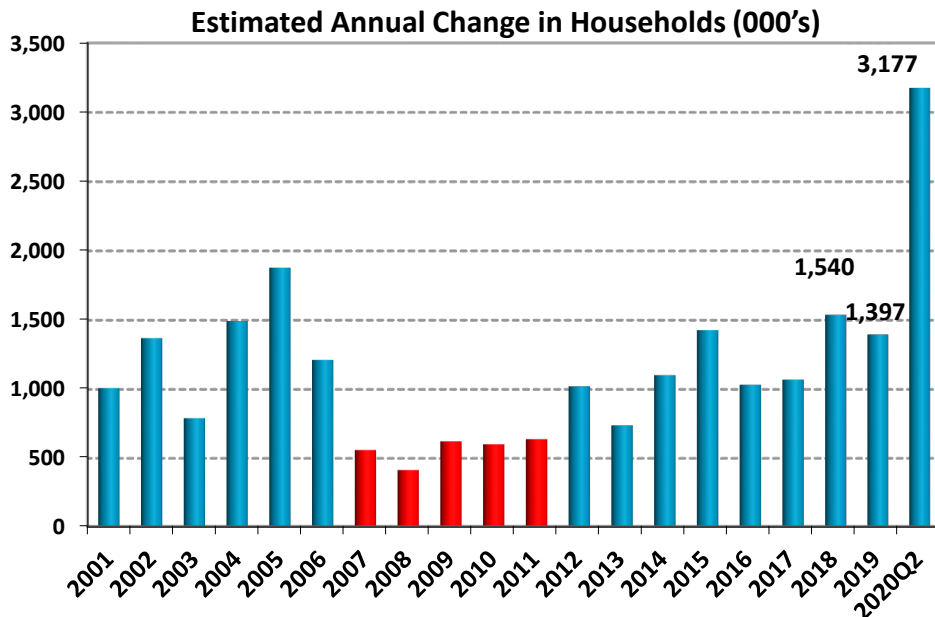


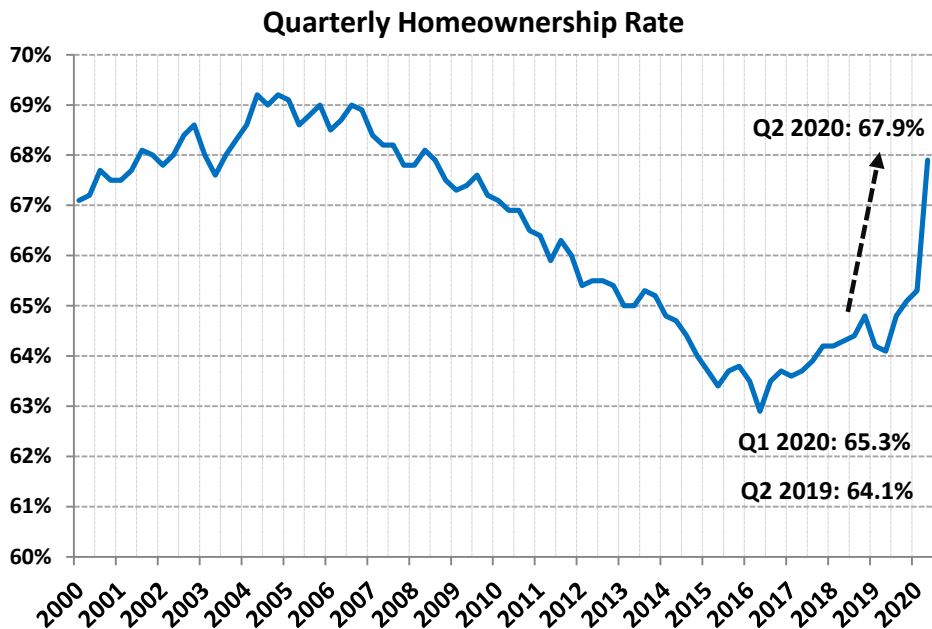
Impact of Low Mortgage Rates on Household Formation and Homeownership Rate

The housing market has remained resilient despite the economic impact of the pandemic. The record high increase in household formation has resulted in stronger than expected homeownership rates for Q2 2020.*



Estimated annual household formations of 3.1 million as of Q2 2020 is the largest YoY increase in the past five decades.

Work patterns, demand for suburban living, and desire for independent living during the pandemic is creating new households.

