Using Machine Learning, Freddie Mac Announces Automated Underwriting That Can Save Mortgage Originators Up To $1,500 Per Loan

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Freddie Mac encourages lenders to pass savings on to customers

MCLEAN, Va., May 15, 2025 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today announced automations to its underwriting to further reduce costs, create greater efficiency and improve the origination process for both borrowers and lenders.

Utilizing machine learning, this new technology is included in Loan Product Advisor® (LPA®) effective today, as the company is greenlighting on-hold innovation, cost reduction and delighting the customer as a result of the mandate to use technology from U.S. Federal Housing FHFA Director and Chairman of Freddie Mac's Board of Directors, William J. Pulte.

"It's the year 2025, and the time to streamline the homebuying experience is now. Under the leadership and guidance of Director Pulte, we expedited this version of LPA® to increase efficiency and further lower costs," said Sonu Mittal, Freddie Mac's Executive Vice President and Head of Single-Family Acquisitions.

"After the last 4 years of astronomical inflation, it is important that we lower costs any way we can, and we encourage lenders to use this technology to pass savings onto customers, effective immediately," said William J. Pulte, Chairman of Freddie Mac.

Freddie Mac is also launching a new feature called Freddie Mac Income Calculator, a free online tool to help potential homebuyers in the gig economy by enabling lenders to more accurately and efficiently calculate wage earner and self-employed borrower income. Later this year, more options will be added to also factor in pensions, social security and rental income.

Today's update also drives cost savings through a wide range of additional enhancements, including early insights on the automated collateral evaluation (ACE) waivers that have already saved families more than $2 billion in appraisal costs since 2017. It also includes new tailored information about Freddie Mac's purchase requirements in the form of actionable LPA Choice® feedback messages that save time, money and increase originations for lenders. LPA Choice has enabled lenders to qualify an additional 18,000 borrowers for a mortgage with a focus on safety and soundness.

Lenders who utilize machine learning-based automations through LPA save money, have shorter cycle times and have greater customer satisfaction, according to a recent analysis. A fully digitized mortgage process can help save up to 40% in costs. Specifically, lenders who maximize automation through Freddie Mac are originating loans that are $1,500, or 14%, cheaper and tend to have a 5-day shorter loan production cycle time.

LPA's new enhancements are available immediately. Lenders should check with their platform providers for specific release dates on their LOS systems.

About Freddie Mac

Freddie Mac's mission is to make home possible for families across the nation. We promote liquidity, stability and affordability 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