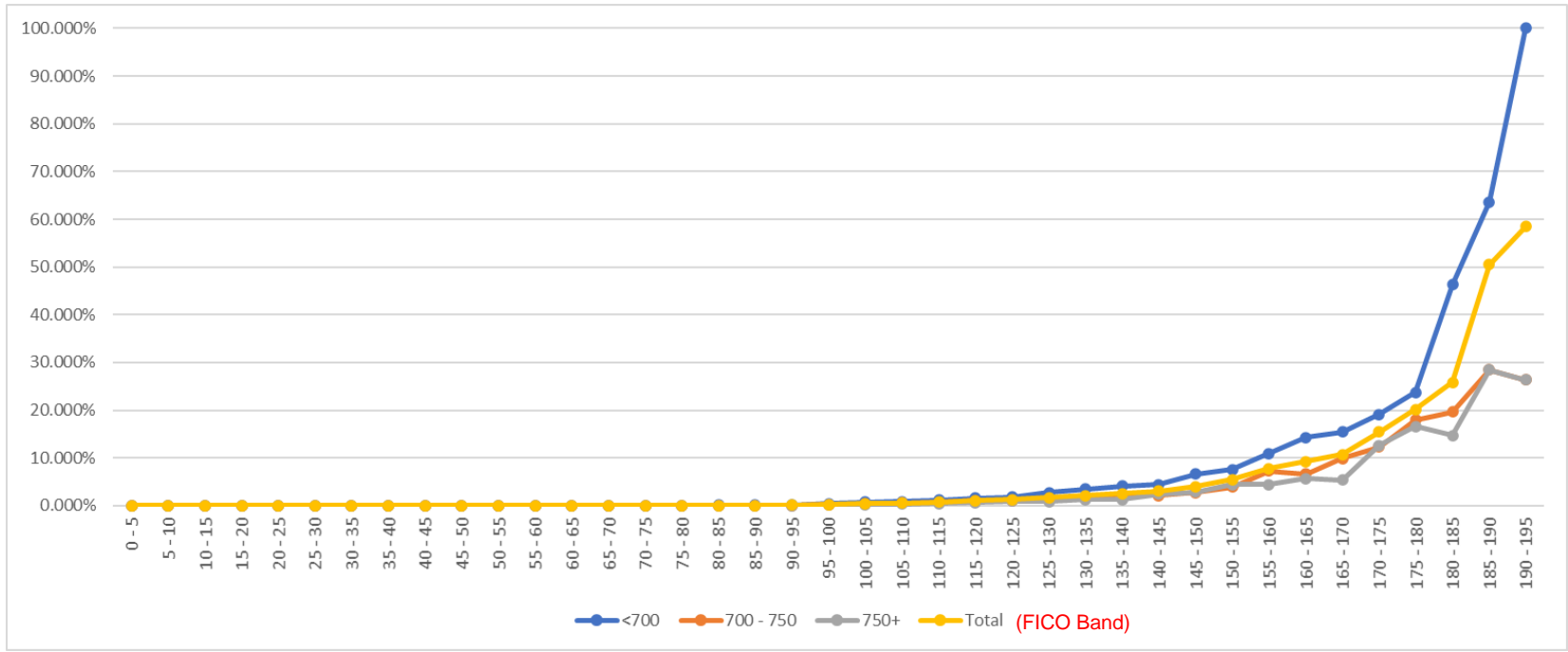
# Overview

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- Mortgage credit loss reduction from Home Diversification (SM) is obviously overwhelming, and measurable as demonstrated in this presentation.
- 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 rarely 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 most homeowners to consider defaulting

