



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 23.4.1
- 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	
Eligible Property Types	<ul style="list-style-type: none"> ▪ 1- to 4-unit investment property ▪ Properties in projects that meet the definition of Resort/Hotels per Guide Sections 42.3 and 42.10 are not eligible
Eligible Mortgages	<ul style="list-style-type: none"> ▪ If the subject property is the borrower's only financed investment property: <ul style="list-style-type: none"> ○ 15-, 20-, and 30-year fixed-rate mortgages ○ 5- and 7-year balloon/reset mortgages ○ Most standard ARMs ○ A-minus Mortgages ▪ If the borrower owns more than one financed investment property: <ul style="list-style-type: none"> ○ 15-, 20-, and 30-year fixed-rate mortgages ○ 7/1 or 10/1 CMT- and LIBOR-indexed ARMs ○ 7/6-month or 10/6-month LIBOR-indexed ARMs ▪ Super conforming mortgages. See Guide Chapter L33 for requirements.
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ The following mortgages are not eligible for delivery as investment property mortgages: <ul style="list-style-type: none"> ○ Mortgages with temporary subsidy buydowns ○ Home Possible[®] Mortgages ○ Mortgages with interest-only options ○ Alt 97[®] Mortgages ○ Affordable Merit Rate[®] Mortgages ○ Streamlined Refinance Mortgages ○ Seller-Owned Modified Mortgages ○ A-minus Mortgages, when the borrower owns more than one financed investment property
Eligibility Requirements	<ul style="list-style-type: none"> ▪ Loan Prospector[®] (Accept mortgage or A-minus) or manually underwritten mortgages ▪ LTV/TLTV/HTLTV ratios per Guide Section 23.4.1 ▪ See Guide Chapter L33.3 for maximum LTV/TLTV/HTLTV ratio requirements for super conforming mortgages
Special Underwriting Requirements	<ul style="list-style-type: none"> ▪ A minimum Indicator Score of 620 unless otherwise specified in the Guide. (Loan Prospector[®] A-minus Mortgages exempt). ▪ All mortgages must meet the risk class and/or minimum Indicator Score requirements in Guide Exhibit 25. ▪ A maximum debt-to-income ratio of 45 percent for manually underwritten mortgages. ▪ Purchase of a new primary residence when the sale of the existing primary residence has not closed or it is converting to a second home or investment property must meet the requirements in Guide Chapter 37.16.2. ▪ Borrower may not be affiliated with or related to the builder, developer, or property seller for newly constructed homes. ▪ Each borrower individually and all borrowers collectively must not own and/or be obligated on more than four 1- to 4-unit financed properties, including the subject property. ▪ If rental income is being used to qualify the borrower: <ul style="list-style-type: none"> ○ The borrower must demonstrate at least a two-year history of managing 1- to 4-unit investment properties. ○ Aggregate negative rental income from all rental properties must be treated as an obligation and included in the debt-to-income ratio. ○ The borrower must have rent loss insurance coverage on the investment property for at least six months gross monthly rent. ▪ Regardless of whether rental income is used to qualify the borrower, the borrower must have reserves that are equal to at least six monthly PITI payments on the subject property. The borrower must also have reserves equal to two months PITI for each other financed second home and 1- to 4-unit investment property in which the borrower has an ownership interest or on which the borrower is obligated. ▪ If rental income is not used to qualify the borrower, the mortgaged premises PITI plus operating expenses must be used in calculating the monthly debt-payment-to-income ratio. ▪ Expenses related to the borrower's current primary residence must be used in calculating the borrower's monthly housing expense-to-income ratio. ▪ Borrower funds must not include gifts. ▪ 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. ▪ Borrower must have individual and/or joint ownership of no more than four 1- to 4-unit 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.
DELIVERY REQUIREMENTS	
Eligible Executions	<ul style="list-style-type: none"> ▪ Fixed-rate cash (servicing-retained and servicing-released*) ▪ WAC ARM Cash ▪ Fixed-rate Guarantor ▪ WAC ARM Guarantor ▪ MultiLender Swap <p>*See our selling system availability matrix 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>
Delivery Fees	<ul style="list-style-type: none"> ▪ Postsettlement delivery fees apply to investment property mortgages, including an investment property mortgage delivery fee. ▪ See Guide Exhibit 19 for more details at www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

ORIGINATION & UNDERWRITING REQUIREMENTS

Delivery Requirements

- Mortgages with settlement dates more than 120 days after the note date require an appraisal meeting Freddie Mac requirements with an effective date no more than 60 days prior to the settlement date. If the property value has declined since the effective date of the value used to originate the mortgage, the mortgage is eligible only for negotiated sale through our bulk sales path.
- 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.

Learn more about Freddie Mac's Investment Property Mortgages:

- Refer to Section 22.22.1 of the *Single-Family Seller/Service Guide*