



A-minus Mortgages

Expand your market potential through lower rates for borrowers with past credit challenges

With these mortgages, you can 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. In addition, borrowers in this segment get competitive rates and have a variety of down payment alternatives.

> Borrower Profile

- Borrowers with past credit challenges
- Borrowers with limited funds for a down payment
- High debt-payment-to-income ratio
- A clear bankruptcy and foreclosure record

> Key Features

- Several down payment options
- Loan Prospector® Caution Mortgages that receive an A-minus feedback message
- Purchase, no cash-out and cash-out refinances
- Additional flexibility with Freddie Mac's Affordable Merit Rate® Mortgage, which is part of our A-minus offering

> Borrower Benefits

- 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

ORIGINATION & UNDERWRITING REQUIREMENTS

Borrower Profile	<ul style="list-style-type: none"> ▪ A typical A-minus borrower may have: <ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Purchase, no cash-out and cash-out refinance mortgages ▪ 15-, 20-, and 30-year fixed-rate mortgages ▪ 7-year balloon/reset mortgages ▪ Most standard ARMs ▪ Super conforming mortgages. See guide Chapter L33 for requirements. ▪ Loans must have an LTV/TLTV ratio that complies with Guide Chapter 23.4.1 ▪ 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.
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ The following products are not eligible for A-minus: <ul style="list-style-type: none"> ○ Prepayment Penalty Mortgages ○ 5-year balloon/reset mortgages ○ Mortgages with an interest-only option ○ Home Possible[®] Mortgages ○ Streamlined Refinance Mortgages ○ Others as noted in Guide Chapter C33
Secondary Financing	<ul style="list-style-type: none"> ▪ Mortgages with secondary financing and home equity lines of credit per our Guide are A-minus eligible.
Borrower Eligibility Requirements	<ul style="list-style-type: none"> ▪ Loan Prospector Caution Mortgages that receive a special purchase eligibility code and the following feedback message: <i>500 Freddie Mac Eligible. LP A-minus Offering.</i> ▪ 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	<ul style="list-style-type: none"> ▪ Refer to standard mortgage insurance coverage in Guide Section 27.1(a) ▪ Freddie Mac approval is required for annual and monthly premium lender-paid mortgage insurance

DELIVERY REQUIREMENTS

Eligible Executions	<p>For fixed-rate and 7-year balloon/reset A-minus mortgages:</p> <ul style="list-style-type: none"> ▪ Servicing-released cash ▪ Servicing-retained cash ▪ Fixed-rate Guarantor ▪ MultiLender Swap <p>For A-minus ARMs:</p> <ul style="list-style-type: none"> ▪ WAC ARM Cash ▪ WAC ARM Guarantor
Delivery Requirements	<ul style="list-style-type: none"> ▪ You are required to deliver the Loan Prospector Key Number for all Loan Prospector Mortgages. ▪ Mortgages with delivery or settlement dates more than 120 days after the note date require an appraisal update meeting Chapter 44 requirements with an effective date no more than 60 days prior to the delivery or settlement date. If the property value has declined since the effective date of the original appraisal, the mortgage is only eligible for negotiated sale through our bulk sales path.
Delivery Fees	<ul style="list-style-type: none"> ▪ Postsettlement delivery fees apply, including the Loan Prospector CS/LTV (A-minus) fee. See Guide Exhibit 19 ▪ 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 rate will be 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.

SERVICING REQUIREMENTS

<ul style="list-style-type: none"> ▪ To be eligible to service A-minus Mortgages, you must be a Freddie Mac Tier 1 or Tier 2 Servicer in both Performing Mortgages and Non-performing Mortgages. If you're not a Tier 1 or Tier 2 Servicer, but would like to originate A-minus Mortgages, you have two options: <ul style="list-style-type: none"> ○ 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.

Learn more about Freddie Mac A-minus Mortgages:

- Call (800) FREDDIE
- Refer to Chapter C33 of the *Single-Family Seller/Servicer Guide*