

Next steps to make home possible for more borrowers!

Opportunity to use a borrower's positive cash flow to potentially impact the Loan Product Advisor[®] (LPASM) risk assessment

Loan Product Advisor's borrower cash flow assessment uses a borrower's account (asset) data to identify certain patterns in the transaction history. You can submit an asset verification report and LPA will assess the inflows and outflows present in the account data and changes in account balances month-over-month. When positive cash flow is identified, it may positively impact the credit risk assessment.



Benefits

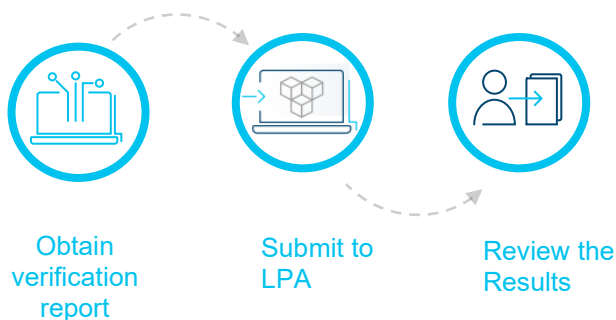
- Opportunity for more Accepts for qualified borrowers with positive cash flow
- You can leverage the same verification report to identify rent payment history, and for Freddie Mac's asset and income modeler (AIM) offerings

Available for submissions to Loan Product Advisor on or after November 6, 2022

How it Works

It's easy!

You obtain an **asset verification report*** with the borrower's linked accounts (e.g., checking, savings, investment accounts). Simply **submit** the loan to LPA with the report unique **identifier**. LPA will **assess** the account data. When positive cash flow is identified, it may positively impact the risk assessment. Review the Feedback Certificate for specific **messages**.



*If an asset verification report was not obtained, LPA will also provide messaging when the transaction may benefit by ordering the asset verification report and resubmit to LPA.

Did you know?

The borrower's cash flow assessment does **not** negatively impact the credit risk assessment and will not affect the debt payment-to-income ratio or related documentation requirements.



The following chart provides the requirements that must be met for LPA to consider a borrower’s positive cash flow in the credit assessment. Refer to the *Freddie Mac Single-Family Seller/Servicer Guide* (Guide) Section [5201.1\(f\)](#).

Topics	Requirements
Borrower Eligibility	At least one borrower must have a useable credit score , as determined by LPA.
Eligible Financial Accounts	Checking, savings, investment accounts with at least a 12 month history. To take advantage of this assessment capability obtain asset reports on accounts used for funds to close, direct deposits, savings and investments.
Verification Report	The verification report must be obtained by a designated service provider*, refer to the Appendix . You must: <ul style="list-style-type: none"> ✓ Confirm that each depository account is owned by the borrower. ✓ Confirm that the age of the verification report meets the requirements of Section 5102.4. ✓ Ensure the most current version of the verification report is used by LPA. If you obtain an updated report, you must resubmit the loan to LPA. ✓ Maintain the verification report in the loan file for transactions where the Feedback Certificate includes a feedback message that the borrower cash flow positively impacted LPA’s credit assessment. <p>*A lender may use a verification report (Freddie Mac financial institution verification report) produced by Freddie Mac using the approved financial institution’s data transmitted to LPA through an application programming interface(API). You must first obtain Freddie Mac’s approval.</p> <p>Note: Your asset verification report will display your requested 30-, 60-, 90-day history, as applicable. LPA will analyze additional account data, as applicable, behind the scenes.</p>
Loan Product Advisor	Submit: <ul style="list-style-type: none"> ▪ Unique report identifier (e.g., Report ID, Reference Number, Portfolio ID) from the verification report). Refer to the Feedback Messages , for a list of the applicable borrower cash flow feedback messages.

Best Practice: Encourage your borrower to link as many bank accounts as they can. The more complete the picture of the borrower’s cash flow, the more precise our assessment.

Did you know?

