



Key Features:

- Several down payment options, including zero down payment*
- Loan Prospector Caution mortgages that receive an A-minus feedback message
- 15-, 20- 30-, and 40-year fixed-rate mortgages, 7-year balloon/reset mortgages and ARMs
- Purchase, no cash-out and cash-out refinances
- Primary residences, second homes and investment properties

Looking for More Options to Maximize A-minus for Your Borrowers?

Visit FreddieMac.com for more information on:

- Home Possible® Mortgages
- Affordable Merit Rate Mortgages

* Combine A-minus Mortgages with additional down payment and other flexibility available through Home Possible Mortgages

A-minus Mortgages

Expand Your Market Potential Through Lower Rates for Borrowers With Past Credit Challenges

More borrowers, with more unique needs, are coming to you for home financing every day. Niche marketing is crucial to build your pipeline for future growth, and Freddie Mac's Loan Prospector® A-minus Mortgage should be an integral part of your strategy to meet the needs of more potential homeowners.

With the A-minus Mortgage, you'll easily approve more borrowers with a less-than-perfect credit history or limited funds for a down payment. Typically, these borrowers are consigned to a limited choice of higher-cost financing options. With A-minus, your borrowers in this segment get competitive rates and have a variety of down payment alternatives, including a zero down payment option*. A-minus is a win for everyone – you'll diversify your offerings with enhanced alternatives, and your borrowers with complex financial situations will have more options to obtain home financing that puts them into homes they can afford and keep.

Leveraging Loan Prospector, Freddie Mac's automated underwriting technology, to assess potential A-minus loans, you'll further streamline your process. Loan Prospector includes a feedback message that clearly identifies A-minus eligibility.

You'll find additional flexibility with Freddie Mac's Affordable Merit Rate® Mortgage, part of our A-minus offering, that lets you qualify borrowers with past credit challenges at an initial interest rate that is lower than usual higher-cost financing options. After 24 consecutive on-time monthly payments, homeowners with Affordable Merit Rate Mortgages get an automatic, one-time, one percent interest rate reduction.

Lender Benefits

The Loan Prospector A-minus Mortgage helps you:

- Expand your market base by providing a lower-cost source of financing for a large segment of borrowers with past credit challenges.
- Use Loan Prospector to reduce costs, streamline your origination process, standardize your product line, and obtain creditworthiness representation and warranty relief.
- Commingle A-minus loans with other conventional, conforming loans when delivering to Freddie Mac.

Borrower Benefits

For your borrowers, A-minus helps them:

- Obtain home financing at rates that are closer to conventional, conforming rates.
- Take advantage of a variety of alternatives for down payment and secondary financing available with many Freddie Mac mortgage products, including Home Possible Mortgages that may qualify as A-minus loans.

Borrower Profile

A typical A-minus borrower may have:

- Credit record blemishes, such as being 30-days delinquent one or two times over the past year, but the capability to bring adverse credit current
- Limited funds for a down payment
- High debt payment-to-income ratio
- A clear bankruptcy and foreclosure record

Eligible Property Types

- 1- to 4-unit primary residence
- Second home
- 1- to 4-unit investment property (Note: A-minus investment property mortgages are not eligible for sale to Freddie Mac when the borrower owns more than one financed investment property)

Eligible Mortgages

- Purchase, no cash-out and cash-out refinance
- 15-, 20-, 30-, and 40-year fixed-rate mortgages
- 7-year balloon/reset mortgages
- Home Possible Mortgages
- Most standard ARMs
- The following products are **not** eligible for A-minus:
 - ⇒ Prepayment Protection mortgages
 - ⇒ 5-year balloon/reset mortgages
 - ⇒ Initial Interestsm Mortgages
 - ⇒ Streamlined Refinance Mortgages
 - ⇒ Others as noted in *Single-Family Seller/Servicer Guide* (Guide) Chapter C33
- Loans must have an LTV/TLTV ratio that complies with Freddie Mac's Guide Section 23.4.
- All mortgages that are identified as A-minus eligible by Loan Prospector and that meet the requirements of Guide Chapter C33 will be considered A-minus Mortgages by Freddie Mac. Mortgages that are identified as A-minus eligible but do not meet the requirements of Guide Chapters C33 or E33 are not eligible for sale to Freddie Mac as A-minus Mortgages, but may be eligible for delivery as Caution mortgages in

accordance with the requirements of Guide Chapter 37.

Secondary Financing

Mortgages with secondary financing and Home Equity Lines of Credit per our Guide are eligible for the A-minus offering.

Borrower Eligibility Requirements

- Loan Prospector Caution loans that receive a special purchase eligibility code and the following feedback message: 500 Freddie Mac Eligible. LP A-minus Offering
- For all mortgage payment histories not verified on the Loan Prospector credit reports, the Seller must directly verify and document any mortgage payment histories and warrant that during the prior 12-month period, each borrower was not 30 days or more delinquent more than twice, and was never 60 days or more delinquent on any directly verified mortgage or combination of directly verified mortgages.

Mortgage Insurance Requirements

Refer to standard mortgage insurance coverage in Guide Section 27.1 (a).

Servicing

To be eligible to service A-minus loans, you must be a Freddie Mac Tier 1 or Tier 2 Servicer in both Performing Loans and Nonperforming Loans. If you're not a Tier 1 or Tier 2 Servicer, but would like to originate A-minus loans, you have two options:

- Transfer your A-minus servicing to an eligible Freddie Mac Servicer. Your Freddie Mac representative can provide you with a list of interested, approved Servicers.
- Sell your fixed-rate A-minus Mortgages through our Servicing-released Cash execution.

Eligible Executions

For fixed-rate and 7-year balloon/reset A-minus Mortgages:

- Servicing-released Cash
- Servicing-retained Cash
- Fixed-rate Guarantor
- MultiLender Swap

For A-minus ARMs:

- WAC ARM Cash
- WAC ARM Guarantor

Note: 40-year fixed-rate terms are not available with Affordable Merit Rate Mortgages at this time.

Delivery Requirements

You are required to deliver the Loan Prospector Key Number for all Loan Prospector mortgages.

Delivery Fees

- Postsettlement delivery fees apply, including the Loan Prospector CS/LTV (A-minus) fee. See Guide Exhibit 19 for details or visit Exhibit 19 online at www.FreddieMac.com/singlefamily/pdf/ex19.pdf
- The Loan Prospector CS/LTV (A-minus) Fee Level returned on your Loan Prospector Feedback Certificate for A-minus and other Caution mortgages corresponds to the actual Loan

Prospector CS/LTV (A-minus) Fee rate listed in Guide Exhibit 19. This will be the rate used to calculate the “A-minus” fee you’ll be assessed on your monthly *Seller Invoice* when you supply accurate data. Remember, postsettlement delivery fees are cumulative. Other fees may be assessed, in addition to the “A-minus” fee, based on the individual characteristics of the mortgage.

Learn more about Freddie Mac’s A-minus¹ offering:

- Call (800) FREDDIE
- Visit FreddieMac.com
- Refer to Guide Chapter C33

¹ Affordable Merit Rate Mortgages have additional requirements/restrictions. See Guide Chapter E33 for Affordable Merit Rate Mortgage requirements. A Loan Prospector Caution mortgage that receives an A-minus assessment will not be assessed the CS/LTV postsettlement delivery fee if it meets the requirements of Guide Chapter E33 and is delivered as an Affordable Merit Rate Mortgage.

The information in this document is not a replacement or substitute for information found in the *Single-Family Seller/Servicer Guide* Chapter C33 and/or the terms of your Master Agreement and/or Master Commitment.