Freddie Mac Expands Offerings with a Focus on First-Time Homebuyers

October 28, 2024

Company leverages technology to boost housing affordability

MCLEAN, Va., Oct. 28, 2024 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) announced today several measures that will boost housing affordability for borrowers and first-time homebuyers in particular. With advancements to its automated underwriting system, appraisal waiver expansions and progress in the down payment assistance space, the company continues its collaboration with the industry to increase efficiency, lower costs and provide additional opportunities to get qualified borrowers into homes they can afford.

The announcements were made at the Mortgage Bankers Association's Annual Convention, taking place in Denver from October 27-30.

"We have been working to create new technology features that simplify the mortgage process and reduce costs for both borrowers and lenders," said Sonu Mittal, SVP and head of Single-Family Acquisitions at Freddie Mac. "Despite the very challenging housing environment, for the past six consecutive quarters more than half of the loans Freddie Mac purchased have been to first-time homebuyers. The innovations we are announcing today are vital to building on this record and helping remove obstacles facing prospective homebuyers."

Freddie Mac introduced LPA Choice℠, the latest enhancement to its Loan Product Advisor® (LPA℠) automated underwriting system. LPA Choice offers tailored information about purchase requirements, as well as actionable feedback that can help lenders of all sizes make faster, informed decisions to help qualify more borrowers. This innovation will allow for fewer resubmissions to LPA, more acceptances of qualified borrowers and time savings for lenders, delivering a better borrower experience. Feedback messages will relate to loan characteristics including debt-to-income (DTI) ratio, loan-to-value (LTV) ratios and reserves.

Freddie Mac is also making two of its appraisal alternative offerings available to more borrowers for purchase transactions. Specifically, Freddie Mac's automated collateral evaluation (ACE) eligibility will increase from 80% maximum to 90% LTV/TLTV. ACE leverages proprietary models along with historical data and public records to allow lenders to originate certain loans without a traditional appraisal, while appropriately managing risk. This will help lower-income borrowers, including many first-time homebuyers, who are not currently eligible to have their appraisal waived. To date, Freddie Mac's ACE waivers have saved borrowers more than $1.63 billion in appraisal fees. The eligibility for ACE+ PDR (property data report), which allows for the onsite collection of property information instead of an appraisal, will increase from 80% maximum LTV/TLTV to applicable program limits (e.g., up to 97% for Home Possible® loans); helping open the cost-saving opportunity up to a wider population.

The new ACE and ACE+ PDR appraisal waiver expansions will be available to Freddie Mac-approved Sellers using Loan Product Advisor. Additional requirements and the effective date will be announced in an upcoming *Single-Family Seller/Servicer Guide* Bulletin. These efforts build on Freddie Mac's longstanding commitments to make homeownership more accessible for low-income families.

This month, the company is also celebrating one-year since the launch of DPA One®, a free, innovative tool that aggregates and showcases down payment assistance programs on a single, insights-rich platform. Starting with local level data in just three states in October 2023, the platform has now expanded to include such data in nearly 40 states, with plans to reach all 50 by the end of 2024. Currently more than 6,000 loan officers are using the platform to find and match borrowers to many of the down payment assistance programs nationwide.

Mittal concluded, "Each of these advancements is part of Freddie Mac's efforts to serve our mission by making it easier and less expensive for lenders to help borrowers achieve their goals. We will continue to hone these efforts as we look for new ways to improve housing affordability for all."

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

MEDIA CONTACT: Chad Wandler
703-903-2446
Chad_Wandler@FreddieMac.com