- You can leverage the same verification report to:*
- ✓ Identify rent payment history to be considered in LPA’s credit assessment (first-time homebuyers)
 - ✓ Assess sufficiency of assets and asset representation and warranty relief
 - ✓ Assess income using direct deposit data and assess for income representation and warranty relief
 - ✓ Meet the 10-day Pre-Closing Verification (PCV)



How to Get Started

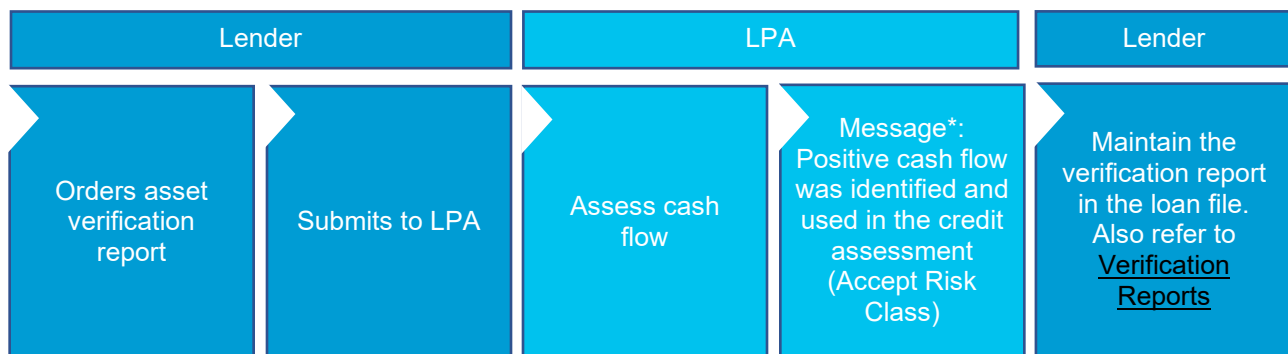
Steps for LPA to include borrower cash flow in the credit assessment

- 1 You must order an asset report from a designated service provider, or provide the account data through an API for approved financial institutions. Refer to the [Appendix](#).
- 2 Obtain the borrower's authorization to receive their asset transaction information from the service provider and share that information with LPA.
- 3 Order the verification report and reconcile the report for any inconsistencies.
- 4 Complete loan data entry in your loan origination system.
- 5 Provide LPA the verification report unique identifier (e.g., Report ID, Reference Number, Portfolio ID), submit to LPA and review the Results.

Reviewing the Results

The following scenarios will guide you on how to interpret the results and take advantage of using positive borrower cash flow in the LPA credit assessment.

Scenario 1: An asset verification report was obtained by the lender and a positive borrower cash flow was successfully identified, resulting in the Risk Class changing from a Caution to an Accept.



Message Code	*Feedback Message
FCL0426	Positive cash flow was successfully identified from the Asset Report, resulting in a Risk Class of Accept. Retain the verification of asset(s) report(s) in the loan file.



Sample Feedback Certificate:

Freddie Mac Loan Product Advisor® Feedback Certificate

Assessment Summary

BORROWER NAME Mom Freddie	NUMBER OF SUBMISSIONS 1	LP KEY NUMBER [REDACTED]
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Assessment Summary	RISK CLASS	Representation & Warranty Relief
PURCHASE ELIGIBILITY ELIGIBLE	ACCEPT	COLLATERAL R&W* RELIEF NOT ELIGIBLE
		INCOME R&W* RELIEF NOT ELIGIBLE
		ASSET R&W* RELIEF ELIGIBLE

