

Mortgages for Borrowers Without Credit Scores



Assessment of Mortgages for Borrowers Without Credit Scores

We have updated Freddie Mac Loan Product Advisor® to allow you to assess mortgages for borrowers without credit scores. Currently, you may deliver Loan Product Advisor Accept mortgages to Freddie Mac where not all borrowers on the mortgage have a usable credit score. Caution mortgages must be manually underwritten in accordance with the Seller's purchase documents. For more information, refer to Freddie Mac's Seller Servicer Guide (Section 5201.1(c)(ii)).

Getting Started

To take advantage of this offering, simply submit your loan to Loan Product Advisor. Loan Product Advisor's Feedback Certificate will include messages advising you of any additional requirements for delivery of the loan to Freddie Mac, including specific credit history requirements when either not all borrowers have a credit score or no borrower has a credit score.

Eligibility Requirements

To be eligible when no borrower has a credit score, the mortgage:	To be eligible when not all borrowers have a credit score, the mortgage:
Must be a purchase or a "no cash-out" refinance mortgage	Must be a purchase or a "no cash-out" refinance mortgage
Must be secured by a 1-unit property and all borrowers must occupy the property as their primary residence	Must be secured by a 1-unit property and all borrowers must occupy the property as their primary residence
Loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%	
Must be a fixed-rate mortgage	
Must not be: <ul style="list-style-type: none">• A mortgage secured by a manufactured home• A super-conforming mortgage	
If a transaction does not meet the above requirements, Loan Product Advisor will return an incomplete message(s).	

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Additional Requirements for Accept Mortgages

When not all borrowers have a credit score, for Accept mortgages, the Seller must determine that the mortgage meets the following additional requirements:

If the Borrower without a usable Credit Score contributes 50% or more of the total monthly income, then each Borrower without a usable Credit Score must meet the same credit history requirements that apply to Accept and A-minus Mortgages when no Borrower on the Mortgage has a Credit Score (e.g., at least two payment references).

The Loan Product Advisor Feedback Certificate will include a feedback message to indicate when these requirements must be met.

When no borrower has a credit score, for Accept mortgages, the Seller must determine that the mortgage meets the following additional requirements:

Each borrower must have at least two payment references in the United States comprised of Noncredit Payment References and/or tradelines not appearing on the credit report. If two or more borrowers have the same payment reference, then the payment reference may count for each of those borrowers.

- Each payment reference must be for at least the most recent 12 months.
- At least one borrower must have a **housing payment history** as one of the payment references.
 - In the event more than one borrower has a housing payment history, then all such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified.
 - All housing payment histories must have no 30-day or greater delinquencies in the most recent 12 months.
- For all **payment references other than housing**, only one payment reference may have one 30-day delinquency and no 60-day or greater delinquencies in the most recent 12 months; all other payment references must have no 30-day or greater delinquencies in the most recent 12 months.
- Each payment reference must:
 - Meet the requirements for written verifications in Guide Section 5102.3,
 - Meet the age of documentation requirements in Guide Section 5102.4, and
 - Be documented in accordance with Guide Section 5202.2(b).

Each borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months.

When the credit reputation for all borrowers is established using only Noncredit Payment References, then at least one borrower must participate in a homeownership education program before the note date, or the effective date of permanent financing for Construction Conversion and Renovation Mortgages.

The Loan Product Advisor Feedback Certificate will include a feedback message to indicate when these requirements must be met.

This document is not a replacement or substitute for the information found in the *Freddie Mac Single-Family Seller/Service Guide* or terms of your Master Agreement or other Pricing Identifier Terms.

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