



## Investment Property Mortgages

**Reach your investment-oriented borrowers and reap the rewards of cross-selling additional services**

We offer loan options for investment property mortgage originations. You can originate these mortgages as fixed-rate mortgages, ARMs, balloon/reset mortgages and many of our specialty mortgage products like A-minus mortgages and the Financed Permanent Buydown Mortgage. We will purchase investment property mortgages for borrowers that have up to four financed properties.

### > Borrower Profile

- Investment-oriented borrowers

### > Key Features

- LTV/TLTV/HTLTV ratios per *Single-Family Seller/Servicer Guide* (Guide) Section 23.4
- Purchase, no cash-out, and cash-out refinances
- Additional eligibility requirements apply for borrowers that own more than one financed investment property

### > Borrower Benefits

- Flexible financing options, including fixed-rate mortgages and ARMs, to meet many market conditions

ORIGINATION & UNDERWRITING REQUIREMENTS	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>▪ 1- to 4-unit investment property</li> <li>▪ Properties that meet the definition of Condominium Hotels per Guide Sections 42.3 and 42.10 are <b>not</b> eligible</li> </ul>
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>▪ If the subject property is the borrower's only financed investment property: <ul style="list-style-type: none"> <li>□ 15-, 20-, 30-, and 40-year fixed-rate mortgages</li> <li>□ 5- and 7-year balloon/reset mortgages</li> <li>□ Most standard ARMs</li> <li>□ A-minus Mortgages</li> </ul> </li> <li>▪ If the borrower owns <b>more than one</b> financed investment property: <ul style="list-style-type: none"> <li>□ 15-, 20-, 30-, and 40-year fixed-rate mortgages</li> <li>□ 7/1 or 10/1 CMT- and LIBOR-indexed ARMs</li> <li>□ 7/6-month or 10/6-month LIBOR-indexed ARMs</li> </ul> </li> <li>▪ The following mortgages are <b>not</b> eligible for delivery as investment property mortgages: <ul style="list-style-type: none"> <li>□ Mortgages with temporary subsidy buydowns</li> <li>□ Home Possible<sup>®</sup> Mortgages</li> <li>□ Initial Interest<sup>SM</sup> Mortgages</li> <li>□ Alt 97<sup>®</sup> Mortgages</li> <li>□ Affordable Merit Rate<sup>®</sup> Mortgages</li> <li>□ Streamlined Refinance Mortgages</li> <li>□ Seller-Owned Modified Mortgages</li> <li>□ A-minus Mortgages, when the borrower owns more than one financed investment property</li> </ul> </li> </ul>
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>▪ LTV/TLTV/HTLTV ratios per Guide Section 23.4</li> <li>▪ If the LTV ratio of the investment property mortgage is greater than 75 percent, then the mortgage must be: <ul style="list-style-type: none"> <li>□ A Loan Prospector<sup>®</sup> Accept mortgage or an A-minus mortgage, <b>or</b></li> <li>□ A manually underwritten mortgage, with a minimum Indicator Score of 720</li> </ul> </li> </ul>
<b>Special Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>▪ Borrower may not be affiliated in any way with the builder, developer, or property seller.</li> <li>▪ Regardless of whether rental income is used to qualify for the property, the borrower must have reserves that are equal to at least six monthly PITI payments on the subject property.</li> <li>▪ Expenses related to the borrower's current primary residence must be used in calculating the borrower's monthly housing expense-to-income ratio.</li> <li>▪ Aggregate negative rental income from all rental properties must be treated as an obligation and included in the debt-to-income ratio.</li> <li>▪ Borrower Funds must not include gifts.</li> <li>▪ Whenever rental income is to be used in qualifying, the borrower must have rent loss insurance coverage on the investment property for at least six months gross monthly rent.</li> <li>▪ If rental income is not used for qualifying, the mortgaged premises PITI plus operating expenses must be used in calculating the monthly debt payment-to-income ratio.</li> <li>▪ Investment property mortgages must be originated using the 1-4 Family Rider, Form 3170. For 5- and 7-year balloon/reset investment property mortgages, the occupancy requirement in the Balloon/Reset Addendum and rider must be deleted.</li> </ul>
<b>Requirements for Borrowers Owning More Than One Financed Investment Property</b>	<ul style="list-style-type: none"> <li>▪ Borrower must have individual and/or joint ownership of no more than four properties that are financed, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation.</li> </ul>
DELIVERY REQUIREMENTS	
<b>Eligible Executions</b>	<ul style="list-style-type: none"> <li>▪ Servicing-retained and Servicing-released* fixed-rate cash</li> <li>▪ WAC ARM Cash</li> <li>▪ Fixed-rate Guarantor</li> <li>▪ WAC ARM Guarantor</li> <li>▪ MultiLender Swap</li> </ul> <p>*See our <a href="#">selling system availability matrix</a> for a list of specific mortgages eligible for sale through cash under mandatory contracts servicing released and best efforts contracts servicing released or servicing retained.</p>
<b>Delivery Fees</b>	<ul style="list-style-type: none"> <li>▪ Postsettlement delivery fees apply to investment property mortgages, including an investment property mortgage delivery fee.</li> <li>▪ See Guide Exhibit 19 for more details, or access Guide Exhibit 19 online at <a href="http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf">http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf</a>.</li> </ul>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>▪ Regardless of whether rental income is used in qualifying the borrower, the gross monthly rent for each 1-unit investment property and each unit in a 2- to 4-unit investment property must be completed on Form 11 or 13SF.</li> </ul>

**Learn more about Freddie Mac's Investment Property Mortgages:**

- Refer to Section 22.22.1 of the *Single-Family Seller/Servicer Guide*
- Call (800) FREDDIE
- Visit [www.FreddieMac.com](http://www.FreddieMac.com)