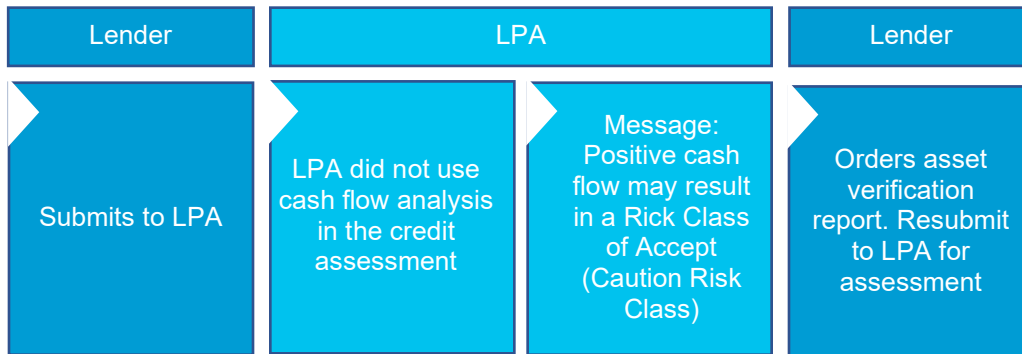
Loan Details

Must not be counted twice (i.e. deducted from ranges to gross and counted in asset).

Credit And Liabilities Messages

CODE	MESSAGE
FCL0325	The following debt(s) was omitted from the debt-to-income (DTI) ratio due to 10 months or fewer payments remaining. Confirm the number of months remaining, and if the payment will continue for more than 10 months, resubmit the loan to Loan Product Advisor: Installation, Bal: \$7,200.00, Pymt: \$700.00, Rem mos: 10.
FCL0257	The following debt(s) was submitted as paid off and/or excluded and is therefore omitted from the debt-to-income (DTI) ratio; include evidence to support omission in the mortgage file: Creditor: , Acct: , Bal: \$7,200.00; Creditor: , Acct: , Bal: \$8,400.00.
FCL0003	The Credit Scores for MOM FREDDIE are TRW (Experian) 695, Equifax 674, Trans Union 680. The Underwriting Score is Trans Union 680.
FCL0259	680 is the Loan Product Advisor Indicator Score from Trans Union for MOM FREDDIE.
FCL0426	Positive borrower cash flow was successfully identified from the [Report: Mock1] expiring 02/01/2023, resulting in a Risk Class of Accept. Retain the verification of asset(s) report(s) in the loan file.
FCL0417	Rent payment history was successfully identified from the [Report: Mock1] report that expires 02/01/2023, resulting in a Risk Class of Accept. Retain the verification of asset(s) report(s) in the loan documentation.

Scenario 2: An asset verification report was not obtained by the lender and a Caution Risk Class is received. Obtaining a report and identifying borrower positive cash flow may have a positive impact on the credit assessment (e.g., an Accept Risk Class may be received).



Message Code	*Feedback Message
FCL0421	Identifying positive cash flow may result in a Risk Class of Accept. Obtain verification of asset(s) report(s) and resubmit.



Sample Feedback Certificate:

Freddie Mac Loan Product Advisor® Feedback Certificate

Assessment Summary

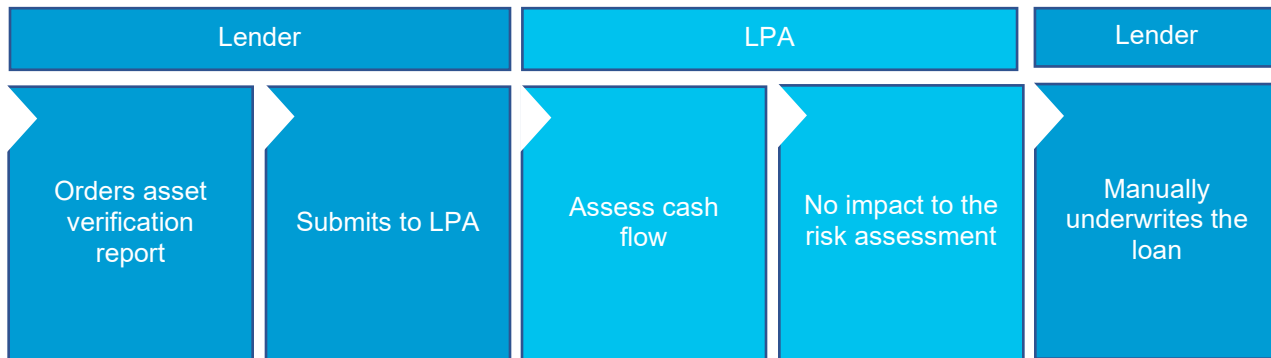
BORROWER NAME Mom Freddie	NUMBER OF SUBMISSIONS 1	LP KEY NUMBER [REDACTED]
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Assessment Summary	RISK CLASS	Representation & Warranty Relief		
PURCHASE ELIGIBILITY ELIGIBLE	CAUTION	COLLATERAL R&W* RELIEF NOT ELIGIBLE	INCOME R&W* RELIEF N/A	ASSET R&W* RELIEF NOT ELIGIBLE