# MMLTV vs Foreclosure Rate

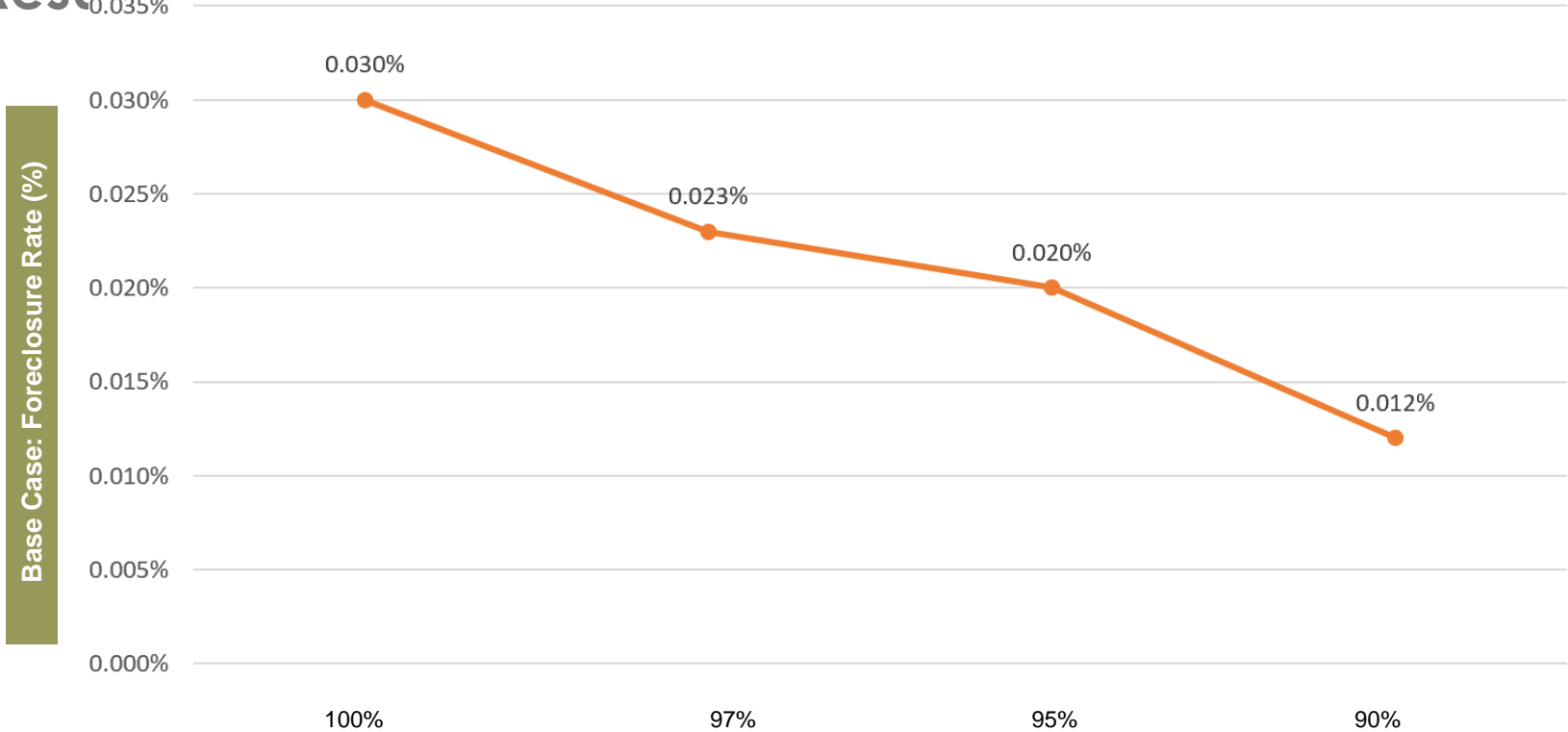
Foreclosure Rate (%)



