

Below are some practices to consider in efforts to help avoid predatory lending.

Credit and Fees

- Ensure credit reporting on borrower payment history meets Guide Section 55.4 requirements
- Charge discount points in good faith
- Cap fees charged
- Charge fees only for services actually rendered such as attorney fees, notary fees and appraisal fees
- Fully explain fees to borrowers
- Review points and fees charged prior to closing

Federal, State, Local and Freddie Mac Requirements

- Verify that loans meet federal, state, local laws, rules and regulations and Freddie Mac requirements
- Monitor federal, state, local laws, rules and regulations and Freddie Mac requirements on an ongoing basis
- Review and update your policy and procedures on a regular basis

Sales Practices

- Refinance only when there is a clear benefit to the borrower
- Consider prime products before subprime products
- Inform borrowers of features for products offered

Sellers/Serviceers

- Review Freddie Mac's Exclusionary List*
- Use more than one vendor, and rotate the business among vendors
- Check references on all businesses involved in the origination process
- Have zero tolerance for predatory lending

* *The Freddie Mac Exclusionary List is the list compiled, maintained and distributed by Freddie Mac containing names and other information concerning persons or entities that have been excluded from participating in transactions or doing business with Freddie Mac either directly, indirectly or as a Principal.*

The Freddie Mac Exclusionary List is updated monthly and is electronically distributed through MIDANET® for the PC (Option 5—Administration and Suboption 6—Process Freddie Mac Mail), Loan Prospector® and the Freddie Mac Selling System. Authorized ID and password are required.

This document is not a replacement or substitute for the information found in the *Single-Family Seller/Serviceer Guide*, and /or terms of your Master Agreement and/or Master Commitment.

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