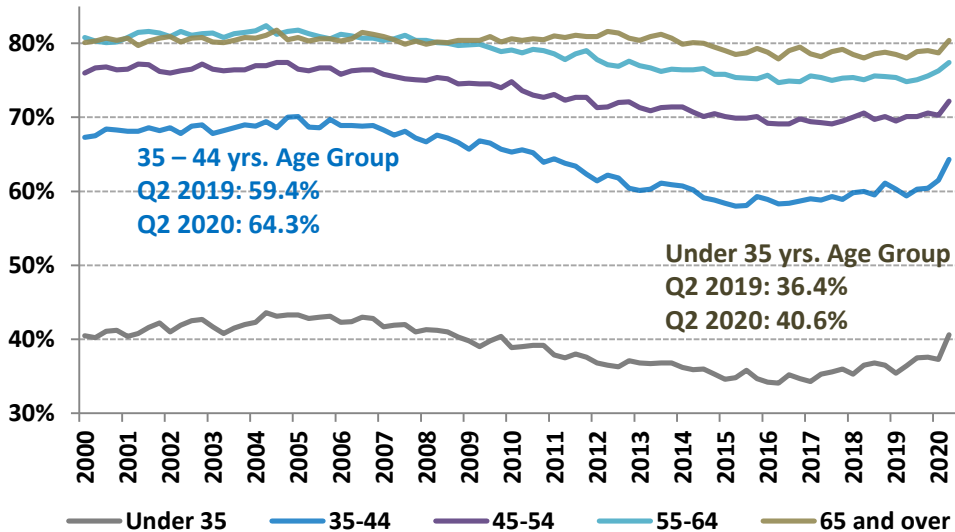


U.S. Homeownership rate increased to 67.9% in Q2 2020, levels not seen since the early 2000s.

Positive consumer sentiment for housing and low interest rates fueling demand for homeownership.

Impact of Low Mortgage Rates on Household Formation and Homeownership Rate

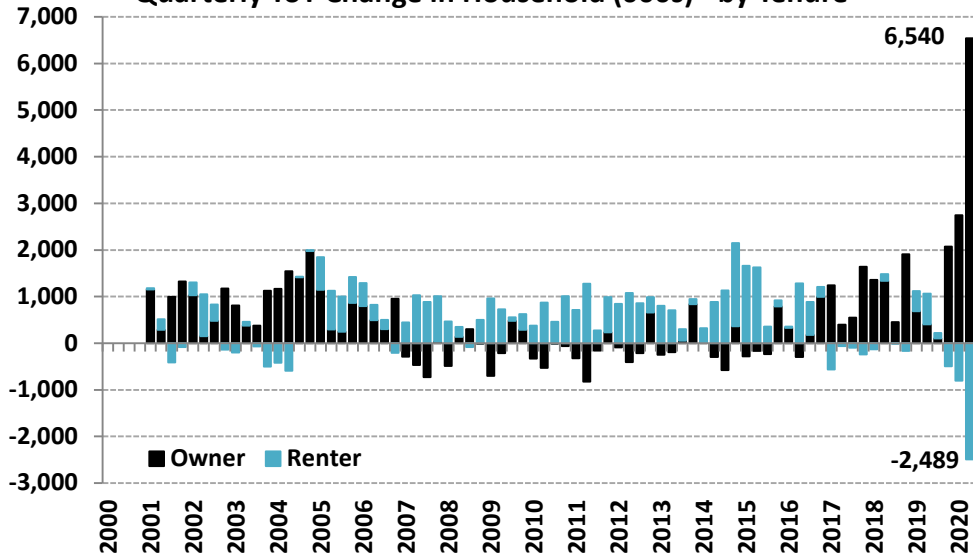
Quarterly Homeownership Rates by Age of Homeowner



Younger age groups, including Millennials (under 35 and 35-44 age groups), show the steepest increase in homeownership rate among all age groups.

Lower interest rates and changes in work-from-home patterns are pulling forward Millennial demand for homeownership.

Quarterly YoY Change in Household (000s) - by Tenure



“Renters Becoming Owners”

Households are shifting from renters to owner occupied as a result of increased affordability and historically low mortgage rates.

The trend confirms recently observed shifts in demand for housing in suburban areas versus urban/city living (densely-packed living arrangements).

Outlook:

Housing is expected to withstand the near-term economic instability, even as the path of its recovery remains uncertain. Strong single-family housing demand coupled with the limited supply in most CBSAs across the country should continue to support home prices through the pandemic and beyond.

Unprecedented government stimulus and improved loss-mitigation and servicing processes will also avert forced selling and contribute to the strength of the overall market.

Company Background

INVESTORS

Capitalize on FBC's insight and product knowledge of the U.S. Securitized market

Registered with the SEC since June 30, 2011

SEC Registration Number: 801-72513

FINRA IARD Number: 156661

Legal Counsel: Weintraub Tobin

For complete analysis, research, loss modeling and sensitivity analysis, please contact:

Contact & Principal Office Address:

Sunil Chowdry, CFA

1999 Harrison St., Suite 1575

Oakland, CA 94612

Telephone No: (925) 289-7601

Fax No: (925) 289-7613

schowdry@falconbridgecapital.com

Jessica Huang

Chief Financial Officer

Telephone No: (925) 289-7602

jhuang@falconbridgecapital.com

Aga Linsky

Portfolio Management & Research

Telephone No: (925) 204- 6188

alinsky@falconbridgecapital.com