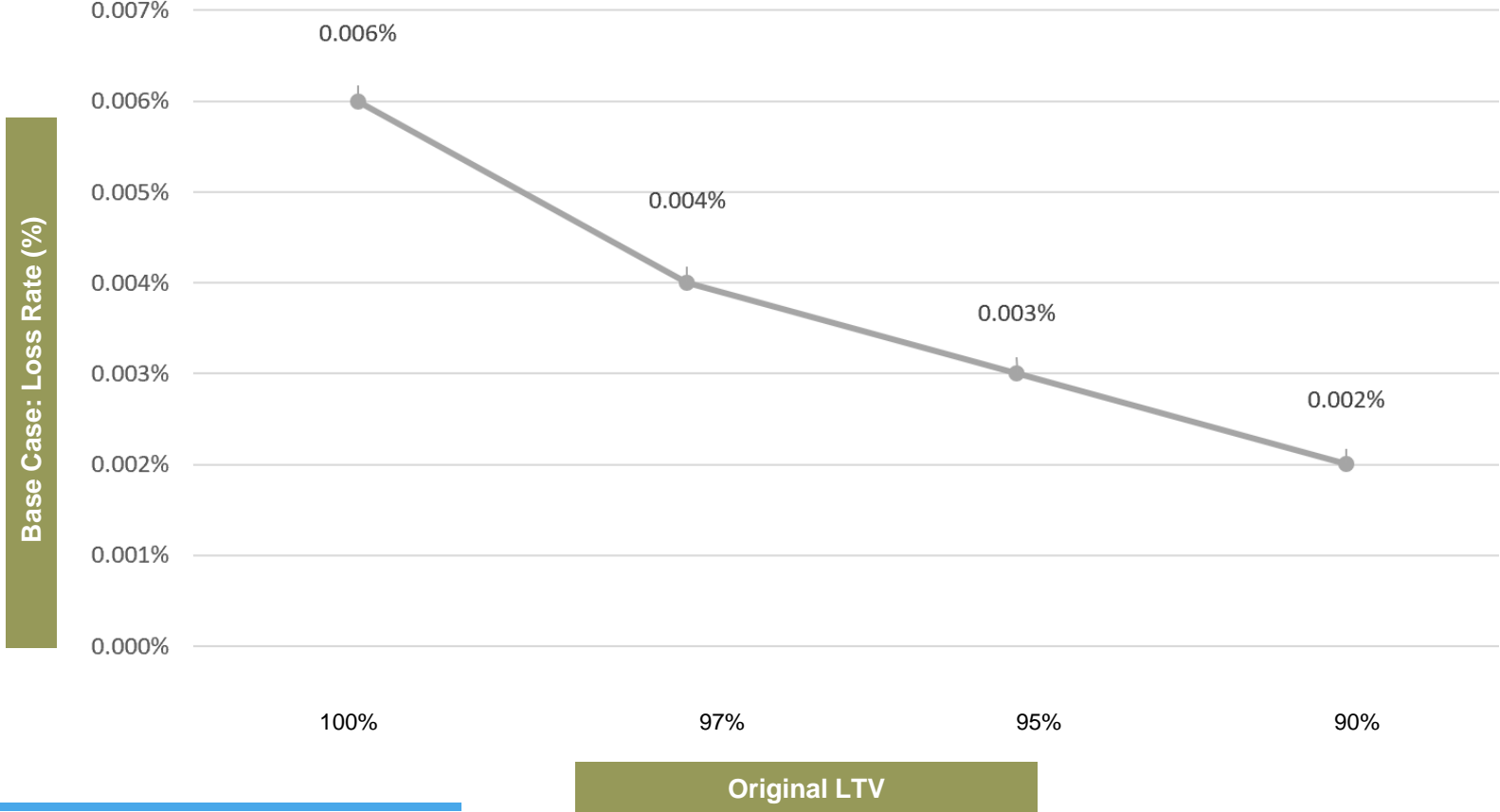
MMLTV

# 25-year average rate: MLTV / Foreclosure Rate

Result

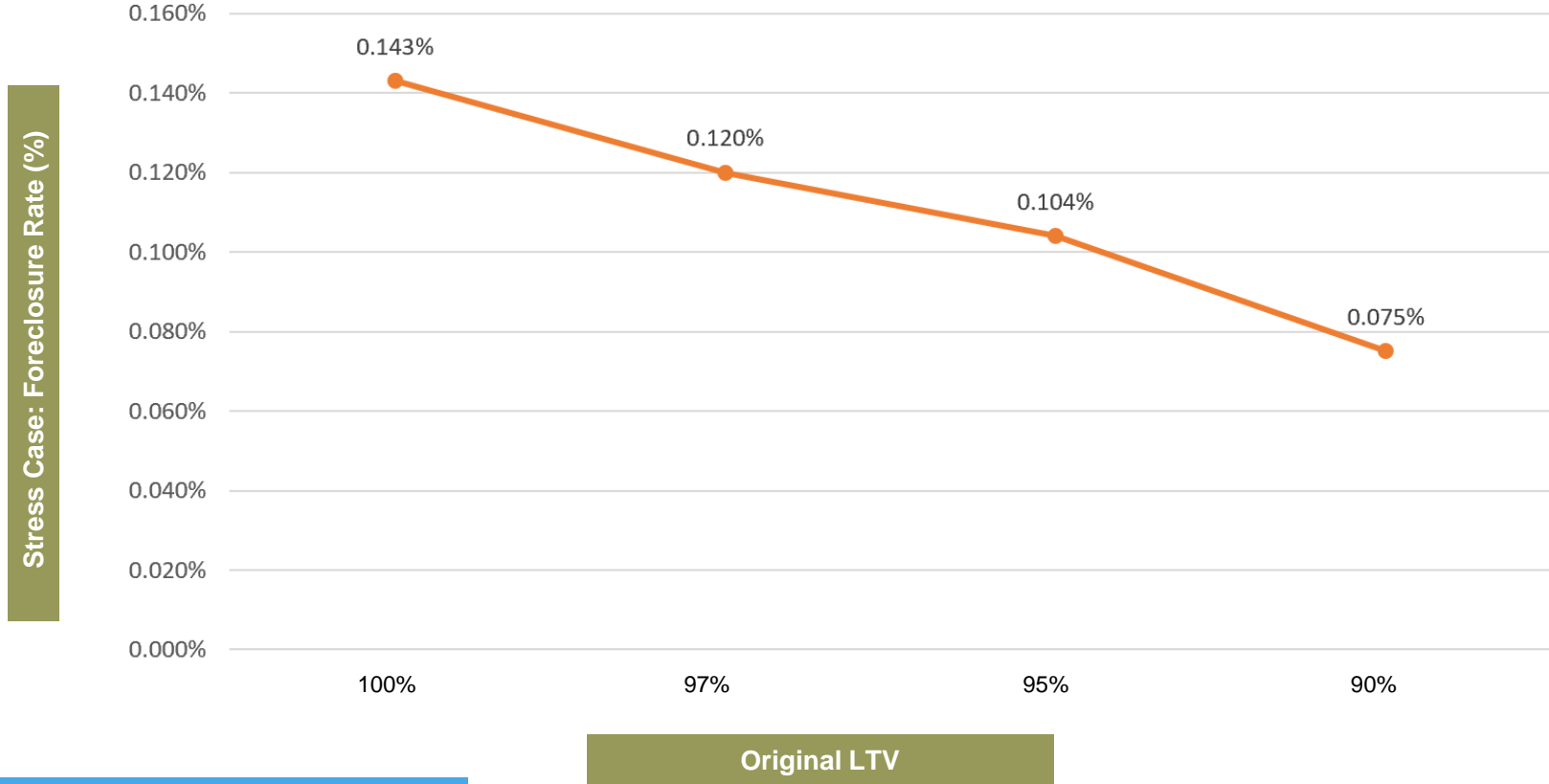