Credit And Liabilities Messages

CODE	MESSAGE
FCL0175	Analysis of credit history is recommended.
FCL0374	Lower LTV/TLTV may strengthen loan quality.
FCL0421	Identifying positive borrower cash flow may result in a Risk Class of Accept. Obtain verification of asset(s) report(s) and resubmit.

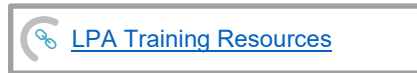
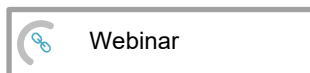
Scenario 3: An asset verification report was obtained by the lender, however, it did not impact the Caution Risk Class



In this scenario, LPA was unable to verify positive cash flow, or the positive cash flow assessment did not impact the risk assessment. A feedback message is not returned.

Resources

Refer to the following [resources](#) for additional information:



This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* and your other Purchase Documents.

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[Freddie Mac Learning](#)

Before you can participate in the LPA enhancement to include borrower cash flow in the credit assessment you must first have an account established with a Freddie Mac designated third-party service party (service provider) or be an approved financial institution. If you are not already an existing customer with a service provider and would like to get started refer to the information provided below.

Service Providers		
• FormFree®	• Blend	• Plaid
• Finicity®	• PointServ	

FormFree Contact Information

To sign up with FormFree, use FormFree's enrollment URL to sign up, or contact FormFree directly.

- FormFree URL: <https://www.formfree.com/contact-us/>. Complete the contact information.
- Contact Customer Service: 800-225-9498
- Sign Up with FormFree: <https://www.formfree.com/sign-up/>. Once these steps are complete, you are ready to begin using FormFree verification reports.

Note: Sign a partnership agreement with FormFree.

Finicity, a Mastercard Company, Contact Information

Finicity is a Mastercard company, if you are not already an existing customer and would like more information please use Finicity's contact URL for a mortgage specialist to help.

- Contact URL: <https://finicity.com/contact>
- Email: Business.Development@finicity.com

Blend Contact Information

If you are not already an existing customer and would like to sign up with Blend, please reach out using one of the following methods:

- Email: sales@blend.com
- Phone: (650) 550-4810
- Request a product demo from blends website: <https://blend.com/product/request-demo/>
- Blend website: <https://blend.com/>

Note: You **must** elect to turn on long history with Blend, so that Freddie Mac may receive required data.



PointServ Contact Information

If you are not already an existing customer and would like to sign up with PointServ, please register using the following methods:

- PointServ website: www.pointserv.com
- Email: sales@pointserv.com
- Contact Form: www.pointserv.com

Note: You **must** elect to turn on long history with PointServ, so that Freddie Mac may receive required data.

Plaid Contact Information

If you are not already an existing customer and would like to sign up with Plaid, please register using the following methods:

- Plaid website: <https://plaid.com/contact/>
- Email: contact@plaid.com
- Quick Start Process: <https://plaid.com/docs/quickstart>

Note: You **must** elect to turn on long history with Plaid, so that Freddie Mac may receive required data.

Also refer to the *Appendices* section in the [AIM for Assets](#) job aid for more detailed information on the asset verification process.