Freddie Mac Expands Digital Capabilities to Help Lenders Reach More Qualified Borrowers

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New capability helps lenders calculate borrower income more quickly and precisely

MCLEAN, Va., May 22, 2023 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today announced enhancements to its ground-breaking automated income assessment tool that allows lenders to assess a homebuyer's income paid through direct deposit to also include the borrower's digital paystub data. This detailed information can help lenders calculate income faster and more precisely to improve loan quality, simplify the mortgage process and, most importantly, expand access to credit.

The new ability to include paystub data in addition to direct deposit data in the income assessment is available to mortgage lenders nationwide through Freddie Mac's Loan Product Advisor ® (LPA℠) asset and income modeler (AIM). AIM for income using direct deposit provides these cost-saving efficiencies while continuing to meet Freddie Mac's strong credit underwriting standards.

"Over the last year, we've consistently rolled out innovations to ensure our digital tools are improving speed and efficiency, reducing risk and, ultimately, helping us serve our mission by reaching more qualified borrowers," said Kevin Kauffman, Single-Family Vice President of Seller Engagement at Freddie Mac. "Today's innovation further automates income assessment by using historical direct deposit pay patterns and current gross income from recent paystubs, which can help more families achieve homeownership."

Freddie Mac digital tools and solutions offer lenders cost-effective ways to achieve effective quality control operations. Recent analysis shows that loans originated by lenders leveraging Freddie Mac's automated offerings are four times less likely to produce defects than loans without these technology offerings. Process automation is especially beneficial for documenting income, both in the collection and assessment process. That's vitally important because income verification issues account for nearly one-third of all purchase transaction defects.

In addition to direct deposit data, AIM can assess income from tax return data for self-employed borrowers as well as bank account data to identify a history of positive monthly cash flow activity. This can include data from checking, savings and investment accounts, including those used for direct deposit of income and monthly bill payments, such as rent, utilities and auto loans. That data can help first-time homebuyers and borrowers in underserved communities who may not qualify with traditional methods of underwriting. Additionally, account data submitted to assess cash flow can only positively affect a borrower's credit assessment. And to help identify opportunities, LPA will notify lenders when submitting this account data could benefit a borrower.

This new AIM capability will be available to Freddie Mac-approved Sellers using Loan Product Advisor beginning June 7, 2023. Finicity, a Mastercard Company, is the initial service provider supporting Freddie Mac's AIM for income using direct deposits plus paystub. Freddie Mac's privacy policy is available online.

To learn more, visit the AIM webpage.

About Freddie Mac
Freddie Mac's mission is to make home possible for families across the nation. We promote liquidity, stability, affordability and equity in the housing market throughout all economic cycles. Since 1970, we have helped tens of millions of families buy, rent or keep their home. Learn More: Website | Consumers | Twitter | LinkedIn | Facebook | Instagram | YouTube

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