



Key Features:

- 1- to 4-unit investment properties
- LTV/TLTV/HTLTV ratios per 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

Looking for More Ways to Serve Your Investment Savvy Borrowers?

Visit FreddieMac.com for more information on:

- Financed Permanent Buydown Mortgages
- Initial Interestsm Mortgages

Investment Property Mortgages

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

Want to expand your investment property mortgage business? As part of our *Single-Family Seller/Service Guide* (Guide), you can extend more options to your investment-oriented borrowers by originating 1- to 4-unit investment property mortgages and selling them to Freddie Mac. Originating mortgages for investment borrowers allows you to tap an abundant market and boost your business with cross-sell opportunities for your other financial products.

Freddie Mac offers 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. Use Loan Prospector[®] to quickly and easily approve your investment property borrowers.

Freddie Mac will purchase investment property mortgages for borrowers that have up to 10 financed properties.

Lender Benefits

Our investment property mortgage offerings help you:

- Benefit from Cash or Guarantor executions to meet your individual business needs.
- Cross-sell other financial services you offer that appeal to customers who are seasoned investors.
- Expand your borrower base and diversify your business.

Borrower Benefits

For your borrowers, our investment property mortgage offerings:

- Extend flexible financing options to qualified investment-oriented borrowers.
- Benefit from several financing options, including fixed-rate mortgages and ARMs, to meet many market conditions.

See reverse for underwriting, execution and other details.

Eligible Property Types

- 1- to 4-unit investment property
- Properties that meet the definition of Condominium Hotels per Guide Sections 42.3 and 42.10 are **not** eligible

Eligible Mortgages

If the subject property is the borrower's only financed investment property:

- 15-, 20-, 30-, and 40-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:

- 15-, 20-, 30-, and 40-year Fixed-rate Mortgages
- 7/1 or 10/1 CMT- and LIBOR-indexed ARMs
- 7/6-month or 10/6-month LIBOR-indexed ARMs

The following mortgages are **not** eligible for delivery as investment property mortgages:

- Mortgages with Temporary Subsidy Buydowns
- Home Possible[®] Mortgages
- Initial Interest Mortgages
- Streamlined Purchase for Homeowners Mortgages
- Alt 97[®] Mortgages
- Freddie Mac 100 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

- LTV/TLTV/HTLTV ratios per Guide Section 23.4.
- If the LTV ratio of the investment property mortgage is greater than 75 percent:
 - the mortgage must be a Loan Prospector Accept mortgage or an A-minus Mortgage.
 - a minimum Indicator Score of 720 is required for manually underwritten mortgages.

Special Underwriting Requirements

- Borrower may not be affiliated in any way with the builder, developer, or property seller.
- 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.
- Expenses related to the borrower's current primary residence must be used in calculating the borrower's monthly housing expense-to-income ratio.
- Aggregate negative rental income from all rental properties must be treated as an obligation and included in the debt-to-income ratio.
- Borrower Funds must not include gifts.
- 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.
- 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.
- 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.

Requirements for Borrowers Owning More Than One Financed Investment Property

- Borrower must have individual and/or joint ownership of no more than 10 single-family 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.

Eligible Executions

- Servicing-retained and Servicing-released fixed-rate cash
- WAC ARM Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

Delivery Fees

Postsettlement delivery fees apply to investment property mortgages. See Guide Exhibit 19 for more details, or visit Guide Exhibit 19 online at www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

Delivery Requirements

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 investment property mortgages:

- Call (800) FREDDIE
- Visit FreddieMac.com
- Refer to *Single-Family Seller/Service Guide* Section 22.22.1

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