

## Assessment of Mortgages for Borrowers Without Credit Scores

You may deliver Loan Product Advisor® (LPA<sup>SM</sup>) Accept mortgages to Freddie Mac where not all borrowers on the mortgage have a usable credit score or for borrowers without credit scores. 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\(c\)\(ii\)](#)).



Did you know...

LPA's borrower cash flow assessment capability has been expanded to include borrowers without a credit score. LPA can identify positive cash flow in the borrower's transaction history from lender-supplied bank data such as checking, savings, investments and more. If positive cash flow is identified, it may positively impact the credit risk assessment, including the potential to turn a Caution to an Accept. Learn more: [Borrower Cash Flow Included in Loan Product Advisor Assessment](#).

## Getting Started

Simply submit your loan to LPA. LPA'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 <u>not all borrowers</u> have a credit score, LPA will apply the following requirements:	To be eligible when <u>no borrower</u> has a credit score, LPA will apply the following requirements:
At least one borrower on the transaction must have a usable credit score, as determined by LPA.	No borrower has a credit score.
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.	
See below, for additional Seller requirements.	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 <b>not</b> be: <ul style="list-style-type: none"> <li>• A super-conforming mortgage</li> <li>• A Refi Possible® Mortgage</li> </ul>
	<b>See below, for additional Seller requirements</b>

**Note:** If a transaction does not meet the above requirements, LPA will return Data Quality and System Messages.

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## Additional Requirements for Accept Mortgages

To be eligible when <b>not all borrowers</b> have a credit score, the Seller must determine that the mortgage meets the following additional requirements:	To be eligible when <b>no borrower</b> has a credit score, the Seller must determine that the mortgage meets the following additional requirements:
<p>If the borrower <b>without a usable credit score</b> contributes 50% or more of the total monthly income, the following requirements must be met:</p> <ul style="list-style-type: none"> <li>Each borrower <b>without a usable credit score</b> 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.</li> </ul> <p>Note: If two or more borrowers without a usable credit score have the same payment reference, then the payment reference may count for each of those borrowers.</p>	<p><b>Unless</b> the Last Feedback Certificate includes a feedback message that indicates positive borrower cash flow (refer to, <a href="#">Borrower Cash Flow included in Loan Product Advisor</a> job aid) was identified, the Seller must determine that the mortgage meets the following requirements:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>Note: If two or more borrowers have the same payment reference, then the payment reference may count for each of those borrowers.</p>
<p><b>Additionally,</b></p> <ul style="list-style-type: none"> <li>Each payment reference must have existed for at least the most recent 12 months.</li> <li>At least <b>one</b> borrower <b>without a usable credit score</b> must have a <b>housing payment history</b> as one of the payment references; and: <ul style="list-style-type: none"> <li>In the event more than one borrower without a usable credit score 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.</li> <li>All housing payment histories must have no 30-day or greater delinquencies in the most recent 12 months.</li> </ul> </li> <li>For all payment references <b>other than housing</b>: <ul style="list-style-type: none"> <li>Only one payment reference may have one 30-day Delinquency in the most recent 12 months; and</li> <li>All payment references must have no 60-day or greater Delinquencies in the most recent 12 months.</li> </ul> </li> <li>Each payment reference must: <ul style="list-style-type: none"> <li>Meet the requirements for written verifications in <a href="#">Section 5102.3</a>,</li> <li>Meet the age of documentation requirements in <a href="#">Section 5102.4</a>, and</li> <li>Be documented in accordance with <a href="#">Section 5202.2(b)</a></li> </ul> </li> </ul>	<p><b>Additionally:</b></p> <ul style="list-style-type: none"> <li>Each payment reference must have existed for at least the most recent 12 months.</li> <li>At least <b>one</b> borrower must have a <b>housing payment history</b> as one of the payment references; and: <ul style="list-style-type: none"> <li>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.</li> <li>All housing payment histories must have no 30-day or greater delinquencies in the most recent 12 months.</li> </ul> </li> <li>For all payment references <b>other than housing</b>: <ul style="list-style-type: none"> <li>Only one payment reference may have one 30-day delinquency in the most recent 12 months; and</li> <li>All payment references must have no 60-day or greater delinquencies in the most recent 12 months.</li> </ul> </li> <li>Each payment reference must: <ul style="list-style-type: none"> <li>Meet the requirements for written verifications in <a href="#">Section 5102.3</a>,</li> <li>Meet the age of documentation requirements in <a href="#">Section 5102.4</a>, and</li> <li>Be documented in accordance with <a href="#">Section 5202.2(b)</a></li> </ul> </li> </ul>



To be eligible when <b>not all borrowers</b> have a credit score, the Seller must determine that the mortgage meets the following additional requirements:	To be eligible when <b>no borrower</b> has a credit score, the Seller must determine that the mortgage meets the following additional requirements:
<ul style="list-style-type: none"><li>Each borrower <b>without a usable credit score</b> must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months</li></ul>	<ul style="list-style-type: none"><li>Each borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months</li></ul>
	<ul style="list-style-type: none"><li>When the credit reputation for <b>all borrowers is established using only noncredit payment references</b>, 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. Refer to <a href="#">Section 5103.6</a> for requirements related to homeownership education.</li></ul>
The Loan Product Advisor Feedback Certificate will include a feedback message to indicate when these requirements must be met.	

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