# 25-year average rate: MLTV / Loss Rate Results



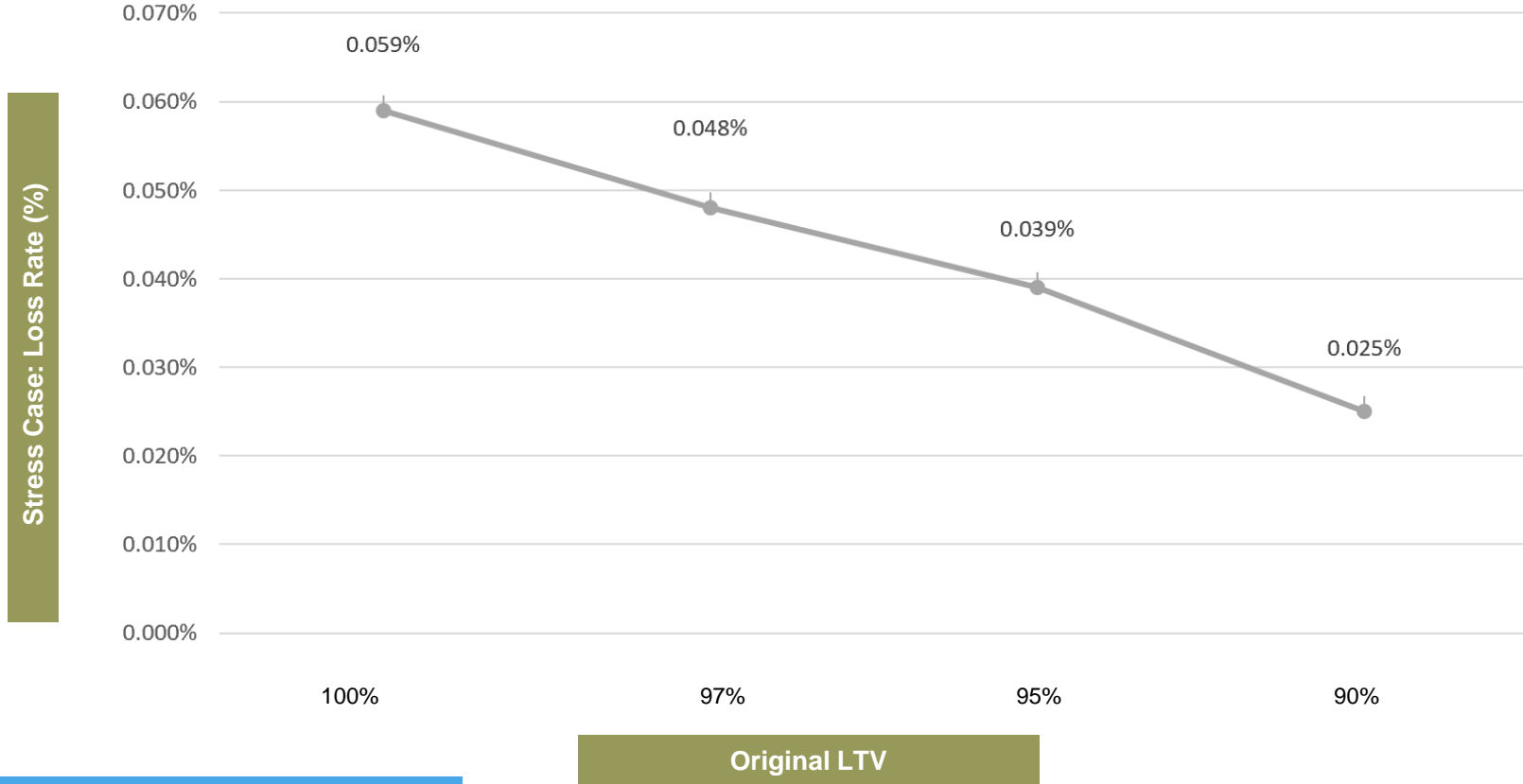
# Worst Historical Meltdown Case: MLTV / Foreclosure

## Rate Results



# Worst Historical Meltdown 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)