Freddie Mac Announces Automation of Key Underwriting Criteria

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Verification of assets, income and employment increases efficiency and reduces risk

MCLEAN, Va., May 26, 2022 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) has unveiled new automated underwriting capabilities that allow lenders to verify assets, income and employment using borrower-approved bank account data. On June 1, 2022, this functionality will be available to mortgage lenders nationwide through the asset and income modeler (AIM) in Freddie Mac Loan Product Advisor® (LPA℠), the company's automated underwriting system.

"This industry-first innovation supports our mission of making sustainable homeownership more affordable and accessible," said Andy Higginbotham, Freddie Mac Single-Family Chief Operating Officer. "Our AIM suite of services will be instrumental in bringing greater accuracy and efficiency to the underwriting process, which will be critical as the mortgage landscape continues to shift toward greater purchase market activity."

AIM's newest enhancement, the automation of 10-day pre-closing verification (PCV) of employment, will be available June 1, 2022. The capability provides the borrower's current employment status using borrower-approved bank account (direct deposit) or payroll data obtained from designated third-party service providers. This provides lenders a more efficient option than obtaining oral or written verification of employment prior to closing.

A recent Freddie Mac study found that by adopting automated offerings (like AIM), lenders are able to significantly boost efficiency and shorten cycle times by as much as 15 days. In addition, these efficiencies translate into a 30 percent reduction in loan origination costs, greater customer satisfaction, and an increase in applications being completed and closed.

"Freddie Mac's focus on risk management is critical to delivering on our mission in all economic cycles," said Terri Merlino, Freddie Mac Single-Family Chief Credit Officer. "These enhancements to our underwriting system increase accuracy and reduce fraud by sourcing bank account data. They also reduce manual underwriting errors and delays created by the back-and-forth document paperchase."

Freddie Mac recently unveiled the industry's first automated-assessment of direct deposit income, now available across the country. Today, AIM can assess more income sources than ever, including for individuals with fixed incomes or alternative income sources, such as retirement, Social Security, Veteran Affairs benefits, alimony, and child support. In addition, AIM can assess an applicant's income from tax return data for self-employed individuals, a capability the company pioneered in 2019. AIM provides these cost-saving efficiencies to lenders, while continuing to meet Freddie Mac's strong credit underwriting standards.

Initial service providers supporting Freddie Mac's automated 10-day PCV capability include Equifax, Finicity (a Mastercard Company), FormFree, PointServ and Blend. Freddie Mac's privacy policy is available online.

To learn more, visit the AIM webpage.

About Freddie Mac
Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, investors and taxpayers. Learn more at FreddieMac.com, Twitter @FreddieMac and Freddie Mac's blog FreddieMac.com/blog.

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