



## Freddie Mac Takes Further Action to Help Renters Achieve Homeownership

June 29, 2022

### Company will factor on-time rent payments into loan purchase decisions

MCLEAN, Va., June 29, 2022 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) announced that it will increase homeownership opportunities for first-time homebuyers by considering on-time rent payments as part of the company's loan purchase decisions. Beginning July 10, 2022, this automated functionality will be available to mortgage lenders nationwide through Freddie Mac Loan Product Advisor<sup>®</sup> (LPA), the company's automated underwriting system.

"This extremely important initiative will help many renters move closer to achieving the dream of homeownership," said Michael DeVito, CEO of Freddie Mac. "Millions of American adults lack a credit score or have limited credit history. By factoring in a borrower's responsible rent payment history into our automated underwriting system, we can help make home possible for more qualified renters, particularly in underserved communities."

With the borrower's permission, lenders and brokers can submit bank account data for LPA to identify 12-months of on-time rent payments for inclusion in the tool's assessment of purchase eligibility. The bank account data is obtained from designated third-party service providers using the same [automated process](#) used to verify assets, income and employment through LPA asset and income modeler (AIM). Eligible rent payment data includes check, electronic transactions or digital payments made through Zelle, Venmo or PayPal.

These automated capabilities provide greater efficiencies to lenders and allows them to deliver a better borrower experience while continuing to meet Freddie Mac's strong credit underwriting standards.

"One of the first steps to purchasing a home is a positive credit history, and Freddie Mac is committed to helping consumers achieve that goal," said Mike Hutchins, Freddie Mac President. "Our enterprise-wide approach already includes programs to help consumers understand credit and initiatives to assist renters with building and improving their credit scores. Factoring on-time rent payments into our automated underwriting system will help create even more opportunity for families across the nation."

Last year, Freddie Mac announced an [initiative](#) to help renters build credit by encouraging operators of Freddie Mac-financed multifamily properties securing its loans to report on-time rental payments to the three major credit-reporting bureaus. Since Freddie Mac began this initiative, 70,000 households across more than 816 multifamily properties have been enrolled. More than 15,000 new credit scores have been established, and 67% of renters with an existing credit score saw their scores increase.

Additionally, the Freddie Mac [CreditSmart](#)<sup>®</sup> financial capability curriculum helps consumers learn about the importance of building, maintaining and using credit so they can take the reins on their financial futures. Over the past two decades, more than five million consumers at various life stages have benefitted from CreditSmart's financial education, which is available at no cost.

Additional requirements for submitting rent payment data to LPA will be announced in an upcoming July *Single-Family Seller/Service Guide* Bulletin. Initial designated service providers supporting Freddie Mac's automated rent payment capability include Blend, Fincity (a Mastercard Company), FormFree and PointServ. Freddie Mac's privacy policy is available [online](#).

### 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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